

Consolidated Financial Results for the Fiscal Year Ended October 31, 2017

[Japanese GAAP]

December 11, 2017

Company name: Good Com Asset Co.,Ltd.

Stock Exchange Listing: TSE (2nd Section)

Stock code: 3475

URL: <https://www.goodcomasset.co.jp/>

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Scheduled date of Annual General Meeting of Shareholders: January 30, 2018

Scheduled date of payment of dividend: January 31, 2018

Scheduled date of filing of Annual Securities Report: January 30, 2018

Preparation of supplementary materials for financial results: Yes

Holding of financial results meeting: Yes (for securities analysts and individual investors)

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Fiscal Year Ended October 31, 2017

(November 1, 2016 – October 31, 2017)

(1) Consolidated results of operations

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Oct. 31, 2017	9,834	33.0	907	(2.3)	820	(5.6)	620	10.0
Fiscal year ended Oct. 31, 2016	7,393	(5.5)	929	(2.1)	868	(5.2)	563	0.1

Note: Comprehensive income (million yen) Fiscal year ended Oct. 31, 2017: 621 (up 10.5%)

Fiscal year ended Oct. 31, 2016: 562 (up 0.4%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary profit on total assets	Operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended Oct. 31, 2017	106.11	100.14	24.5	8.9	9.2
Fiscal year ended Oct. 31, 2016	134.50	-	36.5	14.3	12.6

Reference: Equity in earnings of affiliates (million yen) Fiscal year ended Oct. 31, 2017: - Fiscal year ended Oct. 31, 2016: -

Notes: 1. Diluted net income per share for the fiscal year ended October 31, 2016 is not shown. Although there were subscription rights to shares, it is not possible to determine an average stock price because the stock of Good Com Asset Co.,Ltd.

(the "Company") was not listed. The Company's stock was listed in the JASDAQ (standard) market of the Tokyo Stock Exchange on December 8, 2016. Diluted net income per share for the fiscal year ended October 31, 2017 was calculated by using an average stock price during the period between the time of listing and the end of October 2017.

The Company moved up its stock market listing to the Second Section of the Tokyo Stock Exchange on June 27, 2017.

2. The Company conducted a 2-for-1 common stock split effective on May 1, 2017 and October 1, 2017. Net income per share and diluted net income per share are calculated as if these stock splits had taken place at the beginning of the previous fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Oct. 31, 2017	12,613	3,241	25.7	533.93
As of Oct. 31, 2016	5,862	1,814	31.0	432.91

Reference: Shareholders' equity (million yen) As of Oct. 31, 2017: 3,241 As of Oct. 31, 2016: 1,814

Note: The Company conducted a 2-for-1 common stock split effective on May 1, 2017 and October 1, 2017. Net assets per share is calculated as if these stock splits had taken place at the beginning of the previous fiscal year.

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended Oct. 31, 2017	(5,501)	80	6,546	2,519
Fiscal year ended Oct. 31, 2016	680	(16)	(850)	1,392

2. Dividends

	Dividend per share					Total dividends	Payout ratio (consolidated)	Dividend on equity (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
Fiscal year ended Oct. 31, 2016	Yen -	Yen 0.00	Yen -	Yen 20.00	Yen 20.00	Million yen 20	% 3.7	% 1.4
Fiscal year ended Oct. 31, 2017	-	0.00	-	20.00	20.00	121	18.8	3.7
Fiscal year ending Oct. 31, 2018 (forecasts)	-	0.00	-	25.00	25.00		21.0	

Notes: 1. Breakdown of the year-end dividend for the fiscal year ended October 31, 2017:

Ordinary dividend: 15.00 yen; Commemorative dividend: 5.00 yen

2. The Company conducted a 2-for-1 common stock split effective on May 1, 2017 and October 1, 2017. Dividend per share for the fiscal year ended October 31, 2016 is the actual amount before the stock split. After adjusting for the split, dividend was 5 yen per share.

3. Consolidated Forecast for the Fiscal Year Ending October 31, 2018 (November 1, 2017 - October 31, 2018)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	4,851	(9.0)	588	29.7	520	20.3	365	21.6	60.26
Full year	10,284	4.6	1,175	29.5	1,030	25.6	723	16.6	119.15

Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): None

(2) Changes in accounting policies and accounting-based estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting-based estimates: None

4) Restatements: None

(3) Number of outstanding shares (common shares)

1) Number of shares outstanding at the end of the period (including treasury shares)

As of Oct. 31, 2017: 6,071,200 shares As of Oct. 31, 2016: 4,192,000 shares

2) Number of treasury shares at the end of the period

As of Oct. 31, 2017: 220 shares As of Oct. 31, 2016: - shares

3) Average number of shares outstanding during the period

Fiscal year ended Oct. 31, 2017: 5,844,913 shares Fiscal year ended Oct. 31, 2016: 4,192,000 shares

Note: The Company conducted a 2-for-1 common stock split effective on May 1, 2017 and October 1, 2017. The number of outstanding shares are calculated as if these stock splits had taken place at the beginning of the previous fiscal year.

Reference: Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended October 31, 2017

(November 1, 2016 – October 31, 2017)

(1) Consolidated results of operations

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Oct. 31, 2017	9,579	32.8	892	(2.2)	799	(6.7)	594	6.4
Fiscal year ended Oct. 31, 2016	7,212	(6.1)	912	(2.1)	857	(5.3)	558	0.3

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Oct. 31, 2017	101.67	96.23
Fiscal year ended Oct. 31, 2016	133.29	-

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Oct. 31, 2017	12,447	3,187	25.6	525.10
As of Oct. 31, 2016	5,724	1,787	31.2	426.38

Reference: Shareholders' equity (million yen) As of Oct. 31, 2017: 3,187 As of Oct. 31, 2016: 1,787

The current financial report is not subject to audit procedures.

Explanation of appropriate use of earnings forecasts, and other special items

Cautionary statement with respect to forward-looking statements

Outlook and other forward-looking statements in these materials are based on assumption judged to be valid and information available to the Company's management at the time the materials were prepared. Actual results may differ significantly from these forecasts for a number of factors.

Please refer to "1. Overview of Results of Operations, (4) Outlook" on page 4 for forecast assumptions and notes of caution for usage.

How to view supplementary materials for financial results

The Company plans to hold financial results meetings for securities analysts and individual investors on Tuesday, December 12, 2017, and a financial results meeting for individual investors on Wednesday, December 13, 2017. Supplementary materials for financial results will be available on the Company's website on Monday, December 11, 2017, and video recorded at the financial results meetings will be available immediately thereafter.

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1. Overview of Results of Operations

(1) Results of Operations

The direction of the Japanese economy was unclear during the fiscal year ended October 31, 2017 due to policies of the new U.S. administration, tension involving North Korea and the uncertain outlook for the global economy. However, consumer spending, which had been unstable, is recovering along with rising corporate earnings and there is a slow recovery in Japan's job market, too.

In Japan's market for newly constructed condominiums, the primary business domain of the Good Com Asset Group (the "Group"), the percentage of new condominiums sold in the Tokyo area was below 70%, the level generally regarded as the dividing line between strong and weak sales. According to a survey by Real Estate Economic Institute Co., Ltd., the number of new Tokyo area condominium units outside the central 23 wards of Tokyo is declining. But the number of new condominium units in the 23 wards, which is primarily where the Group operates, continues to climb. The outlook is for Tokyo area demand for new condominiums to remain stable, which indicates that the need for services of the Group is likely to increase.

The Group continued to expand planning, development and sales activities for new Genovia series condominiums Genovia green veil and Genovia skygarden primarily in Tokyo's 23 wards while taking steps to secure rental income for condominium units prior to their sale to customers. We also reinforced the customer support framework and took actions aimed at strengthening the Genovia brand.

During the current fiscal year, 324 condominium units in 15 buildings were sold. The buildings are Asakusabashi (Taito-ku, Tokyo), Higashi-Nihombashi Ekimae (Chuo-ku, Tokyo), Ryogoku II (Sumida-ku, Tokyo), Higashi Nippori (Arakawa-ku, Tokyo), Asakusa II (Taito-ku, Tokyo), Asakusa III (Taito-ku, Tokyo), Azabujuban (Minato-ku, Tokyo), Todaimae (Bunkyo-ku, Tokyo), Megurominami (Meguro-ku, Tokyo), Ojima Eki (Koto-ku, Tokyo), Kawasaki Eki (Kawasaki, Kanagawa), Kameidosuijin (Sumida-ku, Tokyo), Itabashi west (Itabashi-ku, Tokyo), Setagaya Kinuta (Setagaya-ku, Tokyo), and Tabata II (Kita-ku, Tokyo).

Net sales increased 33.0% year on year to 9,834 million yen. Operating profit decreased 2.3% to 907 million yen, ordinary profit decreased 5.6% to 820 million yen and profit attributable to owners of parent was up 10.0% to 620 million yen.

Although consolidated sales increased, there were small decreases in operating profit and ordinary profit caused chiefly by higher expenses. For example, there were expenses for starting a shareholder benefit program, increasing investor relations activities, changing the stock listing, stepping up sponsor activities and increasing the number of employees. A reversal of provision for directors' retirement benefits was the main reason for the increase in profit attributable to owners of parent.

Results by business segment are as follows:

(a) Sales to individuals

This segment consists of sales of our Genovia series one-room and family condominiums to individual investors in Japan. During the current fiscal year, sales totaled 160 condominium units. A focus on condominiums for families has particularly contributed to sales growth.

As a result, sales were 5,316 million yen, up 65.9% from one year earlier and segment profit increased 77.4% to 551 million yen.

(b) Sales to real estate companies

This segment consists of sales of our Genovia series one-room condominiums to real estate sales companies in Japan. There were 164 condominium units sold to these companies during the current fiscal year.

As a result, sales were 3,955 million yen, up 12.3% from one year earlier and segment profit decreased 67.8% to 183 million yen.

(c) Property management

There were steady increases in rents and other income due to the growth of management services for condominium buildings and tenant-occupied condominium units.

As a result, sales were 570 million yen, up 151.0% from one year earlier and segment profit increased 338.0% to 246 million yen.

(d) Overseas sales

This segment consists of sales of our Genovia series one-room and family condominiums to individual investors in other countries. There were no sales during the current fiscal year in part because the yen appreciated.

As a result, there were no sales and a segment loss of 80 million yen, compared with a loss of 12 million yen one year earlier.

(2) Financial Position**Assets**

Total assets increased 6,751 million yen, or 115.2%, from the end of the previous fiscal year to 12,613 million yen at the end of the current fiscal year.

Current assets increased 6,804 million yen to 12,539 million yen mainly due to a 6,588 million yen increase in real estate for sale.

Non-current assets decreased 53 million yen to 74 million yen. This was mainly due to decreases in deferred tax assets of 23 million yen under investments and other assets, and insurance funds of 28 million yen included in other under investments and other assets.

Liabilities

Total liabilities increased 5,324 million yen, or 131.5%, from the end of the previous fiscal year to 9,372 million yen.

Current liabilities increased 4,341 million yen to 6,905 million yen. This was mainly due to an increase in current portion of long-term loans payable of 5,040 million yen, while there were decreases in accounts payable for construction contracts of 268 million yen and short-term loans payable of 359 million yen.

Non-current liabilities increased 983 million yen to 2,466 million yen mainly due to a 1,070 million yen increase in long-term loans payable.

Net assets

Total net assets increased 1,426 million yen, or 78.6%, from the end of the previous fiscal year to 3,241 million yen. The main factors include 412 million yen increases in each of capital stock and capital surplus due to issuance of new shares resulting from the public offering and third-party allotment (third-party allotment for a secondary offering using over-allotment), and a 620 million yen increase in retained earnings due to the booking of profit attributable to owners of parent, which was partially offset by dividend payments of 20 million yen.

Consequently, the equity ratio was 25.7% at the end of the current fiscal year.

(3) Cash Flows

Cash and cash equivalents (hereinafter, "net cash") at the end of the current fiscal year increased 1,126 million yen, or 80.9%, from the end of the previous fiscal year to 2,519 million yen.

Cash flows by category during the fiscal year is as follows.

Cash flows from operating activities

Net cash used in operating activities was 5,501 million yen (680 million yen provided in the previous fiscal year).

This was mainly due to a 5,769 million yen increase in inventories.

Cash flows from investing activities

Net cash provided by investing activities was 80 million yen (16 million yen used in the previous fiscal year). The main factors include proceeds from withdrawal of time deposits of 56 million yen and proceeds from cancellation of insurance funds of 50 million yen, which were partially offset by payments into time deposits of 25 million yen.

Cash flows from financing activities

Net cash provided by financing activities was 6,546 million yen (850 million yen used in the previous fiscal year). The main factors include proceeds from long-term loans payable of 10,200 million yen and proceeds from issuance of common shares of 825 million yen, while there were repayments for long-term loans payable of 4,089 million yen and a net decrease in short-term loans payable of 359 million yen.

(4) Outlook

In Japan's market for newly constructed condominiums, the primary business domain of the Group, the rising cost of construction and land continues to pose challenges regarding the acquisition of properties. Nevertheless, demand involving the Group's business operations is likely to remain firm because of Japan's negative interest rates, higher inheritance taxes and continuing growth of the population of Tokyo's 23 wards, which is where the Group operates.

Group companies will continue to expand planning, development and sales activities for new Genovia series condominiums Genovia green veil and Genovia skygarden primarily in Tokyo's 23 wards. We will also reinforce the customer support framework and take actions aimed at strengthening the Genovia brand.

In the fiscal year ending October 31, 2018, we are expanding sales to individuals in Japan to more areas and increasing sales capabilities by hiring more salespeople and giving these people sound training. As a result, we expect the total of sales to individuals, sales to real estate companies and overseas sales to be 365 condominium units, 12.7% more than in the current fiscal year.

In addition, we plan to use leasing agreements with real estate leasing companies and other companies in order to maintain a high occupancy rate.

The Group forecasts net sales of 10,284 million yen, (up 4.6% year on year), operating profit of 1,175 million yen (up 29.5%), ordinary profit of 1,030 million yen (up 25.6%), and profit attributable to owners of parent of 723 million yen (up 16.6%) for the fiscal year ending October 31, 2018.

(5) Important Information about Going Concern Assumption

Not applicable.

2. Basic Approach for the Selection of Accounting Standards

The Group will continue to prepare consolidated financial statements based on generally accepted accounting principles in Japan for the time being to permit comparisons with prior years and with the financial data of other companies.

We will nevertheless consider applying International Financial Reporting Standards (IFRS) in light of future trends in our foreign investor ownership ratio and application of IFRS by our industry peers.

3. Consolidated Financial Statements and Notes**(1) Consolidated Balance Sheet**

(Thousands of yen)

	FY10/16 (As of Oct. 31, 2016)	FY10/17 (As of Oct. 31, 2017)
Assets		
Current assets		
Cash and deposits	1,443,264	2,539,069
Real estate for sale	2,039,341	8,628,125
Real estate for sale in process	1,633,365	793,069
Advance payments-trade	528,476	227,360
Deferred tax assets	39,679	26,403
Other	50,760	325,093
Total current assets	5,734,887	12,539,121
Non-current assets		
Property, plant and equipment		
Buildings and structures	18,768	18,768
Accumulated depreciation	(12,262)	(13,316)
Buildings and structures, net	6,505	5,451
Vehicles	5,484	-
Accumulated depreciation	(3,860)	-
Vehicles, net	1,623	-
Other	10,173	10,492
Accumulated depreciation	(5,014)	(6,761)
Other, net	5,159	3,731
Total property, plant and equipment	13,288	9,183
Intangible assets		
Software	-	1,852
Software in progress	1,569	-
Total intangible assets	1,569	1,852
Investments and other assets		
Investment securities	7,235	9,832
Long-term loans receivable from employees	844	589
Deferred tax assets	23,931	769
Other	80,863	52,384
Total investments and other assets	112,874	63,575
Total non-current assets	127,732	74,612
Total assets	5,862,620	12,613,733

	(Thousands of yen)	
	FY10/16	FY10/17
	(As of Oct. 31, 2016)	(As of Oct. 31, 2017)
Liabilities		
Current liabilities		
Accounts payable for construction contracts	385,035	116,786
Short-term loans payable	745,830	386,300
Current portion of bonds	10,000	10,000
Current portion of long-term loans payable	981,572	6,021,765
Income taxes payable	175,753	115,424
Advances received	22,257	19,821
Provision for bonuses	15,713	15,729
Provision for vacancy warranties	46,348	28,325
Other	181,855	191,342
Total current liabilities	2,564,365	6,905,494
Non-current liabilities		
Bonds payable	20,000	10,000
Long-term loans payable	1,369,186	2,439,821
Provision for directors' retirement benefits	73,596	-
Other	20,726	16,965
Total non-current liabilities	1,483,509	2,466,787
Total liabilities	4,047,875	9,372,281
Net assets		
Shareholders' equity		
Capital stock	91,500	504,440
Capital surplus	-	412,940
Retained earnings	1,724,066	2,323,288
Treasury shares	-	(130)
Total shareholders' equity	1,815,566	3,240,539
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,098	2,663
Foreign currency translation adjustment	(1,920)	(1,751)
Total accumulated other comprehensive income	(821)	912
Total net assets	1,814,745	3,241,451
Total liabilities and net assets	5,862,620	12,613,733

(2) Consolidated Statements of Income and Comprehensive Income**(Consolidated Statement of Income)**

(Thousands of yen)

	FY10/16 (Nov. 1, 2015 - Oct. 31, 2016)	FY10/17 (Nov. 1, 2016 - Oct. 31, 2017)
Net sales	7,393,767	9,834,402
Cost of sales	5,400,624	7,633,809
Gross profit	1,993,142	2,200,593
Selling, general and administrative expenses	1,063,835	1,292,810
Operating profit	929,307	907,782
Non-operating income		
Interest income	223	74
Dividend income	218	250
Commission fee	2,154	2,246
Gain on sales of securities	-	355
Insurance premiums refunded cancellation	-	20,588
Other	2,569	6,024
Total non-operating income	5,165	29,540
Non-operating expenses		
Interest expenses	50,917	75,303
Commission fee	9,913	28,999
Share issuance cost	-	12,161
Other	4,921	430
Total non-operating expenses	65,752	116,894
Ordinary profit	868,720	820,428
Extraordinary income		
Gain on sales of non-current assets	-	2,784
Reversal of provision for directors' retirement benefits	-	75,886
Total extraordinary income	-	78,671
Extraordinary losses		
Loss on valuation of membership	-	2,600
Total extraordinary losses	-	2,600
Profit before income taxes	868,720	896,500
Income taxes-current	289,840	240,570
Income taxes-deferred	15,045	35,747
Total income taxes	304,886	276,318
Profit	563,833	620,181
Profit attributable to owners of parent	563,833	620,181

(Consolidated Statement of Comprehensive Income)

	(Thousands of yen)	
	FY10/16	FY10/17
	(Nov. 1, 2015 - Oct. 31, 2016)	(Nov. 1, 2016 - Oct. 31, 2017)
Profit	563,833	620,181
Other comprehensive income		
Valuation difference on available-for-sale securities	(944)	1,564
Foreign currency translation adjustment	(94)	169
Total other comprehensive income	(1,039)	1,733
Comprehensive income	562,794	621,915
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	562,794	621,915
Comprehensive income attributable to non-controlling interests	-	-

(3) Consolidated Statement of Changes in Equity

FY10/16 (Nov. 1, 2015 – Oct. 31, 2016)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	91,500	-	1,181,192	-	1,272,692
Changes of items during period					
Issuance of new shares					-
Issuance of new shares-exercise of subscription rights to shares					-
Dividends of surplus			(20,960)		(20,960)
Profit attributable to owners of parent			563,833		563,833
Purchase of treasury shares					-
Net changes of items other than shareholders' equity					-
Total changes of items during period	-	-	542,873	-	542,873
Balance at end of current period	91,500	-	1,724,066	-	1,815,566

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of current period	2,042	(1,825)	217	1,272,910
Changes of items during period				
Issuance of new shares			-	-
Issuance of new shares-exercise of subscription rights to shares			-	-
Dividends of surplus			-	(20,960)
Profit attributable to owners of parent			-	563,833
Purchase of treasury shares			-	-
Net changes of items other than shareholders' equity	(944)	(94)	(1,039)	(1,039)
Total changes of items during period	(944)	(94)	(1,039)	541,834
Balance at end of current period	1,098	(1,920)	(821)	1,814,745

FY10/17 (Nov. 1, 2016 – Oct. 31, 2017)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	91,500	-	1,724,066	-	1,815,566
Changes of items during period					
Issuance of new shares	412,440	412,440			824,881
Issuance of new shares-exercise of subscription rights to shares	500	500			1,000
Dividends of surplus			(20,960)		(20,960)
Profit attributable to owners of parent			620,181		620,181
Purchase of treasury shares				(130)	(130)
Net changes of items other than shareholders' equity					-
Total changes of items during period	412,940	412,940	599,221	(130)	1,424,972
Balance at end of current period	504,440	412,940	2,323,288	(130)	3,240,539

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of current period	1,098	(1,920)	(821)	1,814,745
Changes of items during period				
Issuance of new shares			-	824,881
Issuance of new shares-exercise of subscription rights to shares			-	1,000
Dividends of surplus			-	(20,960)
Profit attributable to owners of parent			-	620,181
Purchase of treasury shares			-	(130)
Net changes of items other than shareholders' equity	1,564	169	1,733	1,733
Total changes of items during period	1,564	169	1,733	1,426,706
Balance at end of current period	2,663	(1,751)	912	3,241,451

(4) Consolidated Statement of Cash Flows

	(Thousands of yen)	
	FY10/16	FY10/17
	(Nov. 1, 2015 - Oct. 31, 2016)	(Nov. 1, 2016 - Oct. 31, 2017)
Cash flows from operating activities		
Profit before income taxes	868,720	896,500
Depreciation	5,755	20,706
Increase (decrease) in provision for bonuses	(781)	16
Increase (decrease) in provision for vacancy warranties	(17,001)	(18,023)
Increase (decrease) in provision for directors' retirement benefits	2,734	(73,596)
Loss (gain) on sales of securities	-	(355)
Loss (gain) on sales of non-current assets	-	(2,784)
Loss on valuation of membership	-	2,600
Interest and dividend income	(441)	(325)
Surrender value of insurance	-	(20,588)
Interest expenses	50,917	75,303
Decrease (increase) in advance payments	(204,642)	301,116
Decrease (increase) in inventories	377,720	(5,769,795)
Increase (decrease) in notes and accounts payable-trade	41,024	(268,249)
Other, net	61,833	(222,748)
Subtotal	1,185,839	(5,080,224)
Interest and dividend income received	358	226
Interest expenses paid	(85,689)	(101,051)
Income taxes paid	(420,170)	(320,683)
Net cash provided by (used in) operating activities	680,337	(5,501,731)
Cash flows from investing activities		
Purchase of property, plant and equipment	(5,501)	(318)
Proceeds from sales of property, plant and equipment	-	3,956
Purchase of investment securities	(687)	(706)
Proceeds from sales of investment securities	-	819
Collection of loans receivable	272	254
Purchase of intangible assets	(1,569)	(527)
Payments into time deposits	(33,004)	(25,016)
Proceeds from withdrawal of time deposits	30,000	56,012
Proceeds from cancellation of insurance funds	-	50,444
Other, net	(5,611)	(4,098)
Net cash provided by (used in) investing activities	(16,101)	80,818
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(712,020)	(359,530)
Proceeds from long-term loans payable	2,542,480	10,200,680
Repayments of long-term loans payable	(2,650,428)	(4,089,851)
Redemption of bonds	(10,000)	(10,000)
Proceeds from issuance of common shares	-	825,881
Purchase of treasury shares	-	(130)
Cash dividends paid	(20,960)	(20,960)
Net cash provided by (used in) financing activities	(850,928)	6,546,089
Effect of exchange rate change on cash and cash equivalents	(1,657)	1,624
Net increase (decrease) in cash and cash equivalents	(188,350)	1,126,800
Cash and cash equivalents at beginning of period	1,580,602	1,392,252
Cash and cash equivalents at end of period	1,392,252	2,519,052

(5) Notes to Consolidated Financial Statements**Going Concern Assumption**

Not applicable.

Segment and Other Information

Segment Information

1. Overview of reportable segment

The Group's segments used for financial reporting are the constituent units for which separate financial information is available and for which the Board of Directors performs periodic studies for the purposes of determining the allocation of resources and evaluating performance.

The operations of the Group are divided into the following four reportable business segments: sales to individuals, sales to real estate companies, property management, and overseas sales.

The sale of newly constructed condominiums using the Company's own brand is the primary activity of the sales to individuals, sales to real estate companies and overseas sales segments. Sales to individuals is the sale of condominiums to individual investors in Japan and sales to real estate companies is sales to real estate companies in Japan. Overseas sales is the sale of condominiums to overseas individual investors and other buyers. The management services for tenant-occupied condominium units and condominium buildings sold by the Company are the main activities of the property management segment.

2. Calculation method for net sales, profit or loss, assets, liabilities, and other items for each reportable segment

Profits for reportable segments are operating profit figures.

Inter-segment sales and transfers are based on market prices.

The Group does not allocate assets to specific business segments, but depreciation associated with these assets is allocated to specific business segments using reasonable standards.

3. Information related to net sales and profit or loss, assets, liabilities, and other items for each reportable segment

FY10/16 (Nov. 1, 2015 – Oct. 31, 2016)

(Thousands of yen)

	Reportable segment				Total
	Sales to individuals	Sales to real estate companies	Property management	Overseas sales	
Net sales					
External sales	3,205,018	3,521,890	225,758	441,100	7,393,767
Inter-segment sales and transfers	-	-	1,667	-	1,667
Total	3,205,018	3,521,890	227,426	441,100	7,395,435
Segment profit (loss)	310,992	567,757	56,185	(12,413)	922,521
Other items					
Depreciation	3,692	1,085	-	977	5,755

Notes: 1. Total depreciation in this table is consistent with the amount shown in the consolidated financial statements.

2. The Group does not allocate assets to specific business segments.

FY10/17 (Nov. 1, 2016 – Oct. 31, 2017)

(Thousands of yen)

	Reportable segment				Total
	Sales to individuals	Sales to real estate companies	Property management	Overseas sales	
Net sales					
External sales	5,316,173	3,955,565	562,663	-	9,834,402
Inter-segment sales and transfers	-	-	8,137	-	8,137
Total	5,316,173	3,955,565	570,800	-	9,842,539
Segment profit (loss)	551,748	183,091	246,094	(80,012)	900,921
Other items					
Depreciation	2,572	659	-	263	3,496

Notes: 1. Total depreciation in this table is consistent with the amount shown in the consolidated financial statements.

2. The Group does not allocate assets to specific business segments.

4. Reconciliation of amounts shown in the consolidated financial statements with total for reportable segments

(Thousands of yen)

Net sales	FY10/16	FY10/17
Total for reportable segments	7,395,435	9,842,539
Elimination of inter-segment transactions	(1,667)	(8,137)
Net sales in consolidated financial statements	7,393,767	9,834,402

(Thousands of yen)

Profit	FY10/16	FY10/17
Total for reportable segments	922,521	900,921
Elimination of inter-segment transactions	6,786	6,861
Operating profit in consolidated financial statements	929,307	907,782

Related Information

FY10/16 (Nov. 1, 2015 – Oct. 31, 2016)

1. Information by product and service

Omitted since sales to external customers in the category of a single product or service exceeded 90% of net sales on the consolidated statement of income.

2. Information by region

(1) Net sales

(Thousands of yen)

Japan	Taiwan	China	Total
6,952,667	241,541	199,558	7,393,767

Note: Classification of net sales is based on the location of customers and categorized by country or region.

(2) Property, plant and equipment

Not applicable because there are no property, plant and equipment outside Japan.

3. Information by major customer

(Thousands of yen)

Customer name	Net sales	Relevant segment
BRI Co., Ltd.	2,102,290	Sales to real estate companies

FY10/17 (Nov. 1, 2016 – Oct. 31, 2017)

1. Information by product and service

Omitted since sales to external customers in the category of a single product or service exceeded 90% of net sales on the consolidated statement of income.

2. Information by region

(1) Net sales

Omitted since there are no external sales outside Japan.

(2) Property, plant and equipment

Not applicable because there are no property, plant and equipment outside Japan.

3. Information by major customer

(Thousands of yen)

Customer name	Net sales	Relevant segment
BRI Co., Ltd.	1,371,070	Sales to real estate companies

Information Related to Impairment Loss of Non-current Assets for Each Reportable Segment

Not applicable.

Information Related to Amortization of Goodwill and Unamortized Balance for Each Reportable Segment

Not applicable.

Information Related to Gain on Bargain Purchase for Each Reportable Segment

Not applicable.

Per-share Information

(Yen)

Item	FY10/16 (Nov. 1, 2015 – Oct. 31, 2016)	FY10/17 (Nov. 1, 2016 – Oct. 31, 2017)
Net assets per share	432.91	533.93
Net income per share	134.50	106.11
Diluted net income per share	-	100.14

Notes: 1. The Company conducted a 2-for-1 common stock split effective on May 1, 2017 and October 1, 2017. Net assets per share, net income per share and diluted net income per share are calculated as if these stock splits had taken place at the beginning of the previous fiscal year.

2. Diluted net income per share for the fiscal year ended October 31, 2016 is not shown. Although there were subscription rights to shares, it is not possible to determine an average stock price because the stock of the Company was not listed. The Company's stock was listed in the JASDAQ (standard) market of the Tokyo Stock Exchange on December 8, 2016. Diluted net income per share for the fiscal year ended October 31, 2017 was calculated by using an average stock price during the period between the time of listing and the end of October 2017. The Company moved up its stock market listing to the Second Section of the Tokyo Stock Exchange on June 27, 2017.

3. Basis for calculation of net income per share is as follows.

(Thousands of yen)

Item	FY10/16 (Nov. 1, 2015 – Oct. 31, 2016)	FY10/17 (Nov. 1, 2016 – Oct. 31, 2017)
Net income per share		
Profit attributable to owners of parent	563,833	620,181
Amounts not available to common shareholders	-	-
Profit attributable to owners of parent applicable to common shares	563,833	620,181
Average number of common shares outstanding during the period (shares)	4,192,000	5,844,913
Summary of potentially dilutive shares not included in the calculation of diluted net income per share due to their anti-dilutive effect	3 types of subscription rights to shares (201 units)	-

4. Basis for calculation of net assets per share is as follows.

(Thousands of yen)

	FY10/16 (As of Oct. 31, 2016)	FY10/17 (As of Oct. 31, 2017)
Total net assets	1,814,745	3,241,451
Deduction on total net assets	-	-
Net assets applicable to common shares at end of period	1,814,745	3,241,451
Number of common shares at end of period used in calculation of net assets per share (shares)	4,192,000	6,071,200

Material Subsequent Events

Not applicable.

This financial report is solely a translation of "Kessan Tanshin" (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.