

November 7, 2017

Consolidated Financial Results for the First Six Months of the Fiscal Year Ending March 31, 2018 <under J-GAAP>

Company name: **Pressance Corporation Co., Ltd.**
 Listing: First Section of the Tokyo Stock Exchange
 Securities code: 3254
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Scheduled date of filing of quarterly securities report: November 10, 2017

Scheduled date of start of dividend payment: December 5, 2017

Preparation of supplementary material on quarterly financial results: None

Holding of quarterly financial results presentation meeting: None

(Amounts less than one million yen have been omitted.)

1. Consolidated operating results for the first six months of the fiscal year ending March 31, 2018 (from April 1, 2017 to September 30, 2017)

(1) Consolidated operating results (cumulative) (Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First six months of the fiscal year ending March 31, 2018	66,241	7.7	10,987	(8.4)	10,726	(9.9)	7,239	(10.2)
First six months of the fiscal year ended March 31, 2017	61,498	(1.3)	11,997	(15.6)	11,910	(15.8)	8,059	(14.6)

Note: Comprehensive income First six months of the fiscal year ending March 31, 2018: 7,242 million yen [(10.1) %]
 First six months of the fiscal year ended March 31, 2017: 8,058 million yen [(14.5) %]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
First six months of the fiscal year ending March 31, 2018	122.92	122.25
First six months of the fiscal year ended March 31, 2017	137.04	—

Note: Pressance Corporation Co., Ltd. (the "Company") conducted a 4-for-1 stock split of common stock on October 1, 2016. Basic earnings per share and diluted earnings per share were calculated as though the stock split was conducted at the beginning of the previous fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2017	216,036	66,594	30.7
As of March 31, 2017	185,307	59,615	32.0

Reference: Equity

As of September 30, 2017: 66,309 million yen

As of March 31, 2017: 59,312 million yen

2. Dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Annual total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2017	—	35.00	—	12.40	—
Fiscal year ending March 31, 2018	—	12.50			
Fiscal year ending March 31, 2018 (Forecast)			—	12.50	25.00

Note: Revisions to the dividends forecasts most recently announced: None

The Company conducted a 4-for-1 stock split of common stock on October 1, 2016. For the 2nd quarter-end of the fiscal year ended March 31, 2017, actual dividend values before the stock split are shown. The 2nd quarter-end dividend per share for the fiscal year ended March 31, 2017 that takes the stock split into account is 8.75 yen, and the annual total of dividends per share is 21.15 yen.

3. Consolidated results forecasts for the fiscal year ending March 31, 2018 (from April 1, 2017 to March 31, 2018)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	126,562	25.2	18,301	17.0	17,818	15.6	12,176	15.7	207.04

Note: Revisions to the results forecasts most recently announced: None

* Notes

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Application of specific accounting for preparing quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates, and restatement after error corrections
 - a. Changes in accounting policies due to amendments to accounting standards and other regulations: None
 - b. Changes in accounting policies due to other reasons than a. above: None
 - c. Changes in accounting estimates: None
 - d. Restatement after error corrections: None

(4) Number of issued shares (common stock)

a. Number of issued shares at end of period (including treasury shares)

As of September 30, 2017	61,981,200 shares
As of March 31, 2017	61,613,600 shares

b. Number of treasury shares at end of period

As of September 30, 2017	2,800,528 shares
As of March 31, 2017	2,800,528 shares

c. Average number of outstanding shares during the period (cumulative from the beginning of the fiscal year)

First six months of the fiscal year ending March 31, 2018	58,898,976 shares
First six months of the fiscal year ended March 31, 2017	58,813,157 shares

Notes: 1. The Company conducted a 4-for-1 stock split of common stock on October 1, 2016. Number of issued shares (common stock) was calculated as though the stock split was conducted at the beginning of the previous fiscal year.

2. Due to the introduction of the share-based payment type ESOP, 315,300 shares of the Company held by the trust account are included in the "Number of treasury shares at end of period" as of September 30, 2017, and the 315,300 shares are included in the treasury shares that were deducted in the calculation of the "Average number of outstanding shares during the period" for the first six months of the fiscal year ending March 31, 2018.

* Quarterly financial results reports are not required to be subjected to quarterly reviews.

* Explanation related to the appropriate use of the results forecasts and other items warranting special mention

Forward-looking statements in this document, including the results forecasts, are based on the information currently available to the Company and on certain assumptions deemed to be reasonable by the Company. These statements do not purport that the Company pledges to achieve such statements. Actual business and other results may differ substantially due to various factors.

Quarterly Consolidated Financial Statements

(1) Quarterly consolidated balance sheets

(Thousands of yen)

	As of March 31, 2017	As of September 30, 2017
Assets		
Current assets		
Cash and deposits	30,534,088	39,238,915
Accounts receivable - trade	93,479	91,479
Real estate for sale	14,324,393	11,786,537
Real estate for sale in process	122,174,998	145,734,000
Raw materials and supplies	188,219	196,085
Other	4,494,898	3,824,422
Total current assets	171,810,077	200,871,440
Non-current assets		
Property, plant and equipment		
Real estate for rent, net	11,353,138	12,155,025
Other, net	512,406	546,428
Total property, plant and equipment	11,865,545	12,701,453
Intangible assets		
Investments and other assets	1,354,636	2,014,102
Total non-current assets	13,497,071	15,165,399
Total assets	185,307,149	216,036,839
Liabilities		
Current liabilities		
Notes and accounts payable - trade	15,752	852,793
Electronically recorded obligations - operating	7,770,600	3,253,122
Short-term loans payable	1,440,000	8,854,000
Current portion of long-term loans payable	23,970,549	30,116,599
Income taxes payable	2,542,037	3,618,529
Advances received	10,825,594	10,960,575
Provision for bonuses	131,810	139,790
Other	2,742,147	3,212,136
Total current liabilities	49,438,492	61,007,547
Non-current liabilities		
Bonds with subscription right to shares	-	7,000,000
Long-term loans payable	75,691,200	80,822,600
Provision for directors' retirement benefits	522,650	543,150
Provision for share-based payment	39,398	63,833
Other	-	5,641
Total non-current liabilities	76,253,248	88,435,224
Total liabilities	125,691,740	149,442,771
Net assets		
Shareholders' equity		
Capital stock	1,472,694	1,717,745
Capital surplus	1,406,871	1,651,923
Retained earnings	59,308,110	65,814,883
Treasury shares	(2,869,119)	(2,869,119)
Total shareholders' equity	59,318,556	66,315,432
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(6,212)	(6,184)
Total accumulated other comprehensive income	(6,212)	(6,184)
Subscription rights to shares	287,248	266,147
Non-controlling interests	15,816	18,672
Total net assets	59,615,408	66,594,068
Total liabilities and net assets	185,307,149	216,036,839

(2) Quarterly consolidated statements of income and comprehensive income
Quarterly consolidated statements of income (cumulative)

(Thousands of yen)

	First six months of the fiscal year ended March 31, 2017	First six months of the fiscal year ending March 31, 2018
Net sales	61,498,100	66,241,708
Cost of sales	43,663,767	48,127,627
Gross profit	17,834,332	18,114,080
Selling, general and administrative expenses	5,836,811	7,126,227
Operating profit	11,997,521	10,987,853
Non-operating income		
Interest income	1,944	2,331
Dividend income	746	688
Purchase discounts	9,337	4,246
Commission fee	38,083	32,346
Penalty income	38,216	50,200
Other	26,999	63,559
Total non-operating income	115,327	153,371
Non-operating expenses		
Interest expenses	192,253	308,795
Share of loss of entities accounted for using equity method	–	30,789
Commission fee	6,120	62,631
Other	3,841	12,437
Total non-operating expenses	202,215	414,654
Ordinary profit	11,910,633	10,726,570
Extraordinary losses		
Loss on retirement of non-current assets	442	5,278
Loss on valuation of investment securities	26,205	–
Total extraordinary losses	26,648	5,278
Profit before income taxes	11,883,985	10,721,291
Income taxes	3,822,315	3,478,469
Profit	8,061,669	7,242,821
Profit attributable to non-controlling interests	1,919	2,856
Profit attributable to owners of parent	8,059,750	7,239,965

Quarterly consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	First six months of the fiscal year ended March 31, 2017	First six months of the fiscal year ending March 31, 2018
Profit	8,061,669	7,242,821
Other comprehensive income		
Valuation difference on available-for-sale securities	(3,002)	28
Total other comprehensive income	(3,002)	28
Comprehensive income	8,058,667	7,242,849
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,056,748	7,239,993
Comprehensive income attributable to non- controlling interests	1,919	2,856

(3) Quarterly consolidated statements of cash flows

(Thousands of yen)

	First six months of the fiscal year ended March 31, 2017	First six months of the fiscal year ending March 31, 2018
Cash flows from operating activities		
Profit before income taxes	11,883,985	10,721,291
Depreciation	139,993	190,633
Amortization of goodwill	–	50,106
Share-based compensation expenses	84,231	52,091
Share of (profit) loss of entities accounted for using equity method	–	30,789
Increase (decrease) in provision for bonuses	13,607	7,980
Increase (decrease) in provision for directors' retirement benefits	14,923	20,500
Increase decrease in provision for stocks payment	–	24,434
Interest and dividend income	(2,690)	(3,019)
Interest expenses	192,253	308,795
Foreign exchange losses (gains)	–	(24,654)
Loss on retirement of non-current assets	442	5,278
Loss (gain) on valuation of investment securities	26,205	–
Decrease (increase) in inventories	(5,445,166)	(21,817,652)
Increase (decrease) in notes and accounts payable - trade	838,970	(3,789,266)
Increase (decrease) in advances received	(1,340,515)	158,629
Increase (decrease) in accrued consumption taxes	393,647	510,946
Decrease (increase) in consumption taxes refund receivable	492,335	980,392
Other, net	(1,279,796)	(334,309)
Subtotal	6,012,426	(12,907,031)
Interest and dividend income received	2,853	3,019
Interest expenses paid	(195,018)	(308,272)
Income taxes paid	(2,620,433)	(2,416,539)
Net cash provided by (used in) operating activities	3,199,828	(15,628,823)
Cash flows from investing activities		
Purchase of non-current assets	(4,813,210)	(65,266)
Purchase of investment securities	(917)	(953)
Purchase of stocks of subsidiaries and affiliates	(10,000)	–
Payments of loans receivable to subsidiaries and affiliates	–	(667,638)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(162,993)
Other, net	–	62
Net cash provided by (used in) investing activities	(4,824,127)	(896,789)
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	–	7,414,000
Proceeds from long-term loans payable	23,490,000	35,502,000
Repayments of long-term loans payable	(10,290,799)	(24,377,949)
Proceeds from issuance of bonds with subscription rights to shares	–	6,990,279
Proceeds from issuance of common stock	–	408,036
Cash dividends paid	(880,251)	(734,391)
Other, net	(138)	8,873
Net cash provided by (used in) financing activities	12,318,810	25,210,847
Effect of exchange rate change on cash and cash equivalents	–	19,584
Net increase (decrease) in cash and cash equivalents	10,694,510	8,704,819
Cash and cash equivalents at beginning of period	20,827,486	28,439,078
Cash and cash equivalents at end of period	31,521,997	37,143,897

Supplementary Information

(1) Orders

First six months of the fiscal year ended March 31, 2017 (from April 1, 2016 to September 30, 2016)

Name of segment	Category	Total amount of contracts				Outstanding balance of contracts			
		Number of units	Year on year (%)	Amount (Thousands of yen)	Year on year (%)	Number of units	Year on year (%)	Amount (Thousands of yen)	Year on year (%)
Real estate sale business	Single-room condominiums	834	111.5	14,433,500	119.3	425	124.3	7,105,300	125.3
	Family condominiums	1,025	171.4	37,389,248	186.1	1,527	199.1	56,889,325	227.4
	Sale of condominium building	437	234.9	5,585,776	235.7	768	106.4	9,822,280	110.0
	Sale of hotel property	–	–	2,039,725	487.5	72	–	3,820,725	913.2
	Sale of other type of housing	22	84.6	604,834	81.4	4	22.2	134,297	25.7
	Sale of other real estate	–	–	298,380	55.3	–	–	–	–
Total amount of reportable segments		2,318	148.8	60,351,464	166.5	2,796	151.2	77,771,927	189.2

First six months of the fiscal year ending March 31, 2018 (from April 1, 2017 to September 30, 2017)

Name of segment	Category	Total amount of contracts				Outstanding balance of contracts			
		Number of units	Year on year (%)	Amount (Thousands of yen)	Year on year (%)	Number of units	Year on year (%)	Amount (Thousands of yen)	Year on year (%)
Real estate sale business	Single-room condominiums	1,109	133.0	19,454,448	134.8	602	141.6	10,546,189	148.4
	Family condominiums	1,072	104.6	39,877,014	106.7	2,448	160.3	94,803,619	166.6
	Sale of condominium building	864	197.7	12,302,681	220.3	1,198	156.0	16,346,424	166.4
	Sale of hotel property	244	–	4,198,712	205.8	655	909.7	11,606,831	303.8
	Sale of other type of housing	35	159.1	1,012,856	167.5	23	575.0	712,325	530.4
	Sale of other real estate	2	–	2,111,676	707.7	–	–	–	–
Total amount of reportable segments		3,326	143.5	78,957,388	130.8	4,926	176.2	134,015,390	172.3

- Notes:
- In the table above, “total amount of orders” has been replaced with “total amount of contracts.”
 - Consumption taxes are not included in the above amounts.
 - Amounts of additional constructions are included in the above amounts.
 - The sale of condominium building refers to the method of wholesaling the whole or part of each condominium building mainly to condominium dealers.
 - The sale of other type of housing refers to the sale of houses, including used houses and detached houses, other than newly built condominiums.
 - The sale of other real estate refers to the sale of real estate, including commercial stores and sites for development, other than housing.
 - “Sale of hotel property,” which was included in “Sale of other real estate” in the first six months of the fiscal year ended March 31, 2017, has been presented separately as “Sale of hotel property” from the fiscal year ended March 31, 2017. The relevant items in “Sale of other real estate” for the first six months of the fiscal year ended March 31, 2017 are reclassified in order to reflect this change.
 - The amount of contracts for sale of other real estate in the first six months of the fiscal year ended March 31, 2017, is related to sites for development.
The amount of contracts for sale of other real estate in the first six months of the fiscal year ending March 31, 2018, is related to commercial stores, 68,136 thousand yen, and sites for development, 2,043,540 thousand yen.
 - In the first six months of the fiscal year ended March 31, 2017, the amount of contracts for sale of hotel property corresponds to settled contracts for land only, and as the associated building contracts remain unsettled in these cases, the number of units corresponding to these buildings is not included.

- And 2,774,725 thousand yen included in the outstanding balance of contracts for sale of hotel property corresponds to settled contracts for land only, and as the associated building contracts remain unsettled in these cases, the number of units corresponding to these buildings is not included.
10. The number of units of the total amount of contracts and the outstanding balance of contracts may change due to changes to building plans, etc.
11. Business segments which are not included in the reportable segments are not applicable.

(2) Sales

Name of segment	Category	First six months of the FY ended March 31, 2017 (from April 1, 2016 to September 30, 2016)				First six months of the FY ending March 31, 2018 (from April 1, 2017 to September 30, 2017)			
		Number of units	Year on year (%)	Amount (Thousands of yen)	Year on year (%)	Number of units	Year on year (%)	Amount (Thousands of yen)	Year on year (%)
Real estate sale business	Single-room condominiums	1,361	121.6	23,633,200	132.0	1,300	95.5	22,330,119	94.5
	Family condominiums	832	67.3	27,016,000	70.1	680	81.7	23,889,871	88.4
	Sale of condominium building	565	244.6	7,540,106	262.0	823	145.7	13,378,542	177.4
	Sale of hotel property	–	–	–	–	72	–	1,053,277	–
	Sale of other type of housing	26	325.0	721,596	326.9	19	73.1	517,741	71.7
	Sale of other real estate	–	–	498,380	54.2	2	–	2,111,676	423.7
	Business accompanying real estate sale	–	–	215,454	123.2	–	–	497,982	231.1
Total amount of reportable segments		2,784	107.3	59,624,737	98.3	2,896	104.0	63,779,210	107.0
Other		–	–	1,873,362	111.0	–	–	2,462,497	131.4
Total		2,784	107.3	61,498,100	98.7	2,896	104.0	66,241,708	107.7

- Notes:
1. Consumption taxes are not included in the above amounts.
 2. Amounts of additional constructions are included in the above amounts.
 3. The sale of condominium building refers to the method of wholesaling the whole or part of each condominium building mainly to condominium dealers.
 4. The sale of other type of housing refers to the sale of houses, including used houses and detached houses, other than newly built condominiums.
 5. The sale of other real estate refers to the sale of real estate, including commercial stores and sites for development, other than housing.
 6. Business accompanying real estate sale includes agent commission for condominium sale and paperwork accompanying real estate sale.
 7. The net sales for sale of other real estate in the first six months of the fiscal year ended March 31, 2017 is related to sites for development. The net sales for sale of other real estate in the first six months of the fiscal year ending March 31, 2018 is related to commercial stores, 68,136 thousand yen and sites for development, 2,043, 540 thousand yen.