

May 10, 2019

Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2019 (FY3/19)

[Japanese GAAP]

Company name: Sanyo Homes Corporation

Listing: Tokyo Stock Exchange, First Section

Securities code: 1420

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

Representative: Yasusuke Tanaka, Chairman & Chief Executive Officer

Contact: Koji Fukui, Director, Senior Executive Officer

Tel: +81-(0) 6-6578-3403

Scheduled date of Annual General Meeting of Shareholders: June 25, 2019

Scheduled date of filing of Annual Securities Report: June 26, 2019

Scheduled date of payment of dividend: June 4, 2019

Preparation of supplementary materials for financial results: Yes

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

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

1. Consolidated Financial Results for FY3/19 (April 1, 2018 – March 31, 2019)

(1) Consolidated results of operations (Percentages shown for net sales and profits 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	%
FY3/19	53,888	(0.4)	1,434	(24.3)	1,544	(19.2)	954	(23.2)
FY3/18	54,117	(2.5)	1,894	24.8	1,911	22.9	1,243	27.8

Note: Comprehensive income (million yen) FY3/19: 816 (down 37.1%) FY3/18: 1,298 (up 30.1%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary profit on total assets	Operating profit on net sales
	Yen	Yen	%	%	%
FY3/19	77.46	-	5.5	3.0	2.7
FY3/18	100.93	-	7.6	3.9	3.5

Reference: Equity in earnings of associates (million yen) FY3/19: (74) FY3/18: (41)

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2019	54,527	17,570	32.2	1,425.21
As of Mar. 31, 2018	48,043	16,943	35.2	1,374.32

Reference: Shareholders' equity (million yen) As of Mar. 31, 2019: (17,557) As of Mar. 31, 2018: 16,930

(3) Consolidated cash flow position

	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
FY3/19	(3,789)	(782)	5,230	5,795
FY3/18	7,671	(236)	(7,366)	5,136

2. Dividends

	Dividend per share					Total dividends	Dividend payout ratio (consolidated)	Dividend on equity (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY3/18	-	0.00	-	15.00	15.00	189	14.9	1.1
FY3/19	-	0.00	-	25.00	25.00	315	32.3	1.8
FY3/20 (forecasts)	-	0.00	-	25.00	25.00		25.2	

3. Consolidated Forecast for FY3/20 (April 1, 2019 – March 31, 2020)

(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	29,710	45.4	210	-	160	-	100	-	8.12
Full year	69,850	29.6	1,900	32.5	1,910	23.7	1,220	27.9	99.03

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in the 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, and 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 Mar. 31, 2019: 12,620,000 shares As of Mar. 31, 2018: 12,620,000 shares

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

As of Mar. 31, 2019: 300,883 shares As of Mar. 31, 2018: 300,880 shares

3) Average number of shares outstanding during the period

FY3/19: 12,319,119 shares FY3/18: 12,316,527 shares

Note: Number of treasury shares at the end of the period includes the Company shares held by the Management Board Incentive Plan Trust (FY3/19: 300,880 shares, FY3/18: 300,880 shares). The Company shares held by the Trust are also included to treasury shares that are exempted in a calculation of the average number of shares outstanding during the period (FY3/19: 300,880 shares, FY3/18: 303,473 shares).

Reference: Summary of Non-consolidated Financial Results

Non-consolidated Financial Results for FY3/19 (April 1, 2018 – March 31, 2019)

(1) Non-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	%
FY3/19	46,006	(3.5)	1,342	(26.2)	1,306	(27.2)	845	(28.5)
FY3/18	47,672	(7.5)	1,819	33.4	1,793	25.0	1,182	35.6

	Net income per share	Diluted net income per share
	Yen	Yen
FY3/19	68.61	-
FY3/18	96.02	-

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2019	52,944	16,991	32.1	1,378.25
As of Mar. 31, 2018	46,666	16,335	35.0	1,325.01

Reference: Shareholders' equity (million yen) As of Mar. 31, 2019: 16,978 As of Mar. 31, 2018: 16,322

* The current financial report is not subject to audit by certified public accountants or auditing firms.

* Cautionary statement with respect to forward-looking statements and other special items

Note concerning forward-looking statements

Forecasts regarding future performance in this report are based on assumptions judged to be valid and information available to the Company at the time this report was prepared. Actual performance may differ significantly from these forecasts for a number of reasons. Please refer to "1. Overview of Results of Operations" on page 2 for forecast assumptions and notes of caution for usage.

Contents of Attachments

1. Overview of Results of Operations	2
(1) Analysis of Results of Operations	2
(2) Analysis of Financial Position	4
(3) Basic Policy for Profit Distribution, and Dividends in the Current and Next Fiscal Years	5
2. Basic Approach to the Selection of Accounting Standards	5
3. Consolidated Financial Statements and Notes	6
(1) Consolidated Balance Sheet	6
(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income	8
Consolidated Statement of Income	8
Consolidated Statement of Comprehensive Income	9
(3) Consolidated Statement of Changes in Equity	10
(4) Consolidated Statement of Cash Flows	11
(5) Notes to Consolidated Financial Statements	12
Going Concern Assumption	12
Changes in Presentation Method	12
Segment and Other Information	12
Per Share Information	15
Subsequent Events	15
4. Other Information	16

1. Overview of Results of Operations

(1) Analysis of Results of Operations

For the current fiscal year ended March 31, 2019, the Japanese economy maintained a gradual recovery, but the economic outlook remains unclear because of the trade friction issues and the impact of the consumer tax rate increase on consumer sentiment.

Japan's housing sector also remained firm, supported by ongoing monetary easing policy to maintain low mortgage rate and the rush to make purchase before the consumer tax rate increase to 10% scheduled in October 2019.

Under such circumstances, Sanyo Homes (“the Company”) celebrated its 50th anniversary in February this year. With a tagline of “Housing with satisfaction to people and the earth,” the Company has formulated a management strategy based on the business portfolio that responds to changes in social environment and economic conditions, and then further promoted initiatives to satisfy customers' wants of “housing” and “living.”

During the current fiscal year, the Company proactively took advantage of the social and environmental changes. Specifically, the Company completed the construction of the first property of PREMIUM GARAGE HOUSE—the brand name for lifestyle-proposal type rental housing. Furthermore, we have started selling “IoT *de Mimamoru Kurashi*” (which literally means “Living watched over by IoT”)—the family member vigilance system utilizing the multi-sensor technology to watch over family members from remote places, and have also introduced the “hybrid construction method” to combine the lightweight steel-framed structure used for high-quality industrialized houses and the reinforced concrete (RC) structure.

The factors mentioned above led to results of operations for the current fiscal year as follows: net sales decreased by 0.4% from one year earlier to 53,888 million yen due to the weak sales in the Condominium Business offsetting the strong sales in the Housing Business, operating profit decreased by 24.3 % from one year earlier to 1,434 million yen, ordinary profit decreased by 19.2% to 1,544 million yen, and profit attributable to owners of parent decreased by 23.2% to 954 million yen.

Overview by Segment

Performance by business segment is as follows.

1) Housing Business

In the housing sector, we won the Excellence Awards including the Special Excellence Award for the fourth consecutive year with respect to “life style KURASI'TE,”—a detached housing with ZEH (net zero energy house) design as a standard specification, and also won the Excellence Company Award for the second consecutive year in House of the Year in Energy 2018.

In the asset utilization sector, we significantly increased sales by launching various facilities such as nursing-care facilities for the elderly, child-care facilities indispensable for a society to promote female advancement, and medical facilities as well as the unique rental housings such as PREMIUM GARAGE HOUSE.

In the remodeling sector, we continued to work on the response to and recovery from the natural disasters that took place in western Japan during the current fiscal year and in the meantime, increased sales by successfully reinforcing the sales and management structure in the second year after integrating the Group's remodeling division into Sanyo Reform Corporation, the Company's subsidiary.

In the residential renewal and resale (distribution of existing houses) sector, we tackled the expansion of business in line with the “ECO & SAFETY” business concept by strengthening the partnership with the housing sector through organizational restructuring, and by remodeling for seismic reinforcement leveraging the “Home Dock”—our inspection system.

Consequently, sales in this segment for the current fiscal year were 25,461 million yen, up 13.0% from one year earlier, and operating profit was 170 million yen, an improvement of 288 million yen from one year earlier.

2) Condominium Business

In the Condominium Business segment, we completed the construction of the total of eight condominiums targeting upper-income earners in urban centers or families in suburban areas. Examples of the former are “THE Chiyoda Kojimachi TOWER” (an 83-unit condominium in Chiyoda-ku, Tokyo) and “THE SANMAISON Bunkyo Koishikawa” (a 24-unit condominium in Bunkyo-ku, Tokyo), and those of the latter are “SANMAISON Senri Momoyamadai” (a 29-unit condominium in Suita City, Osaka) and “SANMAISON Suizenji Ekimae Gate” (a 70-unit condominium in Chuo-ku, Kumamoto City). However, sales in this segment decreased because of fewer properties available for sale than in the previous year, curtailment of discounts, and a prolonged selling period of completed condominiums. We finished a partial sale of the condominiums in Shibuya PJ under development, and completed the sale of “SANRENO Kitaurawa” and “SANRENO Urayasu”—renovated condominiums with the added value of safety and security sold under the SANRENO brand. We are also steadily increasing the acquisition of condominiums for renovation.

We started sales of “SANMAISON Sakai Asaka Ekimae” (a 51-unit condominium in Sakai City, Osaka), “SANMAISON Toyokawainari” (a 75-unit condominium in Toyokawa City, Aichi), and “SANRENO Kyodo THE RESIDENCE” (a 30-unit condominium in Kyodo, Setagaya-ku, Tokyo) during the current fiscal year. Additionally, we started the development and sales preparation of “SANMIT Hitachino Higashi STATION FRONT” (a 226-unit condominium in Ushiku City, Ibaraki Prefecture)—the first condominium in the Tokyo metropolitan area for the elderly and directly connected to a station (according to a survey by J’s AD International as of January 2019).

As a result, sales in this segment for the current fiscal year were 25,850 million yen, down 10.2% from one year earlier, and operating profit was 2,412 million yen, up 5.2% from one year earlier.

3) Other Businesses

The frontier business sector (engaged in sales of eco-energy facilities such as solar power and storage batteries, structural steel frameworks and operation of overseas business) has established and expanded the new sales routes of structural steel frameworks. In Vietnam, the sector has also worked toward the completion of construction and started to take sales orders of condominiums in the process of development under a joint venture with a local company.

In the life support business sector (engaged in management of condominiums and nursing/child-care facilities), we opened 8 nursery schools in April 2019 under San Friends brand, which we have focused on promoting in recent years. We now operate the total of 22 nursery schools (including one school under management contract), of which 14 located in Kansai area and eight in Chubu area. We aim to further expand the business by utilizing the strong capabilities of the Sanyo Homes Group.

The “companion robot,” which we have been developing until now, has increasingly been covered in TV, magazines, and specialized journals through participation to various exhibitions and academic conferences, and we are promoting sales toward the future.

In the field of regional revitalization, we aim to make profit by consolidating the know-how of not only our Group but also industry, government and academia, and contributing to the regional revitalization in Bizen City, Okayama Prefecture and Wakayama City, Wakayama Prefecture in the near future.

As a result, sales for the current fiscal year were 2,576 million yen, down 9.2% from one year earlier and operating loss was 195 million yen, a deterioration of 837 million yen from one year earlier.

Forecasts for the next fiscal year

The outlook of the housing sector for the next fiscal year will remain unclear due to uncertainties about the impact of the consumer tax increase, condominium prices and the trend of its supply as well as the magnitude of social and economic changes represented by events beyond imagination happening every year.

Under the situation, we will make our brand established and recognized in the society, and increase followers through practicing our management philosophy. We will achieve sustainable growth by approaching social issues and business strategy in an integrated manner. Specifically, we will offer our skills to solve social issues and

concurrently make profits from our business activities. We aim to become a distinctive company under the mantra of “CSV (Creating Shared Value) Management” that creates mutual values between an enterprise and the society.

In the fiscal year ending March 31, 2020, we forecast net sales of 69,850 million yen (up 29.6% year-on-year), operating profit of 1,900 million yen (up 32.5% year-on-year), ordinary profit of 1,910 million yen (up 23.7% year-on-year), and profit attributable to owners of parent of 1,220 million yen (up 27.9% year-on-year).

Note: Forecasts are based on information currently available to the Company. Actual performance may differ from these forecasts for a number of reasons.

(2) Analysis of Financial Position

1) Assets, Liabilities and Net Assets

Total assets increased 6,484 million yen from the end of the previous fiscal year to 54,527 million yen at the end of the current fiscal year on a consolidated basis. The main factors were increases of 6,975 million yen in costs on real estate business, 1,059 million yen in cash and deposits, 755 million yen in buildings and structures, net, and 518 million yen in land, which were partially offset by a decrease of 3,428 million yen in real estate for sale.

Total liabilities increased 5,857 million yen from the end of the previous fiscal year to 36,957 million yen. The main factor was an increase of 5,420 million yen in long- and short-term loans payable.

Total net assets increased 626 million yen from the end of the previous fiscal year to 17,570 million yen. The main factor was an increase of 764 million yen in retained earnings, which was partially offset by a decrease of 121 million yen in remeasurements of defined benefit plans. As a result, the equity ratio was 32.2%.

2) Cash Flows

Cash and cash equivalents (hereafter “net cash”) increased 659 million yen from the end of the previous fiscal year to 5,795 million yen at the end of the current fiscal year on a consolidated basis. This net increase of 659 million yen can be explained by a cash inflow of 5,230 million yen from financing activities, which is partially offset by cash outflows of 3,789 million yen from operating activities and 782 million yen from investing activities.

A summary of cash flows and major components are as follows.

Cash flows from operating activities

For the fiscal year ended March 31, 2019, net cash used in operating activities totaled 3,789 million yen (compared with net cash provided of 7,671 million yen in the previous fiscal year). The main factors were profit before income taxes of 1,521 million yen, a 4,465 million yen increase in inventories, a 265 million yen increase in notes and accounts receivable-trade, and a 174 million yen decrease in notes and accounts payable-trade.

Cash flows from investing activities

For the fiscal year ended March 31, 2019, net cash used in investing activities totaled 782 million yen (compared with net cash used of 236 million yen in the previous fiscal year). The main factors were net payments into time deposits of 400 million yen and purchase of property, plant and equipment of 361 million yen.

Cash flows from financing activities

For the fiscal year ended March 31, 2019, net cash provided by financing activities totaled 5,230 million yen (compared with net cash used of 7,366 million yen in the previous fiscal year). The main factors were net proceeds of 5,420 million yen in long- and short-term loans payable and cash dividends paid of 189 million yen.

(3) Basic Policy for Profit Distribution, and Dividends in the Current and Next Fiscal Years

The distribution of earnings to shareholders is one of our highest priorities. The basic policy is to pay a consistent dividend to shareholders while retaining sufficient earnings for sustaining growth and building a sound infrastructure for our operations.

Regarding the profit distribution for the current fiscal year, we will follow the above policy and pay the annual total dividend of 25 yen per share. We have made this decision because we are keen on ensuring the shareholder return while improving the financial soundness through increasing shareholders' equity. As for the dividend for the next fiscal year, we plan to pay the annual total dividend of 25 yen per share, the same amount as for the current fiscal year.

2. Basic Approach to the Selection of Accounting Standards

The Sanyo Homes 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 take suitable actions with regard to the application of International Financial Reporting Standards (IFRS) by taking into account associated factors in Japan and other countries.

3. Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheet

(Thousands of yen)

	FY3/18 (As of Mar. 31, 2018)	FY3/19 (As of Mar. 31, 2019)
Assets		
Current assets		
Cash and deposits	7,836,369	8,895,464
Notes receivable, accounts receivable from completed construction contracts and other	1,541,830	1,807,715
Securities	-	276,978
Real estate for sale	10,549,094	7,120,964
Costs on uncompleted construction contracts	93,574	43,682
Costs on real estate business	23,749,149	30,724,921
Other inventories	144,379	142,493
Prepaid expenses	400,166	428,717
Other	457,355	734,418
Allowance for doubtful accounts	(3,829)	(2,119)
Total current assets	44,768,092	50,173,236
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	470,840	1,226,221
Land	229,233	747,755
Other, net	58,144	58,873
Total property, plant and equipment	758,219	2,032,850
Intangible assets		
Software	22,793	32,456
Other	3,932	3,932
Total intangible assets	26,726	36,389
Investments and other assets		
Investment securities	898,827	475,458
Deferred tax assets	577,456	723,795
Other	1,023,544	1,093,984
Allowance for doubtful accounts	(9,331)	(7,821)
Total investments and other assets	2,490,497	2,285,417
Total non-current assets	3,275,442	4,354,657
Total assets	48,043,534	54,527,893

	(Thousands of yen)	
	FY3/18	FY3/19
	(As of Mar. 31, 2018)	(As of Mar. 31, 2019)
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	7,375,635	7,200,868
Short-term loans payable	4,220,000	7,980,000
Current portion of long-term loans payable	6,420,000	8,230,000
Accrued expenses	680,857	730,054
Income taxes payable	549,793	631,664
Advances received on uncompleted construction contracts	1,046,470	1,154,762
Advances received	2,201,759	2,198,030
Provision for bonuses	329,838	349,714
Provision for warranties for completed construction	72,200	79,200
Other	859,674	912,626
Total current liabilities	23,756,230	29,466,920
Non-current liabilities		
Long-term loans payable	5,760,000	5,610,000
Deferred tax liabilities	957	58,793
Provision for management board incentive plan trust	61,046	95,055
Provision for retirement benefits for directors (and other officers)	7,158	9,158
Retirement benefit liability	1,135,769	1,292,813
Other	378,913	424,769
Total non-current liabilities	7,343,845	7,490,590
Total liabilities	31,100,075	36,957,510
Net assets		
Shareholders' equity		
Capital stock	5,945,162	5,945,162
Capital surplus	3,611,796	3,611,796
Retained earnings	7,423,382	8,188,282
Treasury shares	(170,738)	(170,741)
Total shareholders' equity	16,809,603	17,574,500
Accumulated other comprehensive income		
Foreign currency translation adjustment	3,599	(12,614)
Remeasurements of defined benefit plans	117,226	(4,532)
Total accumulated other comprehensive income	120,825	(17,147)
Share acquisition rights	13,030	13,030
Total net assets	16,943,459	17,570,383
Total liabilities and net assets	48,043,534	54,527,893

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

(Thousands of yen)

	FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)	FY3/19 (Apr. 1, 2018 – Mar. 31, 2019)
Net sales	54,117,123	53,888,674
Cost of sales	42,699,285	43,248,800
Gross profit	11,417,837	10,639,873
Selling, general and administrative expenses	9,522,929	9,205,647
Operating profit	1,894,908	1,434,225
Non-operating income		
Interest income	6,571	6,660
Penalty income	25,435	36,862
Subsidy income	98,400	212,852
Other	75,201	90,487
Total non-operating income	205,607	346,861
Non-operating expenses		
Interest expenses	124,731	135,261
Share of loss of entities accounted for using equity method	41,732	74,669
Other	22,478	26,560
Total non-operating expenses	188,942	236,492
Ordinary profit	1,911,573	1,544,595
Extraordinary losses		
Loss on retirement of non-current assets	-	9,080
Impairment loss	37,076	14,122
Total extraordinary losses	37,076	23,202
Profit before income taxes	1,874,497	1,521,392
Income taxes-current	607,597	602,060
Income taxes-deferred	23,784	(34,867)
Total income taxes	631,381	567,192
Profit	1,243,115	954,200
Profit attributable to owners of parent	1,243,115	954,200

Consolidated Statement of Comprehensive Income

	(Thousands of yen)	
	FY3/18	FY3/19
	(Apr. 1, 2017 – Mar. 31, 2018)	(Apr. 1, 2018 – Mar. 31, 2019)
Profit	1,243,115	954,200
Other comprehensive income		
Foreign currency translation adjustment	(9,581)	(16,214)
Remeasurements of defined benefit plans, net of tax	65,014	(121,759)
Total other comprehensive income	55,432	(137,973)
Comprehensive income	1,298,548	816,226
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,298,548	816,226
Comprehensive income attributable to non-controlling interests	-	-

(3) Consolidated Statement of Changes in Equity

FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)

(Thousands of yen)

	Shareholders' equity					Accumulated other comprehensive income			Share acquisition rights	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	5,945,162	3,611,796	6,369,566	(174,892)	15,751,633	13,181	52,211	65,393	-	15,817,026
Changes of items during period										
Dividends of surplus			(189,300)		(189,300)			-		(189,300)
Profit attributable to owners of parent			1,243,115		1,243,115			-		1,243,115
Purchase of treasury shares					-			-		-
Disposal of treasury shares				4,153	4,153			-		4,153
Net changes of items other than shareholders' equity						(9,581)	65,014	55,432	13,030	68,462
Total changes of items during period	-	-	1,053,815	4,153	1,057,969	(9,581)	65,014	55,432	13,030	1,126,432
Balance at end of current period	5,945,162	3,611,796	7,423,382	(170,738)	16,809,603	3,599	117,226	120,825	13,030	16,943,459

FY3/19 (Apr. 1, 2018 – Mar. 31, 2019)

(Thousands of yen)

	Shareholders' equity					Accumulated other comprehensive income			Share acquisition rights	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	5,945,162	3,611,796	7,423,382	(170,738)	16,809,603	3,599	117,226	120,825	13,030	16,943,459
Changes of items during period										
Dividends of surplus			(189,300)		(189,300)			-		(189,300)
Profit attributable to owners of parent			954,200		954,200			-		954,200
Purchase of treasury shares				(2)	(2)			-		(2)
Disposal of treasury shares					-			-		-
Net changes of items other than shareholders' equity					-	(16,214)	(121,759)	(137,973)	-	(137,973)
Total changes of items during period	-	-	764,900	(2)	764,897	(16,214)	(121,759)	(137,973)	-	626,924
Balance at end of current period	5,945,162	3,611,796	8,188,282	(170,741)	17,574,500	(12,614)	(4,532)	(17,147)	13,030	17,570,383

(4) Consolidated Statement of Cash Flows

(Thousands of yen)

	FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)	FY3/19 (Apr. 1, 2018 – Mar. 31, 2019)
Cash flows from operating activities		
Profit before income taxes	1,874,497	1,521,392
Depreciation	67,243	77,514
Impairment loss	37,076	14,122
Increase (decrease) in provision for bonuses	12,390	19,876
Interest income	(6,571)	(6,660)
Interest expenses	124,731	135,261
Decrease (increase) in notes and accounts receivable-trade	(410,980)	(265,884)
Decrease (increase) in inventories	3,195,076	(4,465,798)
Increase (decrease) in notes and accounts payable-trade	1,945,081	(174,767)
Increase (decrease) in advances received on uncompleted construction contracts	271,772	108,291
Increase (decrease) in advances received	1,541,399	(3,729)
Increase (decrease) in accrued consumption taxes	(455,650)	147,514
Other, net	172,118	(232,458)
Subtotal	8,368,185	(3,125,324)
Interest and dividend income received	2,048	2,091
Interest expenses paid	(126,150)	(136,010)
Income taxes paid	(572,512)	(529,838)
Net cash provided by (used in) operating activities	7,671,570	(3,789,080)
Cash flows from investing activities		
Payments into time deposits	(2,700,000)	(3,300,000)
Proceeds from withdrawal of time deposits	2,700,000	2,900,000
Purchase of property, plant and equipment	(179,440)	(361,126)
Other, net	(56,614)	(21,424)
Net cash provided by (used in) investing activities	(236,055)	(782,551)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(1,650,000)	3,760,000
Proceeds from long-term loans payable	3,260,000	8,520,000
Repayments of long-term loans payable	(8,800,000)	(6,860,000)
Purchase of treasury shares	-	(2)
Cash dividends paid	(189,285)	(189,269)
Proceeds from issuance of share acquisition rights	13,030	-
Other, net	(267)	-
Net cash provided by (used in) financing activities	(7,366,523)	5,230,727
Net increase (decrease) in cash and cash equivalents	68,991	659,095
Cash and cash equivalents at beginning of period	5,067,378	5,136,369
Cash and cash equivalents at end of period	5,136,369	5,795,464

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

Not applicable.

Changes in Presentation Method

(Change associated with application of *Partial Amendments to Accounting Standard for Tax Effect Accounting*)

Effective from the current fiscal year, we applied *Partial Amendments to Accounting Standard for Tax Effect Accounting* (ASBJ Statement No. 28, February 16, 2018). Accordingly, “Deferred tax assets” is presented in the investments and other assets section of the consolidated balance sheet.

Segment and Other Information

Segment information

1. Overview of reportable segment

The reportable segments of the Group are constituent units of the Company for which separate financial information is available and for which the Board of Directors conducts a regular review for the purposes of determining the allocation of management resources and evaluating business performance.

The Company establishes a manufacturing and sales structure by each product and service and conducts business operations based on a comprehensive strategy for all products and services.

Consequently, based on the types of business activities, there are two reportable segments by product and service: the Housing Business and the Condominium Business.

The Housing Business includes designs, construction supervision and contracting, sales and other activities for housing, asset utilization and residential remodeling. The Condominium Business includes the development, sales, rental and other activities for condominium buildings.

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

The accounting method used for reportable business segments is generally the same as the methods listed in “Significant Accounting Policies in the Preparation of Consolidated Financial Statements.”

Profits for reportable segments are operating profit figures. Inter-segment sales and transfers are determined in the same manner as for general transactions based on market prices.

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

FY3/18 (Apr. 1, 2017—Mar. 31, 2018)

(Thousands of yen)

	Reportable segment			Other (Note 1)	Total	Adjustment (Note 2)	Amounts shown on consolidated financial statements (Note 3)
	Housing Business	Condominium Business	Subtotal				
Net sales							
Sales to external customers	22,534,526	28,777,565	51,312,091	2,805,031	54,117,123	-	54,117,123
Inter-segment sales or transfers	220,013	-	220,013	32,165	252,178	(252,178)	-
Total	22,754,539	28,777,565	51,532,104	2,837,196	54,369,301	(252,178)	54,117,123
Segment profit (loss)	(118,706)	2,293,879	2,175,172	642,345	2,817,518	(922,610)	1,894,908
Segment assets	5,205,626	31,610,967	36,816,594	654,085	37,470,679	10,572,854	48,043,534
Other items							
Depreciation and amortization	26,337	651	26,988	17,736	44,725	22,517	67,243
Increase in property, plant and equipment and intangible assets	38,554	309	38,864	119,838	158,703	25,087	183,790

- Notes: 1. The Other segment represents the businesses which are not included in any of the reportable segments and mainly consist of the lifestyle support services.
2. Adjustments to segment profit (loss) and assets are as follows.
- (1) The negative adjustment of 922,610 thousand yen to segment profit or loss includes company-wide costs that are not allocated to any of the reportable segments. Company-wide costs consist of general and administrative expenses that cannot be attributable to any of the reportable segments.
- (2) The 10,572,854 thousand yen adjustment to segment assets includes company-wide assets that are not allocated to any of the reportable segments. Company-wide assets mainly include excess working capital, working capital and other assets not attributable to any of the reportable segments.
- (3) The 22,517 thousand yen adjustment to depreciation and amortization includes depreciation of company-wide assets that cannot be allocated to reportable segments.
- (4) The 25,087 thousand yen adjustment to increase in property, plant and equipment and intangible assets is capital expenditures not attributable to any of the reportable segments.
3. Segment profit and assets are adjusted with operating profit and total assets shown on the consolidated financial statements, respectively.

FY3/19 (Apr. 1, 2018—Mar. 31, 2019)

(Thousands of yen)

	Reportable segment			Other (Note 1)	Total	Adjustment (Note 2)	Amounts shown on consolidated financial statements (Note 3)
	Housing Business	Condominium Business	Subtotal				
Net sales							
Sales to external customers	25,461,379	25,850,408	51,311,787	2,576,886	53,888,674	-	53,888,674
Inter-segment sales or transfers	248,266	2,160	250,426	28,187	278,613	(278,613)	-
Total	25,709,646	25,852,568	51,562,214	2,605,073	54,167,287	(278,613)	53,888,674
Segment profit (loss)	170,001	2,412,051	2,582,053	(195,087)	2,386,966	(952,740)	1,434,225
Segment assets	5,940,855	36,084,960	42,025,816	1,081,795	43,107,611	11,420,282	54,527,893
Other items							
Depreciation and amortization	25,181	1,837	27,019	31,002	58,022	19,492	77,514
Increase in property, plant and equipment and intangible assets (Note 4)	999,229	-	999,229	339,663	1,338,892	15,598	1,354,491

- Notes: 1. The Other segment represents the businesses which are not included in any of the reportable segments and mainly consist of the lifestyle support services.
2. Adjustments to segment profit (loss) and assets are as follows.
- (1) The negative adjustment of 952,740 thousand yen to segment profit or loss includes company-wide costs that are not allocated to any of the reportable segments. Company-wide costs consist of general and administrative expenses that cannot be attributable to any of the reportable segments.
- (2) The 11,420,282 thousand yen adjustment to segment assets includes company-wide assets that are not allocated to any of the reportable segments. Company-wide assets mainly include excess working capital, working capital and other assets not attributable to any of the reportable segments.
- (3) The 19,492 thousand yen adjustment to depreciation and amortization includes depreciation of company-wide assets that cannot be allocated to reportable segments.
- (4) The 15,598 thousand yen adjustment to increase in property, plant and equipment and intangible assets is capital expenditures not attributable to any of the reportable segments.
3. Segment profit and assets are adjusted with operating profit and total assets shown on the consolidated financial statements, respectively.
4. “Increase in property, plant and equipment and intangible assets” includes the transfer of 969,936 thousand yen from real estate for sale to property, plant and equipment due to a change in holding purpose.

Related information

1. Information by product and service

Omitted because the same information is presented in the segment information.

2. Information by region

(1) Sales

Not applicable because there are no sales to external customers outside Japan.

(2) Property, plant and equipment

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

3. Information by major customer

Omitted because no sales to external customer account for 10% or more of net sales on the consolidated statement of income.

Information related to an impairment loss on non-current assets for each reportable segment

FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)

(Thousands of yen)

	Housing Business	Condominium Business	Other	Elimination or corporate	Total
Impairment loss	37,076	-	-	-	37,076

FY3/19 (Apr. 1, 2018 – Mar. 31, 2019)

(Thousands of yen)

	Housing Business	Condominium Business	Other	Elimination or corporate	Total
Impairment loss	14,122	-	-	-	14,122

Information related to amortized amounts and the unamortized balance of goodwill for each reportable segment

Not applicable.

Information related to gain on bargain purchase for each reportable segment

Not applicable.

Per Share Information

(Yen)

	FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)	FY3/19 (Apr. 1, 2018 – Mar. 31, 2019)
Net assets per share	1,374.32	1,425.21
Net income per share	100.93	77.46

Notes: 1. The amounts of diluted net income per share for the current and previous fiscal years are not presented because there are no potentially dilutive shares for both fiscal years.

2. For the purpose of calculating the amounts of net assets per share, the number of shares of the Company held by the Management Board Incentive Plan Trust (FY3/18: 300,880 shares, FY3/19: 300,880 shares) was included in the number of treasury shares, which was to be deducted from the calculation of the number of shares issued at the end of the period. For the purpose of calculating the amounts of net income per share, the number of shares of the Company held by the said Trust was included in the number of treasury shares, which was to be deducted from the calculation of the average number of shares outstanding during the period (FY3/18: 303,473 shares, FY3/19: 300,880 shares).

3. The basis of calculating the net assets per share is as follows:

	FY3/18 (As of Mar. 31, 2018)	FY3/19 (As of Mar. 31, 2019)
Total net assets (Thousands of yen)	16,943,459	17,870,383
Deduction on total net assets (Thousands of yen)	13,030	13,030
[of which, share acquisition rights (Thousands of yen)]	[13,030]	[13,030]
Net assets at the end of the fiscal year applicable to common stock (Thousands of yen)	16,930,429	17,557,353
Number of shares of common stock used in calculation of net assets per share (Shares)	12,319,120	12,319,119

4. The basis of calculating the net income per share is as follows:

	FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)	FY3/19 (Apr. 1, 2018 – Mar. 31, 2019)
Net income per share		
Profit attributable to owners of parent (Thousands of yen)	1,243,115	954,200
Profit not attributable to common shareholders (Thousands of yen)	-	-
Profit attributable to common shareholders of parent (Thousands of yen)	1,243,115	954,200
Average number of shares outstanding during the period (Shares)	12,316,527	12,319,119
Summary of potential shares not included in the calculation of diluted earnings per share due to no dilutive effect	<Subscription rights to shares> Issue No. 1: 12,000 rights (for 1,200,000 common shares) Issue No. 2: 10,000 rights (for 1,000,000 common shares)	<Subscription rights to shares> Issue No. 1: 12,000 rights (for 1,200,000 common shares) Issue No. 2: 10,000 rights (for 1,000,000 common shares)

Subsequent Events

Not applicable.

4. Other Information

1) Orders Received

Orders received in FY3/19 are broken down by segment as follows. (Thousands of yen)

Operating segment	Orders received	Year-on-year (%)	Order backlog	Year-on-year (%)
Housing Business	26,796,171	113.3	13,433,275	111.0
Condominium Business	25,547,384	68.5	18,996,128	98.4
Other	2,576,886	91.9	-	-
Total	54,920,442	86.2	32,429,404	103.3

- Notes: 1. Inter-segment transactions have been eliminated.
 2. The above amounts do not include consumption taxes.
 3. No order backlog is shown in the "Other" segment because net sales are the same as the orders received.

Orders received by region are as follows. (Thousands of yen)

Kanto area	Chubu area	Kinki area	Kyushu area	Total
13,962,362	6,290,448	27,098,149	7,569,482	54,920,442

2) Sales

Sales in FY3/19 are broken down by segment as follows.

Operating segment	Sales (Thousands of yen)	Year-on-year (%)
Housing Business	25,461,379	113.0
Condominium Business	25,850,408	89.8
Other	2,576,886	91.9
Total	53,888,674	99.6

- Notes: 1. Inter-segment transactions have been eliminated.
 2. The above amounts do not include consumption taxes.

Sales by region are as follows. (Thousands of yen)

Kanto area	Chubu area	Kinki area	Kyushu area	Total
19,145,191	6,049,859	20,024,161	8,669,461	53,888,674

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.