

Summary of Financial Results for the Fiscal Year Ended March 31, 2020 [Japan Standards] (Consolidated)

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 Date of general meeting of shareholders: June 24, 2020 Date of commencement of dividend payment: June 25, 2020
 Date of filing of securities report: June 25, 2020
 The supplementary explanation document for closing of accounts is created. Yes
 The briefing for closing of accounts is held. (for institutional investors and analysts) No

(Millions of yen rounded down)

1. Consolidated Operating Results for the Fiscal Year Ended March 31, 2020 (From April 1, 2019 to March 31, 2020)

(1) Consolidated Operating Results

(% figures represent year-on-year increase or decrease)

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Shareholders of Parental Company	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY ended March 2020	84,840	4.1	10,412	3.2	10,323	2.3	6,732	3.0
FY ended March 2019	81,516	21.7	10,093	39.4	10,087	39.6	6,538	39.4

(Note)

Comprehensive income

FY ended March 31, 2020: ¥6,744 million (3.5%)
 FY ended March 31, 2019: ¥6,514 million (39.0%)

	Net Income Per Share	Net Income Per Share After Dilution	Return on Equity	Ratio of Ordinary Income to Total Assets	Ratio of Operating Income to Net Sales
	Yen	Yen	%	%	%
FY ended March 2020	205.98	—	14.1	13.0	12.3
FY ended March 2019	200.05	—	15.5	14.8	12.4

(Reference)

Equity in earnings (losses) of subsidiaries and affiliates accounted for by the equity method.

FY ended March 31, 2020: ¥ —million
 FY ended March 31, 2019: ¥ —million

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets Per Share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2020	86,719	50,314	58.0	1,539.35
As of March 31, 2019	72,686	44,942	61.8	1,375.02

(Reference)

Shareholders' equity: As of March 31, 2020: ¥50,314 million
 As of March 31, 2019: ¥44,942 million

(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 the End of the Period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY ended March 2020	980	(502)	8,564	21,796
FY ended March 2019	(599)	(96)	(229)	12,754

2. Dividends

	Dividends Per Share					Dividends (Total)	Payout Ratio (Consolidated)	Dividends on Equity (Consolidated)
	End of 1Q	End of 2Q	End of 3Q	End of 4Q	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
FY ended March 2019	—	16.00	—	20.00	36.00	1,176	18.0	2.8
FY ended March 2020	—	22.00	—	22.00	44.00	1,438	21.4	3.0
FY ending March 2021 (Forecast)	—	22.00	—	22.00	44.00		28.8	

(Note)

1. The year-end dividend for the year ended March 31, 2019, is made up of a 16-yen ordinary dividend, and a 4-yen special dividend.

3. Forecasts of Consolidated Operating Results for the Fiscal Year Ending March 31, 2021 (From April 1, 2020 to March 31, 2021)

(% figures represent year-on-year increase or decrease)

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Shareholders of Parental Company		Net Income Per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	71,000	(16.3)	7,500	(28.0)	7,500	(27.4)	5,000	(25.7)	152.97

(Note)

This forecast incorporates business performance due to COVID-19 as expected at the current point in time. For details, please refer to "1. Summary of Operating Results" on page 4 of the accompanying materials. Also, disclosure of the forecast for the second quarter cumulative period is omitted.

* Notes

(1) Significant changes in subsidiaries during the period (changes in specific subsidiaries affecting the scope of consolidation): No

(2) Changes in accounting principles, changes in accounting estimates and restatements

1) Changes due to revisions to accounting standards, etc.: No

2) Changes other than 1): No

3) Changes in accounting estimates: No

4) Restatements: No

(3) Number of outstanding shares (common stock)

1) Number of shares outstanding at term-end (including treasury stocks)

As of March 31, 2020: 34,646,500 shares

As of March 31, 2019: 34,646,500 shares

2) Amount of treasury stock at term-end

As of March 31, 2020: 1,961,157 shares

As of March 31, 2019: 1,961,157 shares

3) Amount of average stock during term

As of March 31, 2020: 32,685,343 shares

As of March 31, 2019: 32,685,343 shares

Reference: Non-consolidated Operating Results

1. Non-Consolidated Operating Results for the Fiscal Year Ended March 31, 2020 (From April 1, 2019 to March 31, 2020)

(1) Non-Consolidated Operating Results

(% figures represent year-on-year increase or decrease)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY ended March 2020	75,404	3.7	9,037	6.5	9,406	5.3	6,262	6.1
FY ended March 2019	72,738	22.0	8,488	43.9	8,931	41.4	5,904	40.2

	Net Income Per Share	Net Income Per Share After Dilution
	Yen	Yen
FY ended March 2020	191.60	—
FY ended March 2019	180.65	—

(2) Non-Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets Per Share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2020	76,735	46,513	60.6	1,423.06
As of March 31, 2019	64,001	41,623	65.0	1,273.46

(Reference)

Shareholders' equity: As of March 31, 2020: ¥46,513 million
As of March 31, 2019: ¥41,623 million

* The Summary of Financial Results is not subject to audit by a certified public accountant or audit corporations.

* Explanation and other special notes regarding the appropriate use of the earnings forecast

(Notes on forward-looking statements)

The forward-looking statements such as result forecasts included in this document are based on the information available to the Company at the time of the announcement and on certain assumptions considered reasonable, and the Company makes no representations as to their achievability. Actual results may differ materially from the forecast depending on a range of factors. For other matters related to the forecasts, please refer to "1. Summary of Operating Results" on page 4 of the accompanying materials.

(Notes on materials for the financial results briefing)

In response to the spread of COVID19, the Company will cancel the financial results briefing for institutional investors and analysts that had been scheduled for May 2020. The financial results briefing materials which we planned to use on that day will be posted on the Company's website on May 20.

1. Summary of Operating Results

(1) Overview of Operating Results of the Current Fiscal Year

a) Operating results of the current fiscal year

During the consolidated fiscal period under review, the Japanese economy continued its pattern of moderately paced economic recovery. The employment and income environment maintained an improving trend based on a background of results from various government measures. On the other hand, due to the spread of COVID-19, the economy has worsened rapidly and extremely tough conditions are expected to continue.

Regarding the condominium marketplace in the Tokyo metropolitan area, due to the effects of continually high construction costs and an increase in the land acquisition costs, the number of new condominiums offered in the Tokyo metropolitan area during the period under review decreased by 22.0% from the same period last year to 28,563 units. Also, the average ratio of the first month contracts consummated during the same period was 61.3%, that is, below 70%, which is said to be a rough indication of good sales performance. Although there is high demand for properties which are located downtown or near a railway station mainly among double-income households that value the proximity of their residence and workplace, consumers are showing a cautious stance towards the continual rise of condominium prices. (according to a survey by Real Estate Economic Institute Co., LTD.).

The market for investment-type condominiums which compose our corporate group's main business area is showing comparatively steady trends. Lease demand remained strong in the Tokyo metropolitan area centering on singles. Purchase demand for investment-type condominiums is solid, supported by low interest rates and by increasing recognition as income-earning properties that can be expected to provide steady earnings. However, the outlook is uncertain due to the impact of COVID-19.

Under this business environment, our corporate group has been striving to enhance the customer support system, strengthen our brand name and expand the development and sales of the "Gala Condominium series" which provide various advantages for asset management mainly in the Tokyo metropolitan area, and "Gala Residence series" which are condominiums designed for families under our own brand. We have also been striving to expand the sales of pre-owned condominiums. Furthermore, we are fully committed to improving the value of the corporate group.

Net sales during the consolidated fiscal period under review were ¥84,840 million (an increase of 4.1% compared with the previous consolidated fiscal year), operating income reached ¥10,412 million (an increase of 3.2% compared with the previous consolidated fiscal year), ordinary income was ¥10,323 million (an increase of 2.3% compared with the previous consolidated fiscal year) and net income attributable to shareholders of parental company totaled ¥6,732 million (an increase of 3.0% compared with the previous consolidated fiscal year). The figures above for both net sales and income were the highest ever for the Company.

The operating results for each business segment are as follows:

(Real estate development segment)

During the consolidated fiscal year under review, our corporate group concentrated on sales of newly built properties such as Gala Hills Shinagawa Shimo-Shimmei, Gala Precious Omori and Gala Residence Funabori. We also actively conducted sales of pre-owned condominiums.

As a result, net sales were ¥31,849 million for newly built condominiums (1,054 units), ¥36,468 million for pre-owned condominiums (1,501 units), and ¥7,038 million from other income sources. Therefore, the total net sales in the segment reached ¥75,356 million (an increase of 3.7% compared with the previous consolidated fiscal year) and the segment profit was ¥9,085 million (an increase of 6.9% compared with the previous consolidated fiscal year).

Breakdown of net sales, etc.

Classification	Consolidated fiscal year ended March 31, 2019 (Apr. 1, 2018 – Mar. 31, 2019)			Consolidated fiscal year ended March 31, 2020 (Apr. 1, 2019 – Mar. 31, 2020)		
	No. of Units	Amount (millions of yen)	YOY (%)	No. of Units	Amount (millions of yen)	YOY (%)
Gala Condominium series	648	18,149	106.3	847	22,837	125.8
Gala Residence series	233	12,119	156.5	207	9,012	74.4
Pre-owned condominiums	1,581	35,975	126.8	1,501	36,468	101.4
Other income	—	6,451	101.3	—	7,038	109.1
Total	2,462	72,696	122.0	2,555	75,356	103.7

(Real estate management segment)

During the consolidated fiscal year under review, in addition to the new managed properties that were developed by the corporate group, we have also actively striven to acquire outside orders for property management; as a result, the number of managed properties increased with the number of managed units for leasing reaching 15,943 and the number of buildings managed reaching 294.

As a result, net sales in the real estate management segment were ¥2,910 million (an increase of 11.7% compared with the previous consolidated fiscal year), while segment profit was ¥791 million (a decrease of 7.1% compared with the previous consolidated fiscal year) due to an increase in the personnel expenses and other costs.

(Construction segment)

During the consolidated fiscal year under review, orders centered on condominium construction and largescale repairs were steady. Construction work progressed as planned.

As a result, net sales in the construction segment were ¥5,570 million (an increase of 3.8% compared with the previous consolidated fiscal year), while segment profit was ¥518 million (a decrease of 20.8% compared with the previous consolidated fiscal year) due to the reactionary downturn of posting wholesale for condominiums in the previous consolidated fiscal year.

(Japanese inn segment)

In the consolidated fiscal year under review, the newly acquired Seiryuso contributed to net sales. However, results fell short of the plan due to the initial expenses associated with acquiring Seiryuso, as well as due to the impact of typhoons and the spread of COVID-19, including at existing Japanese inns.

As a result, in the Japanese inn segment, net sales increased to ¥1,002 million (an increase of 18.6% compared with the previous consolidated fiscal year), and the segment posted a loss of ¥28 million (as against a profit of ¥35 million posted in the previous consolidated fiscal year).

b) Forecast of the next fiscal year (ending March 31, 2021)

The outlook for the next fiscal year is expected to remain extremely severe due to the worldwide spread of COVID-19.

In calculating the forecast for the next fiscal year, we expect that the impact of the spread of COVID-19 on purchase demand will continue to some extent until the end of the second quarter. Therefore, we plan to sell 1,900 condominiums during the year.

When revenues from real-estate management, construction and Japanese-inn operations are added to the above, the Company expects net sales of ¥71,000 million (a decrease of 16.3% compared with the consolidated fiscal year under review) for the fiscal year ending March 2021.

As for the profit, we anticipate an operating income of ¥7,500 million (a decrease of 28.0% compared with the consolidated fiscal year under review), an ordinary income of ¥7,500 million (a decrease of 27.4% compared with the consolidated fiscal year under review), and a net income attributable to shareholders of parental company of ¥5,000 million (a decrease of 25.7% compared with the consolidated fiscal year under review).

Although uncertainties continue, rental demand in the Tokyo metropolitan area is expected to continue steadily in the future against the backdrop of an increase in single-person households. We will continue to develop and supply our corporate group's own brands of "Gala Condominium series" and "Gala Residence series," and to enhance the sales and service system.

Business performance may fluctuate significantly depending on the spread of COVID-19 and the status of when things return to normal. We will continue to carefully discern the impact on the corporate group's business and will promptly disclose if any revisions become necessary.

(2) Overview of Financial Situation for the Current Fiscal Year

a) Situation of assets, liabilities, and net assets

(Assets)

At the end of the consolidated fiscal year under review, current assets were ¥83,375 million, an increase of ¥13,943 million as compared with the end of the previous consolidated fiscal year. This is mainly because real estate for sale in process decreased by ¥829 million and advance payments-trade by ¥122 million, while cash and deposits increased by ¥9,233 million, real estate for sale by ¥4,399 million, and notes and operating accounts receivable-trade by ¥1,200 million. Non-current assets recorded ¥3,343 million, an increase of ¥89 million as compared with the end of the previous consolidated fiscal year. This is mainly caused by an increase of ¥328 million in property, plant, and equipment due to the acquisition of the hot-spring inn Seiryuso, while there was a decrease of ¥236 million in investments and other assets.

As a result, total assets were ¥86,719 million, an increase of ¥14,033 million as compared with the end of the previous consolidated fiscal year.

(Liabilities)

At the end of the consolidated fiscal year under review, current liabilities were ¥24,056 million, an increase of ¥8,668 million as compared with the end of the previous consolidated fiscal year. This is mainly because notes and accounts payable-trade decreased by ¥602 million and income taxes payable by ¥571 million, while current portion of long-term loans payable increased by ¥9,364 million, short-term loans payable by ¥798 million, and accrued consumption taxes by ¥333 million. Non-current liabilities recorded ¥12,348 million, a decrease of ¥7 million as compared with the end of the previous consolidated fiscal year.

As a result, total liabilities were ¥36,405 million, an increase of ¥8,661 million as compared with the end of the previous consolidated fiscal year.

(Net assets)

At the end of the consolidated fiscal year under review, total net assets were ¥50,314 million, an increase of ¥5,371 million as compared with the end of the previous consolidated fiscal year. A major increase was ¥6,732 million in net income attributable to shareholders of parental company, while a major decrease was ¥1,372 million in dividends of surplus.

As a result, the shareholder's equity ratio was 58.0% (it was 61.8% at the end of the previous consolidated fiscal year).

b) Overview of cash flows for the current fiscal year

At the end of the consolidated fiscal year under review, cash and cash equivalents were ¥21,796 million, an increase of ¥9,042 million as compared with the end of the previous consolidated fiscal year.

For the consolidated fiscal year ended March 31, 2020, situation and variable factors of each cash flow were as follows:

(Cash flow from operating activities)

Funds acquired from operating activities totaled ¥980 million (the previous fiscal year amounted an expenditure of ¥599 million). A major income was ¥10,323 million in income before income taxes, while major expenditures resulted from an increase in inventories of ¥3,759 million, ¥4,182 million in income taxes paid, and an increase in notes and accounts receivable-trade of ¥1,200 million.

(Cash flow from investing activities)

Funds used in investing activities totaled ¥502 million (the previous fiscal year amounted an expenditure of ¥96 million). A major expenditure was ¥423 million in purchase of property, plant and equipment.

(Cash flow from financing activities)

Funds acquired from financing activities totaled ¥8,564 million (the previous fiscal year amounted an expenditure of ¥229 million). Major income consisted of ¥16,365 million in proceeds from long-term loans payable to be used as funds for the purchase of business land, and ¥798 million in net increase in short-term loans payable. As for major expenditures, there were ¥7,226 million in repayments of long-term loans payable for completion of project and others, and ¥1,372 million in cash dividends paid.

Reference: Trends in cash flow indicators

	FY2016	FY2017	FY2018	FY2019	FY2020
Shareholders' equity ratio (%)	61.1	61.1	62.0	61.8	58.0
Shareholders' equity ratio based on market value (%)	33.9	54.5	44.3	38.4	30.8
Interest-bearing debt to cash flow ratio (%)	1,263.2	757.7	—	—	2,667.4
Interest coverage ratio (times)	14.8	34.5	—	—	16.4

Shareholders' equity ratio: Shareholders' equity / Total assets

Shareholders' equity ratio based on market value: Market capitalization / Total assets

Interest-bearing debt to cash flow ratio: Interest-bearing debt / Operating cash flows

Interest coverage ratio: Operating cash flows / Interest payments

Notes: 1. All indices are calculated based on consolidated figures.

2. Market capitalization is calculated based on the number of shares outstanding (excluding treasury stock).
3. Cash flows are calculated using the figures for operating cash flows in the consolidated statements of cash flows.
4. Interest-bearing debt includes all debt on the consolidated balance sheets that incur interest.
5. Interest-bearing debt to cash flow ratio and interest coverage ratio for FY2018 and FY2019 have not been recorded as the cash flow from operating activities was negative.

(3) Basic Policies Regarding Profit Distribution and Dividends of the Current and Next Term

Returning the profit to shareholders is one of the most important tasks of our company's management. As such, our company's basic policy is to ensure continuous and stable distribution of earnings based on comprehensive consideration of factors such as financial balance and the internal reserves needed for active business development

Based on this policy, we carefully examined the operating results of the fiscal year under review and mid- and long-term business prospects in the following years. As a result, it is planned that the year-end dividend for ordinary dividend at the consolidated fiscal year under review (April 2019 to March 2020) will be 22 yen per share. The interim dividend of 22 yen per share had been already paid. Thus, the annual dividend is 44 yen per share. Furthermore, for the next consolidated fiscal year (April 2020 to March 2021), it is planned that the dividend will be 22 yen per share for both interim and year-end dividends (the annual dividend will be 44 yen per share).

2. Basic Approach to Selection of Accounting Standards

Our corporate group has prepared its consolidated financial statements based on Japanese standards, as we do not conduct operations or raise funds on the international stage.

3. Consolidated Financial Statements and Important Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
ASSETS		
Current assets		
Cash and deposits	12,895	22,129
Notes and operating accounts receivable-trade	3,543	4,743
Real estate for sale	25,450	29,850
Real estate for sale in process	26,678	25,848
Costs on uncompleted construction contracts	22	20
Raw materials and supplies	20	31
Advance payments-trade	208	86
Other	614	666
Allowance for doubtful accounts	(1)	(1)
Total current assets	69,431	83,375
Non-current assets		
Property, plant and equipment		
Buildings and structures	1,429	1,668
Accumulated depreciation	(890)	(978)
Buildings and structures, net	538	690
Land	594	762
Other	330	327
Accumulated depreciation	(258)	(248)
Other, net	72	79
Total property, plant and equipment	1,204	1,532
Intangible assets	43	40
Investments and other assets		
Investment securities	236	242
Deferred tax assets	721	753
Other	1,058	784
Allowance for doubtful accounts	(10)	(10)
Total investments and other assets	2,006	1,770
Total non-current assets	3,254	3,343
Total assets	72,686	86,719

	As of March 31, 2019	As of March 31, 2020
LIABILITIES		
Current liabilities		
Notes and accounts payable-trade	1,875	1,273
Short-term loans payable	332	1,130
Current portion of long-term loans payable	6,660	16,024
Accounts payable-other	518	419
Income taxes payable	2,425	1,853
Accrued consumption taxes	79	413
Deposits received	1,799	1,891
Provision for bonuses	266	281
Other	1,428	769
Total current liabilities	15,387	24,056
Non-current liabilities		
Long-term loans payable	9,230	9,003
Provision for directors' retirement benefits	832	889
Net defined benefit liabilities	621	672
Long-term lease and guarantee deposited	1,603	1,714
Long-term deposits received	68	69
Total non-current liabilities	12,356	12,348
Total liabilities	27,743	36,405
NET ASSETS		
Shareholders' equity		
Capital stock	2,774	2,774
Capital surplus	3,054	3,054
Retained earnings	40,336	45,695
Treasury stock	(1,211)	(1,211)
Total shareholders' equity	44,953	50,313
Accumulated other comprehensive income		
Valuation difference on marketable securities	1	1
Remeasurements of defined benefit plans	(12)	(1)
Total accumulated other comprehensive income	(11)	0
Total net assets	44,942	50,314
Total liabilities and net assets	72,686	86,719

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statement of Income

(Millions of yen)

	FY2019 ended March 31, 2019 (Apr. 1, 2018 – Mar. 31, 2019)	FY2020 ended March 31, 2020 (Apr. 1, 2019 – Mar. 31, 2020)
Net sales	81,516	84,840
Cost of sales	^{*1, *2} 62,359	^{*2} 64,754
Gross profit	19,156	20,086
Selling, general and administrative expenses		
Advertising expenses	1,249	1,401
Salaries, allowances and bonuses	3,057	3,276
Provision for bonuses	251	260
Retirement benefit expenses	85	93
Provision for directors' retirement benefits	51	55
Other	4,369	4,585
Total selling, general and administrative expenses	9,063	9,673
Operating income	10,093	10,412
Non-operating income		
Interest income	0	0
Dividend income	2	3
Penalty income	22	29
Subsidy income	9	2
Other	8	11
Total non-operating income	43	47
Non-operating expenses		
Interest expenses	45	59
Commission fee	—	67
Other	3	8
Total non-operating expenses	49	136
Ordinary income	10,087	10,323
Income before income taxes	10,087	10,323
Income taxes-current	3,653	3,628
Income taxes-deferred	(105)	(36)
Total income taxes	3,548	3,591
Net income	6,538	6,732
Net income attributable to shareholders of parental company	6,538	6,732

Consolidated Statement of Comprehensive Income

(Millions of yen)

	FY2019 ended March 31, 2019 (Apr. 1, 2018 – Mar. 31, 2019)	FY2020 ended March 31, 2020 (Apr. 1, 2019 – Mar. 31, 2020)
Net income	6,538	6,732
Other comprehensive income		
Valuation difference on marketable securities	(11)	0
Remeasurements of defined benefit plans, net of tax	(12)	11
Total of other comprehensive income	(24)	11
Comprehensive income	6,514	6,744
(Breakdown)		
Comprehensive income attributable to shareholders of parental company	6,514	6,744
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated Statement of Changes in Net Assets

FY2019 (Fiscal year ended March 31, 2019)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	2,774	3,054	34,712	(1,211)	39,330
Changes of items during the period					
Dividends of surplus			(915)		(915)
Net income attributable to shareholders of parental company			6,538		6,538
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	—	5,623	—	5,623
Balance at the end of the period	2,774	3,054	40,336	(1,211)	44,953

	Accumulated other comprehensive income			Total net assets
	Valuation difference on marketable securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at the beginning of the period	13	—	13	39,343
Changes of items during the period				
Dividends of surplus				(915)
Net income attributable to shareholders of parental company				6,538
Net changes of items other than shareholders' equity	(11)	(12)	(24)	(24)
Total changes of items during the period	(11)	(12)	(24)	5,599
Balance at the end of the period	1	(12)	(11)	44,942

FY2020 (Fiscal year ended March 31, 2020)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	2,774	3,054	40,336	(1,211)	44,953
Changes of items during the period					
Dividends of surplus			(1,372)		(1,372)
Net income attributable to shareholders of parental company			6,732		6,732
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	—	5,359	—	5,359
Balance at the end of the period	2,774	3,054	45,695	(1,211)	50,313

	Accumulated other comprehensive income			Total net assets
	Valuation difference on marketable securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at the beginning of the period	1	(12)	(11)	44,942
Changes of items during the period				
Dividends of surplus				(1,372)
Net income attributable to shareholders of parental company				6,732
Net changes of items other than shareholders' equity	0	11	11	11
Total changes of items during the period	0	11	11	5,371
Balance at the end of the period	1	(1)	0	50,314

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	FY2019 ended March 31, 2019 (Apr. 1, 2018 – Mar. 31, 2019)	FY2020 ended March 31, 2020 (Apr. 1, 2019 – Mar. 31, 2020)
Cash flows from operating activities		
Income before income taxes	10,087	10,323
Depreciation	226	283
Increase (decrease) in allowance for doubtful accounts	0	(0)
Increase (decrease) in provision for bonuses	15	14
Increase (decrease) in provision for directors' retirement benefits	42	56
Increase (decrease) in net defined benefit liabilities	41	67
Interest and dividend income	(3)	(3)
Interest expenses	45	59
Decrease (increase) in notes and accounts receivable-trade	(624)	(1,200)
Decrease (increase) in inventories	(9,753)	(3,759)
Increase (decrease) in notes and accounts payable-trade	926	(602)
Decrease (increase) in advances payments	(54)	122
Increase (decrease) in advances received	460	(691)
Increase (decrease) in lease and guarantee deposits received	14	111
Increase (decrease) in accrued consumption taxes	195	307
Other, net	325	135
Subtotal	1,946	5,222
Interest and dividend income received	3	3
Interest expenses paid	(45)	(63)
Income taxes paid	(2,504)	(4,182)
Net cash provided by (used in) operating activities	(599)	980
Cash flows from investing activities		
Purchase of property, plant and equipment	(74)	(423)
Purchase of investment securities	(5)	(5)
Decrease (increase) of time deposits	(36)	(71)
Other, net	19	(1)
Net cash used in investing activities	(96)	(502)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	332	798
Proceeds from long-term loans payable	9,230	16,365
Repayments of long-term loans payable	(8,870)	(7,226)
Repayments of lease obligations	(6)	—
Cash dividends paid	(915)	(1,372)
Net cash provided by (used in) financing activities	(229)	8,564
Net increase (decrease) in cash and cash equivalents	(926)	9,042
Cash and cash equivalents at the beginning of the period	13,680	12,754
Cash and cash equivalents at the end of the period	* 12,754	* 21,796

(Segment information)

(Segment information)

I Fiscal year ended March 31, 2019 (From April 1, 2018 to March 31, 2019)

1. Overview of reported segments

It is possible to obtain separate financial information for our corporate group's reported segments from among the constituent units of our company. This information is subject to periodic review by the Board of Directors in order to make decisions regarding the distribution of management assets and to evaluate business performance.

The four reported segments are composed of a real estate development segment which is conducted by our company and Allied Life, Co., Ltd., a real estate management segment conducted by FJ Community Co., Ltd., a construction segment conducted by Resitec Co., Ltd., and a Japanese inn segment conducted by our company and FJ Resort Management Co., Ltd.

The real estate development segment mainly performs the development, sales, brokering and leasing of one-room condominiums and family condominiums in the Tokyo metropolitan area, as well as real estate activities in the Izu region. The real estate management segment mainly performs leasing management for condominium owners and subcontracting of property management from management unions. The construction segment performs design, construction, inspection and renovation of buildings such as condominiums. The Japanese inn section runs the "Ito Yuki Tei," "Ito Yuki Tei Kawana Bettei" and "Gyokuhokan" hot-spring inns in the Izu area of Shizuoka Prefecture.

2. Method of calculating sales, profit, assets, and other items for reported segments

The accounting methods used for the reported business segments are basically the same as the methods listed in "Important items forming a basis for the creation of financial statements."

The segment profit as reported is a figure based on operating income.

Inter-segment sales or exchange are based on prevailing market prices.

3. Information on the amount of sales, profit, assets, and other items for reported segments

(Millions of yen)

	Reported segment					Adjustment (Note) 1	Amounts shown on Consolidated Financial Statements (Note) 2
	Real estate development segment	Real estate management segment	Construction segment	Japanese inn segment	Total		
Net sales							
External customers	72,696	2,606	5,368	845	81,516	—	81,516
Inter-segment sales or exchange	11	407	595	13	1,027	(1,027)	—
Total	72,707	3,014	5,963	858	82,543	(1,027)	81,516
Segment profit	8,502	852	654	35	10,044	48	10,093
Segment assets	62,811	5,182	3,484	1,376	72,855	(168)	72,686
Other items							
Depreciation	147	2	0	77	228	(1)	226
Increase (decrease) in property, plant and equipment and intangible assets	37	3	1	33	75	(2)	72

(Notes) 1. Details for adjusted amounts are listed below.

Segment profit

(Millions of yen)

Elimination of inter-segment transactions	52
Adjustments of inventories and non-current assets	(4)
Total	48

Segment assets

(Millions of yen)

Elimination of inter-segment transactions	(150)
Adjustments of inventories and non-current assets	(18)
Total	(168)

Depreciation

(Millions of yen)

Adjustments of non-current assets	(1)
-----------------------------------	-----

Increase (decrease) in property, plant and equipment and intangible assets

(Millions of yen)

Adjustments of non-current assets	(2)
-----------------------------------	-----

2. Segment profit is adjusted with operating income in the consolidated statements of income.

II Fiscal year ended March 31, 2020 (From April 1, 2019 to March 31, 2020)

1. Overview of reported segments

It is possible to obtain separate financial information for our corporate group's reported segments from among the constituent units of our company. This information is subject to periodic review by the Board of Directors in order to make decisions regarding the distribution of management assets and to evaluate business performance.

The four reported segments are composed of a real estate development segment which is conducted by our company and Allied Life, Co., Ltd., a real estate management segment conducted by FJ Community Co., Ltd., a construction segment conducted by Resitec Co., Ltd., and a Japanese inn segment conducted by our company and FJ Resort Management Co., Ltd.

The real estate development segment mainly performs the development, sales, brokering and leasing of one-room condominiums and family condominiums in the Tokyo metropolitan area, as well as real estate activities in the Izu region. The real estate management segment mainly performs leasing management for condominium owners and subcontracting of property management from management unions. The construction segment performs design, construction, inspection and renovation of buildings such as condominiums. The Japanese inn section runs the "Ito Yuki Tei," "Ito Yuki Tei Kawana Bettei," "Gyokuhokan" and "Seiryuso" hot-spring inns in the Izu area of Shizuoka Prefecture.

2. Method of calculating sales, profit, assets, and other items for reported segments

The accounting methods used for the reported business segments are basically the same as the methods listed in "Important items forming a basis for the creation of financial statements."

The segment profit as reported is a figure based on operating income.

Inter-segment sales or exchange are based on prevailing market prices.

3. Information on the amount of sales, profit, assets, and other items for reported segments

(Millions of yen)

	Reported segment					Adjustment (Note) 1	Amounts shown on Consolidated Financial Statements (Note) 2
	Real estate development segment	Real estate management segment	Construction segment	Japanese inn segment	Total		
Net sales							
External customers	75,356	2,910	5,570	1,002	84,840	—	84,840
Inter-segment sales or exchange	15	442	120	12	591	(591)	—
Total	75,371	3,353	5,690	1,015	85,431	(591)	84,840
Segment profit	9,085	791	518	(28)	10,366	46	10,412
Segment assets	75,193	5,599	4,358	1,750	86,902	(182)	86,719
Other items							
Depreciation	195	4	0	83	284	(1)	283
Increase (decrease) in property, plant and equipment and intangible assets	58	5	0	388	452	(7)	445

(Notes) 1. Details for adjusted amounts are listed below.

Segment profit

(Millions of yen)

Elimination of inter-segment transactions	54
Adjustments of inventories and non-current assets	(7)
Total	46

Segment assets

(Millions of yen)

Elimination of inter-segment transactions	(156)
Adjustments of inventories and non-current assets	(26)
Total	(182)

Depreciation

(Millions of yen)

Adjustments of non-current assets	(1)
-----------------------------------	-----

Increase (decrease) in property, plant and equipment and intangible assets

(Millions of yen)

Adjustments of non-current assets	(7)
-----------------------------------	-----

2. Segment profit is adjusted with operating income in the consolidated statements of income.

(Related information)

I. Previous consolidated fiscal year (From April 1, 2018 to March 31, 2019)

1. Information regarding products and services

Information is omitted here because similar information is listed as segment information.

2. Regional information

(1) Sales

No applicable items exist because there are no branches or consolidated subsidiaries located in countries or regions other than Japan.

(2) Property, plant and equipment

No applicable items exist because there are no branches or consolidated subsidiaries located in countries or regions other than Japan.

3. Information regarding major customers

Information is omitted because, within sales to external customers, there are no sales to specific customers which compose 10% or greater of the consolidated statement of income.

II. Current consolidated fiscal year (From April 1, 2019 to March 31, 2020)

1. Information regarding products and services

Information is omitted here because similar information is listed as segment information.

2. Regional information

(1) Sales

No applicable items exist because there are no branches or consolidated subsidiaries located in countries or regions other than Japan.

(2) Property, plant and equipment

No applicable items exist because there are no branches or consolidated subsidiaries located in countries or regions other than Japan.

3. Information regarding major customers

Information is omitted because, within sales to external customers, there are no sales to specific customers which compose 10% or greater of the consolidated statement of income.

(Information regarding the impairment loss of non-current assets for reported segments)

Previous consolidated fiscal year (From April 1, 2018 to March 31, 2019)

No applicable items exist.

Current consolidated fiscal year (From April 1, 2019 to March 31, 2020)

No applicable items exist.

(Information regarding the amortization of goodwill and unamortized balances for reported segments)

Previous consolidated fiscal year (From April 1, 2018 to March 31, 2019)

No applicable items exist.

Current consolidated fiscal year (From April 1, 2019 to March 31, 2020)

No applicable items exist.

(Information regarding the gain on negative goodwill for reported segments)

Previous consolidated fiscal year (From April 1, 2018 to March 31, 2019)

No applicable items exist.

Current consolidated fiscal year (From April 1, 2019 to March 31, 2020)

No applicable items exist.

4. Non-Consolidated Financial Statements and Important Notes

(1) Balance Sheets

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
ASSETS		
Current assets		
Cash and deposits	6,584	15,887
Operating accounts receivable	688	113
Real estate for sale	25,454	29,855
Real estate for sale in process	26,658	25,842
Supplies	9	18
Advance payments-trade	187	86
Accounts receivable-other	14	19
Prepaid expenses	269	230
Other	19	17
Allowance for doubtful accounts	(0)	(0)
Total current assets	59,886	72,070
Non-current assets		
Property, plant and equipment		
Buildings	244	360
Structures	52	120
Vehicles	16	11
Tools, furniture and fixtures	45	47
Land	408	577
Other	—	9
Total property, plant and equipment	768	1,126
Intangible assets		
Other	25	23
Total intangible assets	25	23
Investments and other assets		
Investment securities	162	168
Shares of subsidiaries and affiliates	774	774
Long-term loans receivable from subsidiaries and affiliates	800	1,200
Long-term prepaid expenses	530	376
Insurance funds	24	24
Lease and guarantee deposits	319	319
Deferred tax assets	531	593
Other	190	69
Allowance for doubtful accounts	(10)	(10)
Total investments and other assets	3,322	3,515
Total non-current assets	4,115	4,664
Total assets	64,001	76,735

	As of March 31, 2019	As of March 31, 2020
LIABILITIES		
Current liabilities		
Notes payable - trade	291	—
Accounts payable-trade	787	145
Short-term loans payable	—	650
Current portion of long-term loans payable	6,660	15,524
Accounts payable-other	445	374
Accrued expenses	205	221
Income taxes payable	2,071	1,708
Advances received	710	135
Deposits received	328	272
Provision for bonuses	192	197
Accrued consumption taxes	—	345
Other	116	198
Total current liabilities	11,808	19,773
Non-current liabilities		
Long-term loans payable	9,230	9,003
Provision for retirement benefits	468	511
Provision for directors' retirement benefits	815	868
Long-term lease and guarantee deposited	16	25
Long-term deposits received	38	41
Total non-current liabilities	10,569	10,449
Total liabilities	22,378	30,222
NET ASSETS		
Shareholders' equity		
Capital stock	2,774	2,774
Capital surplus		
Legal capital surplus	2,738	2,738
Other capital surplus	316	316
Total capital surplus	3,054	3,054
Retained earnings		
Legal retained earnings	27	27
Other retained earnings		
General reserve	26,800	29,800
Retained earnings brought forward	10,176	12,066
Total retained earnings	37,004	41,893
Treasury stock	(1,211)	(1,211)
Total shareholders' equity	41,621	46,511
Valuation and translation adjustments		
Valuation difference on marketable securities	1	1
Total valuation and translation adjustments	1	1
Total net assets	41,623	46,513
Total liabilities and net assets	64,001	76,735

(2) Non-consolidated Statement of Income

(Millions of yen)

	FY2019 ended March 31, 2019 (Apr. 1, 2018 – Mar. 31, 2019)	FY2020 ended March 31, 2020 (Apr. 1, 2019 – Mar. 31, 2020)
Net sales	72,738	75,404
Cost of sales	56,245	57,863
Gross profit	16,492	17,541
Selling, general and administrative expenses	8,004	8,503
Operating income	8,488	9,037
Non-operating income		
Interest income	6	4
Dividend income	402	403
Business advisory fee	52	54
Penalty income	22	29
Other	6	9
Total non-operating income	491	500
Non-operating expenses		
Interest expenses	43	58
Commission fee	—	67
Other	3	4
Total non-operating expenses	47	131
Ordinary income	8,931	9,406
Income before income taxes	8,931	9,406
Income taxes-current	3,088	3,205
Income taxes-deferred	(61)	(61)
Total income taxes	3,027	3,144
Net income	5,904	6,262

(3) Statement of Changes in Equity

FY2019 (Fiscal year ended March 31, 2019)

(Millions of yen)

(millions of yen)

	Shareholders' equity									
	Capital stock	Capital surplus			Retained earnings				Treasury stock	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings		
						General reserve	Retained earnings brought forward			
Balance at the beginning of the period	2,774	2,738	316	3,054	27	23,800	8,187	32,014	(1,211)	36,632
Changes of items during the period										
Provision of general reserve						3,000	(3,000)	—		—
Dividends of surplus							(915)	(915)		(915)
Net income							5,904	5,904		5,904
Net changes of items other than shareholders' equity										
Total changes of items during the period	—	—	—	—	—	3,000	1,989	4,989	—	4,989
Balance at the end of the period	2,774	2,738	316	3,054	27	26,800	10,176	37,004	(1,211)	41,621

	Valuation and translation adjustments		Total net assets
	Valuation difference on marketable securities	Total valuation and translation adjustments	
Balance at the beginning of the period	13	13	36,645
Changes of items during the period			
Provision of general reserve			—
Dividends of surplus			(915)
Net income			5,904
Net changes of items other than shareholders' equity	(11)	(11)	(11)
Total changes of items during the period	(11)	(11)	4,977
Balance at the end of the period	1	1	41,623

FY2020 (Fiscal year ended March 31, 2020)

(Millions of yen)

(millions of yen)

	Shareholders' equity									
	Capital stock	Capital surplus			Retained earnings				Treasury stock	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings		
						General reserve	Retained earnings brought forward			
Balance at the beginning of the period	2,774	2,738	316	3,054	27	26,800	10,176	37,004	(1,211)	41,621
Changes of items during the period										
Provision of general reserve						3,000	(3,000)	—		—
Dividends of surplus							(1,372)	(1,372)		(1,372)
Net income							6,262	6,262		6,262
Net changes of items other than shareholders' equity										
Total changes of items during the period	—	—	—	—	—	3,000	1,889	4,889	—	4,889
Balance at the end of the period	2,774	2,738	316	3,054	27	29,800	12,066	41,893	(1,211)	46,511

	Valuation and translation adjustments		Total net assets
	Valuation difference on marketable securities	Total valuation and translation adjustments	
Balance at the beginning of the period	1	1	41,623
Changes of items during the period			
Provision of general reserve			—
Dividends of surplus			(1,372)
Net income			6,262
Net changes of items other than shareholders' equity	0	0	0
Total changes of items during the period	0	0	4,889
Balance at the end of the period	1	1	46,513