



# Financial Summary of Fiscal Year Ended July 2018 (Japanese GAAP) (Consolidated)

September 14, 2018

Name of listed company: Meiho Enterprise Co., Ltd.

Listing exchange: Tokyo Stock Exchange

Code: 8927

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President & Representative Director

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Scheduled date for next regular general meeting of shareholders:

October 25, 2018

Scheduled date for submission of periodic securities report:

October 30, 2018

Scheduled date for start of dividend payment:

October 26, 2018

Supplementary explanatory materials created for accounts? Yes/No: No

Accounts briefing meeting held? Yes/No: No

(Amounts are rounded down to the nearest million yen)

## 1. Consolidated results for fiscal year ended July 2018 (from August 1, 2017 to July 31, 2018)

### (1) Consolidated operating results (% figures show the rate of increase (decrease) compared with the previous fiscal year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Fiscal year ended July 2018	14,479	93.1	2,746	306.3	2,623	389.2	1,677	124.4
Fiscal year ended July 2017	7,496	29.8	675	47.2	536	31.8	747	137.9

Note: Comprehensive income

Fiscal year ended July 2018: 1,680 million yen [123.2%] Fiscal year ended July 2017: 752 million yen [139.9%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Return on assets	Operating margin
	yen	yen	%	%	%
Fiscal year ended July 2018	69.81	—	46.1	27.9	19.0
Fiscal year ended July 2017	30.30	—	28.2	7.5	9.0

Reference: Share of profit (loss) of entities accounted for using equity method

Fiscal year ended: - million yen Fiscal year ended: - million yen

### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Book value per share
	million yen	million yen	%	yen
Fiscal year ended July 2018	10,312	4,257	41.2	179.75
Fiscal year ended July 2017	8,495	3,043	35.7	119.43

Reference: Equity

Fiscal year ended July 2018: 4,244 million yen Fiscal year ended July 2017: 3,032 million yen

### (3) Consolidated cash flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	million yen	million yen	million yen	million yen
Fiscal year ended July 2018	2,296	(1,953)	(294)	1,575
Fiscal year ended July 2017	(1,472)	4	1,970	1,528

## 2. Dividends

	Annual dividend					Total dividend amount (Total)	Dividend payout ratio (Consolidated)	Dividend on equity (Consolidated)
	End of first quarter	End of second quarter	End of third quarter	Year-end	Total			
	yen	yen	yen	yen	yen	million yen	%	%
Fiscal year ended July 2017	-	0.00	-	0.00	0.00	-	-	-
Fiscal year ended July 2018	-	0.00	-	8.00	8.00	188	11.5	5.3
Fiscal year ending July 2019 (Forecast)	-	0.00	-	5.00	5.00		19.7	

(Note) Breakdown of dividends at the end of the fiscal year ended July 2018.

Ordinary dividend: 5 yen

Commemorative dividend: 3 yen

## 3. Consolidated earnings forecast for fiscal year ending July 2019 (from August 1, 2018 to July 31, 2019)

(% figures for the full fiscal year show the rate of increase (decrease) compared with the previous fiscal year, and

% figures for the first two quarters show the rate of increase (decrease) compared with the same period of the previous year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Basic earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
First two quarters	3,200	(49.5)	(110)	—	(190)	—	(220)	—	(9.31)
Full year	14,000	(3.3)	920	(66.5)	710	(72.9)	600	(64.2)	25.40

### \* Explanatory notes

#### (1) Changes in significant subsidiaries during fiscal year

(Changes in specified subsidiaries resulting in change in scope of consolidation): None

Newly included: - companies (Company name) -

Excluded: - companies (Company name) -

#### (2) Changes in accounting policies, changes in accounting estimates, and restatement

1) Changes in accounting policies due to amendment of accounting standards, etc.: None

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

3) Changes in accounting estimates: None

4) Restatement: None

#### (3) Number of shares issued and outstanding (common shares)

1) Number of shares issued and outstanding (including treasury shares) at end of fiscal year	Fiscal year ended July 2018	24,661,000 shares	Fiscal year ended July 2017	24,661,000 shares
2) Number of treasury shares at end of fiscal year	Fiscal year ended July 2018	1,047,160 shares	Fiscal year ended July 2017	359 shares
3) Average number of shares during fiscal year	Fiscal year ended July 2018	24,021,089 shares	Fiscal year ended July 2017	24,660,641 shares

### (Reference) Overview of non-consolidated results

#### (1) Non-consolidated operating results

(% figures show the rate of increase (decrease) compared with the previous fiscal year)

	Net sales		Operating income		Ordinary income		Profit	
	million yen	%	million yen	%	million yen	%	million yen	%
Fiscal year ended July 2018	6,689	30.2	629	17.7	484	14.8	114	(82.9)
Fiscal year ended July 2017	5,138	54.0	534	110.2	421	140.5	671	303.3

	Basic earnings per share	Diluted earnings per share
	yen	yen
Fiscal year ended July 2018	4.78	—
Fiscal year ended July 2017	27.25	—

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Book value per share
	million yen	million yen	%	yen
Fiscal year ended July 2018	6,707	2,180	32.5	92.35
Fiscal year ended July 2017	5,140	2,530	49.2	99.09

Reference: Equity

Fiscal year ended July 2018: 2,180 million yen      Fiscal year ended July 2017: 2,530 million yen

- \* The summary of accounts is outside the scope of the audit conducted by a certified public accountant or auditing firm.
- \* Explanation regarding appropriate use of earnings forecasts, and other notes  
The earnings outlook and other forward-looking statements contained in this document are based on information currently available to and certain assumptions that are thought to be reasonable by the Company. Accordingly, actual business performance and other results may differ materially due to various reasons. For the conditions forming the assumptions on which earnings forecasts are based and explanatory notes for use of earnings forecasts, etc., please see "Attachment 1; Overview of Operating Results" on page 5.

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## 1. Overview of Operating Results

### (1) Overview of Business Performance

In the fiscal year ended July 2018, the Japanese economy saw a trend of gradual recovery with the improvement in corporate earnings, employment and income environment due to the increase in inbound tourism and the rise in land prices, and the continuous recovery of individual consumption and capital investment. However, global economic trends continue to be unpredictable with the volatility of share price impacted by the occurrence of geopolitical risks surrounding Asia, change in monetary policies in Europe and the U.S. and the protectionist trade policies of the U.S.

In the real estate industry in which our Group is involved, the number of new housing starts for rental housing decreased for the first time in three years (down 4.0% from the previous fiscal year) with the stabilization of the demand for inheritance tax measures and the change in financing environment of apartment loans. In the Japanese rental housing market, the number of vacant houses continues to increase and a differentiation strategy to concentrate property supply in areas where high occupancy rates are expected in the future and to provide added value services are required to achieve stable occupancy rates while nationwide demand recovery remains difficult.

Under these business circumstances, the Group made the following efforts in each business segment.

In the real estate sales business, we actively advanced movements to purchase and sell “MIJAS,” the main brand, and completed the transfer of 20 properties in inner-city neighborhoods. In addition, we strived to further expand earnings by starting the sales of MIJAS Denenchofu as the first project in the real estate securitization business “M-Lots” series and discovering potential customers through various product developments.

In the real estate leasing business, we actively promoted communication by holding various seminars on topics such as issues in leasing and inheritance tax measures for existing owners as well as strived to improve the quality of rental management services leading to the maintenance of high occupancy rates and the increase in the number of units under management.

In the real estate brokerage business, we made efforts to obtain earnings with the introduction of properties in line with customer needs by utilizing our unique information network which includes other businesses such as real estate sales business.

Regarding the contracting business, we strived to expand earnings with the completion of 4 “MIJAS” series properties designed and constructed by the Group and reform and renovations in line with the characteristics of other properties under management.

As a result of the above, in the fiscal year ended July 2018 the Group recorded net sales of 14,479 million yen (up 93.1% from the previous fiscal year), operating income of 2,746 million yen (up 306.3% from the previous fiscal year), ordinary income of 2,623 million yen (up 389.2% from the previous fiscal year) and profit attributable to owners of parent of 1,677 million yen (up 124.4% from the previous fiscal year).

The performance of the segments is as follows.

#### [Real estate sales business]

In the real estate sales business, we sold 20 properties in the “MIJAS” series, an apartment development project, 4 properties including those located in Tokyo, etc. as a secondhand property renovation resale project such as the conversion of apartments into accommodation facilities in Kyoto City, and other business lots for accommodation facilities. As a result, net sales totaled 12,046 million yen (up 129.4% from the previous fiscal year) and segment income totaled 2,612 million yen (up 307.7% from the previous fiscal year).

#### [Real estate leasing business]

In the real estate leasing business, due to the smooth increase in the number of units under management in the management business of a real estate management company, which is one of the Group companies, and property management fees and such, net sales totaled 2,047 million yen (up 4.3% from the previous fiscal year) and segment income totaled 222 million yen (up 45.8% from the previous fiscal year).

[Real estate brokerage business]

In the real estate brokerage business, with the brokerage fees in Tokyo and Kyoto City, net sales totaled 22 million yen (down 38.34% from the previous fiscal year) and segment income totaled 21 million yen (down 43.6% from the previous fiscal year).

[Contracting business]

Regarding the contracting business, due to the execution of construction contracts as well as reform work and such, net sales totaled 360 million yen (up 43.6% from the previous fiscal year) and segment income totaled 43 million yen (up 78.7% from the previous fiscal year).

[Other]

This section refers to business segments not included in the segments to be reported. The main contribution was insurance agency operations, etc., and net sales totaled 37 million yen (up 22.2% from the previous fiscal year) and segment income totaled 33 million yen (up 21.2% from the previous fiscal year).

(2) Overview of Financial Position

• (Status of assets, liabilities and net assets)

Total assets for the fiscal year ended July 2018 increased by 1,817 million yen compared to the end of the previous fiscal year to 10,312 million yen. This is mainly due to inventories increasing a total of 421 million yen with the acquisition of new business lots, secondhand condominium resale project properties, etc. and business loans receivable increasing by 1,925 million yen.

The balance of liabilities increased by 603 million yen from the end of the previous fiscal year to 6,055 million yen. Contributing to this were mainly the decrease of 1,699 million yen in short-term loans payable with repayments alongside the sale of properties, etc. as well as the increase in long-term loans payable (including long-term loans payable scheduled to be repaid within a year; the same follows hereafter) by 1,892 million yen for funds to acquire new development business lots, etc. and the increase in reserves for income taxes payable by 244 million yen.

Net assets increased by 1,213 million yen from the end of the previous fiscal year to 4,257 million yen while the equity ratio increased by 5.5 points from the end of the previous fiscal year to 41.2%. This is mainly due to the increase of 1,677 million yen with the recording of profit attributable to owners of parent in the fiscal year.

(3) Overview of Cash Flow

The balance of cash and cash equivalents (hereinafter referred to as “funds”) at the end of the current fiscal year increased by 47 million yen from the end of the previous fiscal year to 1,575 million yen. The status of each cash flow in the current fiscal year and the reasons are as follows.

[Cash flows from operating activities]

Funds gained from operating activities was 2,296 million yen (the previous fiscal year recorded an expenditure of 1,472 million yen). This is mainly due to profit before income tax increasing by 2,045 million yen and the increase in allowance such as receivable from business partners investing in real estate development businesses in China by 579 million yen.

[Cash flows from investing activities]

Funds used for investing activities was 1,953 million yen (the previous fiscal year recorded an income of 4 million yen). This is mainly due to business loans receivable from related companies decreasing by 2,130 million yen.

[Cash flows from financing activities]

Funds used for financing activities was 294 million yen (the previous fiscal year recorded an income of 1,970 million yen). This is mainly due to the decrease of 467 million yen as a result of the purchase of treasury shares, even though short-term and long-term loans payable increased by a total of 193 million yen in funds for the acquisition of development business lots, etc.

(Reference) Cash flow-related indicators

	Fiscal year ended July 2015	Fiscal year ended July 2016	Fiscal year ended July 2017	Fiscal year ended July 2018
Equity ratio (%)	46.7	39.7	35.7	41.2
Equity ratio based on market value (%)	75.4	48.6	52.5	131.7
Ratio of interest-bearing debt to cash flow (year)	—	—	—	2.1
Interest coverage ratio (times)	—	—	—	19.8

(Note) Equity ratio=equity/total assets

Equity ratio based on market value= market capitalization/total assets

Ratio of interest-bearing debt to cash flow= interest-bearing debt/operating cash flow

Interest coverage ratio= operating cash flow /interest payments

\* All of the above are calculated using the consolidated financial data.

\* Market capitalization is calculated based on the number of common shares issued and outstanding excluding treasury shares.

\* “Cash flows from operating activities” and “Interest expenses paid” recorded in the consolidated statement of cash flows are used for operating cash flow and interest payments

#### (4) Future Outlook

Regarding the outlook for the future, we will actively promote lot purchasing activities and sales activities in the real estate sales business, with the main business as the strong rental apartment brand “MIJAS” project (20 properties already supplied in the fiscal year ended July 2018), as a “comprehensive developer focusing on manufacturing” in order to become a partner for life which is our corporate philosophy. The “MIJAS” project will be developed with a planned annual supply target of around 25 properties. Furthermore, in addition to the “MIJAS” project which is the main business, we will implement product development responding to various customer needs and expand business activities such as rental apartment development business, real estate securitization business and real estate development and renovation business with an aim to further secure stable income.

As for the earnings forecast for the next fiscal year ending July 2019, net sales of 14,000 million yen (down 3.3% from the previous fiscal year), operating income of 920 million yen (down 66.5% from the previous fiscal year), ordinary income of 710 million yen (down 72.9% from the previous fiscal year) and profit attributable to owners of parent of 600 million yen (down 64.2% from the previous fiscal year) are projected.

Compared to the current fiscal year ended July 2018, revenue and income are forecasted to decrease significantly in the earnings forecast for the next fiscal year. However, in the current fiscal year, revenue and income increased significantly from the previous fiscal year ended July 2017 or before due to the sale and purchase of large projects with high profit ratio in Kyoto in the current fiscal year. Revenue and income are forecasted to decrease in the next fiscal year as there are no special factors such as the above large projects, but the base of the main business remains strong and the status of purchasing and sales is also favorable. We will promote business activities as a group to further expand profits.

#### (5) Important Matters Related to Going Concern Assumption

Not Applicable.

## 2. Basic Approach to Selection of Accounting Standards

The Group plans to create consolidated financial statements based on the Japanese standards for the meanwhile by taking into consideration the comparability of periods in consolidated financial statements and comparability among corporations.

Moreover, as for the application of IFRS, the Group plans to appropriately respond to the standards by taking into consideration domestic and international affairs.

### 3. Consolidated Financial Statements

#### (1) Consolidated Balance Sheet

(Unit: thousand yen)

	Fiscal year ended July 2017 (as of July 31, 2017)	Fiscal year ended July 2018 (as of July 31, 2018)
<b>Assets</b>		
Current assets		
Cash and deposits	1,558,814	1,640,084
Accounts receivable	40,502	47,026
Real estate for sale	1,008,169	3,219,651
Real estate for sale in process	4,536,114	2,746,548
Deferred tax assets	337,709	226,229
Short-term loans receivable from subsidiaries and associates	-	1,925,000
Other	125,448	196,781
Allowance for doubtful accounts	(644)	(2,908)
Total current assets	7,606,115	9,998,413
Non-current assets		
Property, plant and equipment		
Buildings and structures	9,985	11,485
Accumulated depreciation	(2,325)	(2,816)
Buildings and structures, net	7,659	8,669
Other	18,585	17,437
Accumulated depreciation	(12,667)	(11,370)
Other, net	5,917	6,066
Total property, plant and equipment	13,577	14,735
Intangible assets	3,434	2,379
Investments and other assets		
Investment securities	55,308	57,621
Long-term loans receivable	436,964	430,184
Long-term accrued revenue	422,800	422,200
Other	227,669	234,651
Allowance for doubtful accounts	(270,005)	(847,200)
Total investments and other assets	872,736	297,457
Total non-current assets	889,748	314,573
Total assets	8,495,863	10,312,987



(Unit: thousand yen)

	Fiscal year ended July 2017 (as of July 31, 2017)	Fiscal year ended July 2018 (as of July 31, 2018)
<b>Liabilities</b>		
Current liabilities		
Accounts payable	179,762	157,415
Short-term loans payable	2,779,200	1,079,913
Current portion of long-term loans payable	1,273,266	2,038,516
Current portion of bonds	20,000	20,000
Lease obligations	695	180
Income taxes payable	2,825	247,819
Provision for bonuses	34,270	55,030
Other	311,608	490,335
Total current liabilities	4,601,627	4,089,210
Non-current liabilities		
Long-term loans payable	552,912	1,680,196
Bonds payable	70,000	50,000
Lease obligations	180	-
Other	227,542	236,289
Total non-current liabilities	850,634	1,966,485
Total liabilities	5,452,262	6,055,695
<b>Net assets</b>		
Shareholders' equity		
Capital stock	100,000	100,000
Capital surplus	1,582,685	1,495,610
Retained earnings	1,333,492	3,010,515
Treasury shares	(485)	(380,474)
Total shareholders' equity	3,015,691	4,225,651
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	16,637	19,005
Total accumulated other comprehensive income	16,637	19,005
Non-controlling interests	11,271	12,634
Total net assets	3,043,600	4,257,291
<b>Total liabilities and net assets</b>	<b>8,495,863</b>	<b>10,312,987</b>

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

	(Unit: thousand yen)	
	Fiscal year ended July 2017 (from Aug. 1, 2016 to July 31, 2017)	Fiscal year ended July 2018 (from Aug. 1, 2017 to July 31, 2018)
Net sales	7,496,866	14,479,096
Cost of sales	5,915,167	10,727,801
Gross profit	1,581,698	3,751,295
Selling, general and administrative expenses	905,747	1,005,240
Operating income	675,951	2,746,055
Non-operating income		
Interest income	909	26,926
Penalty income	458	18,064
Claim for damages	1,460	2,714
Insurance cancellation refunds	1,233	2,067
Other	2,794	1,142
Total non-operating income	6,854	50,915
Non-operating expenses		
Interest expenses	96,465	113,286
Commissions paid	45,491	58,747
Other	4,644	1,882
Total non-operating expenses	146,602	173,916
Ordinary income	536,203	2,623,054
Extraordinary losses		
Provision of allowance for doubtful accounts	6,750	577,700
Appraised loss for golf membership	1,848	-
Total extraordinary losses	8,598	577,700
Profit before income taxes	527,604	2,045,354
Income taxes - current	15,791	256,294
Income taxes - deferred	(237,701)	110,673
Total income taxes	(221,909)	366,968
Profit	749,514	1,678,385
Profit attributable to non-controlling interests	2,220	1,362
Profit attributable to owners of parent	747,294	1,677,023

## (Consolidated Statement of Comprehensive Income)

(Unit: thousand yen)

	Fiscal year ended July 2017 (from Aug. 1, 2016 to July 31, 2017)	Fiscal year ended July 2018 (from Aug. 1, 2017 to July 31, 2018)
Profit	749,514	1,678,385
Other comprehensive income		
Valuation difference on available-for-sale securities	3,477	2,368
Total other comprehensive income	3,477	2,368
Comprehensive income	752,991	1,680,754
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	750,771	1,679,391
Comprehensive income attributable to non-controlling interests	2,220	1,362

## (3) Consolidated Statement of Changes in Equity

Fiscal year ended July 2017 (from August 1, 2016 to July 31, 2017)

(Unit: thousand yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	100,000	1,576,783	586,198	(485)	2,262,495
Changes of items during period					
Change in treasury shares of parent arising from transactions with non-controlling shareholders		5,901			5,901
Profit attributable to owners of parent			747,294		747,294
Net changes of items other than shareholders' equity					-
Total changes of items during period	-	5,901	747,294	-	753,196
Balance at end of current period	100,000	1,582,685	1,333,492	(485)	3,015,691

(Unit: thousand yen)

	Accumulated other comprehensive income		Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income		
Balance at beginning of current period	13,160	13,160	16,953	2,292,609
Changes of items during period				
Change in treasury shares of parent arising from transactions with non-controlling shareholders			(7,901)	(2,000)
Profit attributable to owners of parent				747,294
Net changes of items other than shareholders' equity	3,477	3,477	2,220	5,697
Total changes of items during period	3,477	3,477	(5,681)	750,991
Balance at end of current period	16,637	16,637	11,271	3,043,600

Fiscal year ended July 2018 (from August 1, 2017 to July 31, 2018)

(Unit: thousand yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	100,000	1,582,685	1,333,492	(485)	3,015,691
Changes of items during period					
Profit attributable to owners of parent			1,677,023		1,677,023
Acquisition of treasury shares				(467,063)	(467,063)
Retirement of treasury shares		(87,074)		87,074	-
Net changes of items other than shareholders' equity					
Total changes of items during period	-	(87,074)	1,677,023	(379,988)	1,209,960
Balance at end of current period	100,000	1,495,610	3,010,515	(380,474)	4,225,651

(Unit: thousand yen)

	Accumulated other comprehensive income		Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income		
Balance at beginning of current period	16,637	16,637	11,271	3,043,600
Changes of items during period				
Profit attributable to owners of parent			1,362	1,678,385
Acquisition of treasury shares				(467,063)
Retirement of treasury shares				-
Net changes of items other than shareholders' equity	2,368	2,368		2,368
Total changes of items during period	2,368	2,368	1,362	1,213,690
Balance at end of current period	19,005	19,005	12,634	4,257,291

## (4) Consolidated Statement of Cash Flows

(Unit: thousand yen)

	Fiscal year ended July 2017 (from Aug. 1, 2016 to July 31, 2017)	Fiscal year ended July 2018 (from Aug. 1, 2017 to July 31, 2018)
Cash flows from operating activities		
Profit before income taxes	527,604	2,045,354
Depreciation loss	4,449	4,977
Increase (decrease) in allowance for doubtful accounts	6,224	579,459
Increase (decrease) in provision for bonuses	(4,115)	20,760
Interest and dividend income	(1,285)	(27,301)
Interest expenses and interest on corporate bonds	96,701	113,627
Appraised loss for golf membership	1,848	-
Decrease (increase) in notes and accounts receivable - trade	16,090	(6,523)
Decrease (increase) in inventories	(2,024,113)	(422,439)
Increase (decrease) in accounts payable	105,467	(22,347)
Increase (decrease) in advances received	13,165	(5,189)
Increase (decrease) in deposits received	(67,000)	173,066
Other	16,312	(32,062)
Subtotal	(1,308,650)	2,421,381
Interest and dividend income received	1,285	493
Interest expenses paid	(102,867)	(115,960)
Income taxes paid	(61,898)	(13,492)
Income taxes refund	102	3,795
Net cash provided by (used in) operating activities	(1,472,029)	2,296,216
Cash flows from investing activities		
Other payment into deposits	(17,682)	(34,720)
Other proceeds from withdrawal of deposits	27,250	1,320
Acquisition of property, plant and equipment and intangible assets	(4,421)	(5,023)
Proceeds from sales of property, plant and equipment and intangible assets	-	253
Acquisition of golf membership	(1,888)	-
Sales of golf membership	-	1,296
Payments of loans receivable	-	(2,130,000)
Proceeds from collection of loans	1,702	213,097
Financing expenditure	(30)	(100)
Other	-	40
Net cash provided by (used in) investing activities	4,929	(1,953,835)

	(Unit: thousand yen)	
	Fiscal year ended July 2017 (from Aug. 1, 2016 to July 31, 2017)	Fiscal year ended July 2018 (from Aug. 1, 2017 to July 31, 2018)
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	2,010,625	(1,699,286)
Repayments of lease obligations	(657)	(695)
Proceeds from long-term loans payable	2,233,400	4,399,700
Repayments of long-term loans payable	(2,360,822)	(2,507,166)
Proceeds from issuance of bonds	100,000	-
Redemption of bonds	(10,000)	(20,000)
Purchase of treasury shares	-	(467,063)
Expenditure for purchase of shares of subsidiaries not resulting in change in scope of consolidation	(2,000)	-
Net cash provided by (used in) financing activities	1,970,546	(294,511)
Net increase (decrease) in cash and cash equivalents	503,446	47,869
Cash and cash equivalents at beginning of period	1,024,653	1,528,100
Cash and cash equivalents at end of period	1,528,100	1,575,969

(5) Notes to Consolidated Financial Statements

(Notes Related to Going Concern Assumption)

Not Applicable.

(Segment Information, etc.)

(Segment Information)

1. Overview of Reporting Segments

Regarding the Group's reporting segments, separated financial information of the Company's units can be obtained and the segments are targeted for periodic deliberations so that the Board of Directors can determine the distribution of management resources and evaluate performances.

The Group has four reporting segments. These are the real estate sales business which sells condominiums developed by the Company or jointly, the real estate leasing business which leases residences, offices, shops and such, the real estate brokerage business which brokers for condominium lots, etc. in relation to the real estate sales business, and the contracting business which executes construction contracts as well as reform work.

2. Calculation Method of Sales, Income, Loss, Assets and Other Items for Reporting Segments

The accounting treatment method for the reporting business segments is a method that conforms to the accounting policy adopted for the preparation of the consolidated financial statements.

The income of the reporting segments are figures based on operating income.

Internal revenue and transfer volume between segments are based on actual market prices.

3. Difference between Total Amount in Reporting Segment and Amount Recorded in Consolidated Financial Statements and Breakdown of Differences (Matters Concerning Adjustment of Differences)

Fiscal year Ended July 2017 (from August 1, 2016 to July 31, 2017)

(Unit: thousand yen)

	Reporting segment					Other (Note 3)	Total	Reconciliation (Note 1)	Amount on consolidated financial statements (Note 2)
	Real estate sales business	Real estate leasing business	Real estate brokerage business	Contracting business	Total				
Net sales									
Net sales to external customers	5,252,060	1,950,948	36,836	226,639	7,466,486	30,380	7,496,866	—	7,496,866
Intersegment net sales or transfers	—	11,576	—	24,067	35,644	—	35,644	(35,644)	—
Total	5,252,060	1,962,525	36,836	250,707	7,502,130	30,380	7,532,510	(35,644)	7,496,866
Segment income	640,869	152,569	34,960	24,140	852,540	28,030	880,570	(204,619)	675,951
Segment assets	6,703,557	622,677	7,327	142,206	7,475,768	8,443	7,484,212	1,011,650	8,495,863
Other items									
Depreciation	—	2,462	—	—	2,462	—	2,462	1,987	4,449
Interest expenses	95,806	—	—	—	95,806	—	95,806	659	96,465
Increase in property, plant and equipment and intangible assets	—	3,992	—	—	3,992	—	3,992	429	4,421

(Note 1) Reconciliations are as follows:

- (1) The reconciliation of segment income of -204,619 thousand yen is comprised of -6,001 thousand yen of elimination of inter-segment transactions and -198,617 thousand yen of company expenses not distributed to the reporting segments. Company expenses are primarily general and administrative expenses that are not attributable to the reporting segments.
- (2) The reconciliation of segment assets of 1,011,650 thousand yen is comprised of -27,525 thousand yen of elimination of inter-segment transactions and 1,039,176 thousand yen of company assets not distributed to the reporting segments. Company assets are cash, deposits, investment securities, assets concerning the general management department, etc. for the company submitting the consolidated financial statements and the consolidated subsidiaries.



- (3) The reconciliation of depreciation of 1,987 thousand yen and increase of property, plant and equipment and intangible assets of 429 thousand yen all concern company assets.
- (4) The reconciliation of interest expenses of 659 thousand yen includes loan interest for loans other than those concerning specified properties.
- (Note 2) Segment income and segment assets are each adjusted to the operating income and total assets of consolidated financial statements.
- (Note 3) The “Other” section represents business segments not included in the reporting segments and is primarily comprised of the insurance agency operations.

Fiscal Year Ended July 2018 (from August 1, 2017 to July 31, 2018)

	Reporting segment					(Unit: thousand yen)			
	Real estate sales business	Real estate leasing business	Real estate brokerage business	Contracting business	Total	Other (Note 3)	Total	Reconciliation (Note 1)	Amount on consolidated financial statements (Note 2)
Net sales									
Net sales to external customers	12,046,754	2,047,681	21,177	326,372	14,441,985	37,110	14,479,096	—	14,479,096
Intersegment net sales or transfers	—	—	1,535	33,739	35,274	—	35,274	(35,274)	—
Total	12,046,754	2,047,681	22,712	360,112	14,477,260	37,110	14,514,371	(35,274)	14,479,096
Segment income	2,612,776	222,455	21,179	43,134	2,899,546	33,962	2,933,508	(187,453)	2,746,055
Segment assets	7,958,947	629,448	2,393	202,628	8,793,419	8,359	8,801,778	1,511,208	10,312,987
Other items									
Depreciation	48	1,979	—	—	2,027	—	2,027	2,949	4,977
Interest expenses	109,638	—	—	—	109,638	—	109,638	3,647	113,286
Increase in property, plant and equipment and intangible assets	323	455	—	—	778	—	778	4,700	5,478

(Note 1) Reconciliations are as follows:

- (1) The reconciliation of segment income of -187,453 thousand yen is comprised of 18,353 thousand yen of elimination of inter-segment transactions and -205,807 thousand yen of company expenses not distributed to the reporting segments. Company expense are primarily general and administrative expenses that are not attributable to the reporting segments.
  - (2) The reconciliation of segment assets of 1,511,208 thousand yen is comprised of -16,507 thousand yen of elimination of inter-segment transactions and 1,527,716 thousand yen of company assets not distributed to the reporting segments. Company assets are cash, deposits, investment securities, assets concerning the general management department, etc. for the company submitting the consolidated financial statements and the consolidated subsidiaries.
  - (3) The reconciliation depreciation of 2,949 thousand yen and the increase in property, plant and equipment, and intangible assets of 4,700 thousand yen all concern company assets.
  - (4) The reconciliation of interest expenses of 3,647 thousand yen includes loan interest for loans other than those concerning specified properties.
- (Note 2) Segment income and segment assets are each adjusted to the consolidated financial statements' operating income and total assets.
- (Note 3) The “Other” section represents business segments not included in the reporting segments and is primarily comprised of the insurance agency operations.

(Related Information)

Fiscal Year Ended July 2017 (from August 1, 2016 to July 31, 2017)

1. Information by Product and Service

This section is omitted as the classification of products and services is the same as the classification of reporting segments.

2. Information by Region

(1) Sales

This section is omitted as there are no sales other than in Japan.

(2) Property, Plant and Equipment

This section is omitted as there are no property, plant and equipment owned that is outside Japan.

3. Information by Major Client

This section is omitted as there are no clients that comprise more than 10% of sales in the consolidated financial statements out of sales to external clients.

Fiscal Year Ended July 2018 (from August 1, 2017 to July 31, 2018)

1. Information by Product and Service

This section is omitted as the classification of products and services is the same as the classification of reporting segments.

2. Information by Region

(1) Sales

This section is omitted as there are no sales other than in Japan.

(2) Property, Plant and Equipment

This section is omitted as there are no property, plant and equipment owned that is outside Japan.

3. Information by Major Client

(Unit: thousand yen)

Name of client	Sales	Segment concerned
Takara Leben Co., Ltd	4,562,832	Real estate sales business
CASABLANCA GK	2,715,487	Real estate sales business

[Information on Impairment Loss on Non-Current Assets by Reporting Segment]

Not Applicable

[Information concerning Goodwill Depreciation and Undepreciated Balance by Segment to be Reported]

Not Applicable

[Information concerning Negative Goodwill by Reporting Segment]

Fiscal Year Ended July 2017 (from August 1, 2016 to July 31, 2017)

Not Applicable.

Fiscal Year Ended July 2018 (from August 1, 2017 to July 31, 2018)

Not Applicable.

## (Per Share Information)

	Fiscal year ended July 2017 (from Aug. 1, 2016 to July 31, 2017)	Fiscal year ended July 2018 (from Aug. 1, 2017 to July 31, 2018)
Net assets per share	119.43 yen	179.75 yen
Profit per share	30.30 yen	69.81 yen

- (Note) 1. Diluted profit per share is not indicated as there are no potential shares  
2. The basis of calculation of profit per share is as follows.

Item	Fiscal year ended July 2017 (from Aug. 1, 2016 to July 31, 2017)	Fiscal year ended July 2018 (from Aug. 1, 2017 to July 31, 2018)
Profit per share		
Profit attributable to owners of parent (thousand yen)	747,294	1,677,023
Amount not attributable to normal shares (thousand yen)	—	—
Profit attributable to owners of parent concerning normal shares (thousand yen)	747,294	1,677,023
Average number of normal shares during the fiscal year (shares)	24,660,641	24,021,089

## 3. The basis of calculation of net assets per share is as follows.

Item	Fiscal year ended July 2017 (as of July 31, 2017)	Fiscal year ended July 2018 (as of July 31, 2018)
Total of net assets (thousand yen)	3,043,600	4,257,291
Amount deducted from total of net assets (thousand yen)	98,341	12,634
(Of this, non-controlling interests (thousand yen))	(11,271)	(12,634)
(Of this, First Series Preferred Stocks (thousand yen))	(87,070)	(-)
Net assets at end of fiscal year concerning normal shares (thousand yen)	2,945,258	4,244,657
Number of normal shares at end of fiscal year used for calculated of net assets per share	24,660,641	23,613,840

## (Subsequent Events)

Not Applicable

#### 4. Non-Consolidated Financial Statements and Main Notes

##### (1) Balance Sheet

(Unit: thousand yen)

	Fiscal year ended July 2017 (as of July 31, 2017)	Fiscal year ended July 2018 (as of July 31, 2018)
<b>Assets</b>		
Current assets		
Cash and deposits	1,008,351	839,006
Accounts receivable	97	1,670
Real estate for sale	483,250	2,257,756
Real estate for sale in process	2,443,188	2,748,324
Stored goods	1,565	1,933
Advance payments	79,580	74,964
Prepaid expenses	4,746	4,920
Deferred tax assets	324,054	207,128
Accrued revenue	19,701	368,709
Other	10,571	19,842
Allowance for doubtful accounts	(94)	(600)
Total current assets	4,375,012	6,523,656
Non-current assets		
Property		
Buildings	7,549	8,464
Accumulated depreciation	(1,863)	(2,266)
Buildings, net	5,685	6,197
Tools, equipment and fixtures	2,042	3,642
Accumulated depreciation	(1,690)	(2,269)
Tools, equipment and fixtures (net amount)	352	1,373
Total property, plant and equipment	6,037	7,570
Intangible assets		
Leased assets	747	149
Other	193	424
Total intangible assets	940	574
Investments and other assets		
Investment securities	54,008	56,321
Shares of related companies	73,551	73,601
Long-term loans receivable	425,000	425,000
Long-term loans receivable to stockholders, directors or employees	11,964	5,184
Long-term accrued revenue	422,800	422,200
Other	41,482	40,922
Allowance for doubtful accounts	(270,005)	(847,200)
Total investments and other assets	758,800	176,029
Total non-current assets	765,779	184,174
Total assets	5,140,791	6,707,831

(Unit: thousand yen)

	Fiscal year ended July 2017 (as of July 31, 2017)	Fiscal year ended July 2018 (as of July 31, 2018)
<b>Liabilities</b>		
Current liabilities		
Accounts payable	48,856	55,188
Short-term loans payable	743,200	852,540
Current portion of long-term loans payable	1,073,608	2,023,108
Current portion of bonds	20,000	20,000
Lease obligations	695	180
Accounts payable	41,681	20,722
Accrued expenses	2,914	5,281
Income taxes payable	279	-
Advances received	26,000	10,303
Deposits	5,638	182,624
Provision for bonuses	18,954	34,968
Total current liabilities	1,981,828	3,204,916
Non-current liabilities		
Long-term loans payable	549,256	1,261,948
Bonds payable	70,000	50,000
Lease obligations	180	-
Deferred tax liabilities	628	1,874
Deposits on contract	8,242	8,242
Total non-current liabilities	628,306	1,322,064
Total liabilities	2,610,134	4,526,981
<b>Net assets</b>		
Shareholders' equity		
Capital stock	100,000	100,000
Capital surplus		
Other capital surplus	1,575,987	1,488,913
Total capital surplus	1,575,987	1,488,913
Retained earnings		
Other retained earnings		
Retained earnings brought forward	838,518	953,406
Total retained earnings	838,518	953,406
Treasury shares	(485)	(380,474)
Total shareholders' equity	2,514,020	2,161,845
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	16,637	19,005
Total valuation and translation adjustments	16,637	19,005
Total net assets	2,530,657	2,180,850
<b>Total liabilities and net assets</b>	<b>5,140,791</b>	<b>6,707,831</b>

## (2) Statement of Income

(Unit: thousand yen)

	Fiscal year ended July 2017 (from Aug. 1, 2016 to July 31, 2017)	Fiscal year ended July 2018 (from Aug. 1, 2017 to July 31, 2018)
Net sales		
Real estate sales	5,032,557	6,587,368
Real estate leasing income	81,262	93,466
Real estate brokerage income	22,571	4,445
Other	2,180	4,091
Total net sales	5,138,571	6,689,372
Cost of sales		
Real estate sales costs	4,095,123	5,470,750
Real estate leasing costs	39,795	46,788
Real estate brokerage costs	1,000	950
Other	95	215
Total cost of sales	4,136,013	5,518,704
Gross profit	1,002,557	1,170,667
Selling, general and administrative expenses	467,950	541,583
Operating income	534,606	629,084
Non-operating income		
Interest income	471	381
Dividend income	374	374
Penalty income	-	6,000
Claim for damages	1,460	2,600
Insurance cancellation refunds	1,208	1,548
Other	899	442
Total non-operating income	4,414	11,347
Non-operating expenses		
Interest expenses	75,448	102,681
Commissions paid	37,030	51,837
Other	4,644	1,447
Total non-operating expenses	117,123	155,965
Ordinary income	421,898	484,465
Extraordinary losses		
Provision of allowance for doubtful accounts	6,750	577,700
Appraised loss for golf membership	1,386	-
Total extraordinary losses	8,136	577,700
Profit before tax	413,761	(93,234)
Income taxes - current	(14,001)	(325,049)
Income taxes - deferred	(244,145)	116,926
Total income taxes	(258,146)	(208,122)
Profit	671,908	114,888

## (3) Statement of Changes in Equity

Fiscal Year Ended July 2017 (from August 1, 2016 to July 31, 2017)

(Unit: thousand yen)

	Shareholders' equity					
	Capital stock	Capital surplus			Retained earnings	
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward	Total retained earnings
Balance at beginning of current period	100,000	-	1,575,987	1,575,987	166,610	166,610
Changes of items during period						
Current profit					671,908	671,908
Net changes of items other than shareholders' equity						
Total changes of items during period	-	-	-	-	671,908	671,908
Balance at end of current period	100,000	-	1,575,987	1,575,987	838,518	838,518

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available for-sale securities	Total valuation and translation adjustments	
Balance at beginning of current period	(485)	1,842,112	13,160	13,160	1,855,272
Changes of items during period					
Current profit		671,908			671,908
Net changes of items other than shareholders' equity			3,477	3,477	3,477
Total changes of items during period	-	671,908	3,477	3,477	675,385
Balance at end of current period	(485)	2,514,020	16,637	16,637	2,530,657

Fiscal year ended July 2018 (from August 1, 2017 to July 31, 2018)

(Unit: thousand yen)

	Shareholders' equity					
	Capital stock	Capital surplus			Retained earnings	
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward	Total retained earnings
Balance at beginning of current period	100,000	-	1,575,987	1,575,987	838,518	838,518
Changes of items during period						
Current profit					114,888	114,888
Acquisition of treasury shares						
Retirement of treasury shares			(87,074)	(87,074)		
Net changes of items other than shareholders' equity						
Total changes of items during period	-	-	(87,074)	(87,074)	114,888	114,888
Balance at end of current period	100,000	-	1,488,913	1,488,913	953,406	953,406

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available for-sale securities	Total valuation and translation adjustments	
Balance at beginning of current period	(485)	2,514,020	16,637	16,637	2,530,657
Changes of items during period					
Current profit		114,888			114,888
Acquisition of treasury shares	(467,063)	(467,063)			(467,063)
Retirement of treasury shares	87,074	-			
Net changes of items other than shareholders' equity			2,368	2,368	2,368
Total changes of items during period	(379,988)	(352,175)	2,368	2,368	(349,806)
Balance at end of current period	(380,474)	2,161,845	19,005	19,005	2,180,850