



Consolidated Financial Report for the Fiscal Year Ended March 31, 2019 (Japan GAAP)

May 16, 2019

Company name: Takara Leben Co., Ltd.

Stock listed on: Tokyo Stock
Exchange, First Section

Securities code: 8897 URL <https://www.leben.co.jp>

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Division

Scheduled date of annual
general meeting of
shareholders: June 26, 2019

Scheduled date for
commencement of
dividend payment: June 27, 2019

Scheduled date for release of
annual securities report: June 26, 2019

Supplementary materials on
financial results: Yes

Briefing for financial results: Yes (for institutional investors and analysts)

(Amounts are rounded down to the nearest million)

1. Consolidated Operating Results for the Fiscal Year Ended March 31, 2019 (From April 1, 2018 to March 31, 2019)

(1) Consolidated Operating Results

(Percentage figures represent year-on-year changes)

	Net sales		Operating profit (loss)		Ordinary profit (loss)		Profit (loss) attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2019	132,005	19.1	10,046	△20.3	9,027	△23.4	6,426	△12.8
Year ended March 31, 2018	110,851	7.0	12,597	21.7	11,792	24.2	7,367	20.6

(Note) Comprehensive income: Year ended March 31, 2019 ¥6,408 milli on (-16.0%) Year ended March 31, 2018 ¥7,624 milli on (24.5%)

	Profit per share	Diluted profit per share	Ratio of earnings to shareholders' equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
Year ended March 31, 2019	59.33	59.00	14.3	5.0	7.6
Year ended March 31, 2018	68.12	67.80	18.6	7.4	11.4

(Reference) Equity in net income of affiliates: Year ended March 31, 2019 ¥(72) milli on Year ended March 31, 2018 ¥46 milli on

(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, 2019	184,893	47,734	25.6	436.68
As of March 31, 2018	177,588	42,907	24.1	394.90

(Reference) Shareholders' equity: As of March 31, 2019 ¥47,341 milli on As of March 31, 2018 ¥42,747 milli on

(3) Consolidated Cash Flow

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2019	22,428	△34,347	3,427	20,642
Year ended March 31, 2018	9,869	△34,463	24,012	29,042

2. Dividends

	Annual dividends per share					Total dividends (annual)	Dividend payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	Q1	Q2	Q3	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2018	—	5.00	—	11.00	16.00	1,731	23.5	4.3
Year ended March 31, 2019	—	5.00	—	11.00	16.00	1,734	27.0	3.8
Year ending March 31, 2020 (forecast)	—	6.00	—	13.00	19.00		25.7	

3. Forecast for Consolidated Financial Results for the Year Ending March 31, 2020 (From April 1, 2019 to March 31, 2020)
(Percentage figures represent year-on-year changes)

	Net sales		Operating profit (loss)		Ordinary profit (loss)		Profit (loss) attributable to owners of parent		Profit per share
	Million s of yen	%	Million s of yen	%	Million s of yen	%	Million s of yen	%	
Full year	160,000	21.2	13,000	29.4	11,800	30.7	8,000	24.5	Yen 73.79

* Notes

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

New: None (Name) - Excluded: None (Name) -

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

(i) Changes in accounting policies due to revision of accounting standards: None

(ii) Changes in accounting policies other than (i): None

(iii) Changes in accounting estimates: None

(iv) Restatements: None

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

(i) Number of shares issued and outstanding at end of year (including treasury stock)	As of March 31, 2019	121,000,000 ^{share} _s	As of March 31, 2018	124,000,000 ^{share} _s
(ii) Number of treasury stock at end of year	As of March 31, 2019	12,587,307 ^{share} _s	As of March 31, 2018	15,750,907 ^{share} _s
(iii) Average number of shares during the year	Year ended March 31, 2019	108,321,406 ^{share} _s	Year ended March 31, 2018	108,155,138 ^{share} _s

* This Consolidated Financial Report does not need to be audited by a certified public accountant or audit corporation.

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(Caution concerning forward-looking statements etc.)

The forward-looking statements presented above are based on the information available at the time of the release of this report and are not intended to guarantee that the Company will achieve such figures. Actual results may differ from these forecasts due to various factors in the future.

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1. Overview of Operating Results, Etc.

(1) Overview of Operating Results for the Fiscal Year Ended March 31, 2019

During the fiscal year under review, the Japanese economy continued to recover moderately amid improved corporate earnings and a stronger employment and income situation, backed by a range of fiscal measures implemented by the government. Meanwhile, the global economy still required attention, given factors such as uncertainty due to geopolitical risks in neighboring countries, the trends of US economic policies and growing tension in international situations, among others.

In the real estate sales market in which the Company operates, sales are increasingly divided between weak and strong results due to persistently high selling prices caused by soaring condominium construction costs. Upward trends are seen in demand for convenient locations and daily life and compact condominiums, reflecting changes in every end-user lifestyle caused by an increase in single-person households and dual-income households and changes in consumer values. Meanwhile, demand in regional urban centers remains strong, thanks in part to the demand of active seniors, which continues to be high, and the trend of compact city development

The number of nationwide condominium units sold reached the 80,000 level for the first time in four years, reflecting a slight increase in the number of units sold in the Tokyo metropolitan area. Under these conditions, the Company ranked eighth in the condominium developer ranking based on number of condominium units sold, ranking among the top 10 for the sixth consecutive year, and plays the role of a stable supplier in the real estate sales market as an independent general real estate developer.

In this environment, the Company is ensuring stable earnings by renewing its mid-term management plan on May 14, 2018 and responding promptly and appropriately to changes in its external and internal environments.

With its “Leben” series of self-designed new built-for-sale condominiums as its main brand, the Company will continue to promote business activities with an emphasis on its customers by working on product plans that accurately capture the time background, always adhering to its basic concept of “ideal, affordable housing that anyone can buy with confidence” as well as its corporate mission of “thinking of happiness; creating happiness.”

In the fiscal year under review, the Company recorded consolidated net sales of ¥132,005 million (up 19.1% year on year), consolidated operating profit of ¥10,046 million (down 20.3% year on year), consolidated ordinary profit of ¥9,027 million (down 23.4% year on year) and profit attributable to owners of parent of ¥6,426 million (down 12.8% year on year).

(i) Performance by Business Segment

<Real Estate Sales Business>

Revenues from the real estate sales business amounted to ¥104,823 million, up 32.1% year on year, as a result of revenues of ¥57,203 million from the sales of new built-for-sale condominiums, revenues of ¥33,502 million from the sale of profit-generating real estate, and revenues of ¥14,117 million from the sales of new detached houses and used condominiums, etc.

<Real Estate Rental Business>

Revenues from the real estate rental business amounted to ¥5,829 million, up 6.5% year on year, including rent revenues from the rental of apartments, condominium units and offices.

<Real Estate Management Business>

Revenues from the real estate management business representing management fees from 54,036 units under management amounted to ¥4,512 million, up 12.8% year on year.

<Electric power generation business>

Revenues from the electric power generation business amounted to ¥10,794 million, down 40.8% year on year, including revenue from sales of power generation facilities that were already operating and revenues from the sale of electricity generated by other electric power generation facilities.

<Other Business>

Revenues from other business totaled ¥6,045 million, up 59.2% year on year, including revenues from contracts for construction works, orders for large-scale repair works, and commission income, etc.

(ii) Performance Review by Item

<Net Sales>

In the real estate sales business, net sales amounted to ¥104,823 million, reflecting sales of 1,656 units of new built-for-sale condominiums (including JV equity interests), profit-generating real estate, as well as new detached houses and used condominiums.

In the real estate rental business, net sales stood at ¥5,829 million due to rental revenues of apartments, condominiums and offices, etc.

In the real estate management business, net sales came to ¥4,512 million due to management fees, etc. from 54,036 units managed.

In the power generation business, net sales were ¥10,794 million, including revenues from sales of power generation facilities that were already operating and revenues from the sale of electricity generated by other electric power generation facilities.

In other business, net sales were ¥6,045 million, reflecting contracts for construction works, orders for large-scale repair works, and commission income, etc.

As a result, consolidated net sales in the fiscal year under review increased to ¥132,005 million, up 19.1% year on year.

<Cost of Sales>

Cost of sales increased 23.6% year on year, to ¥105,119 million, mainly due to an increase in sales of the real estate sales business.

<Selling, General and Administrative Expenses>

Selling, general and administrative expenses increased 27.7% year on year, to ¥16,839 million, chiefly owing to higher advertising expenses associated with increase in units sold and an increase in personnel associated with business expansion.

<Non-Operating Income and Expenses>

Non-operating income decreased 21.0% year on year, to ¥310 million, due largely to a decrease of equity in profit of affiliates.

Non-operating expenses rose 10.9% from the previous fiscal year, to ¥1,328 million, which is attributable to equity method investment loss of affiliates and an increase in borrowed average balance during the year associated with new borrowings for project funds.

<Extraordinary Gains and Losses>

Extraordinary gains amounted to ¥312 million due to the recording of sales of investment securities and compensation received for damage.

Extraordinary losses decreased 98.5% year on year, to ¥14 million, reflecting the posting of Group company office relocation expenses.

As a result, consolidated net sales amounted to ¥132,005 million, up 19.1% year on year, consolidated operating profit came to ¥10,046 million, down 20.3% year on year, consolidated ordinary profit was ¥9,027 million, down 23.4% year on year, and profit attributable to owners of parent was ¥6,426 million, down 12.8% year on year, in the fiscal year under review.

(2) Overview of Financial Position for the Fiscal Year Ended March 31, 2019

With regard to the status of consolidated assets, liabilities and net assets of the Group for the fiscal year under review, total assets increased ¥7,304 million from the end of the previous fiscal year, to ¥184,893 million, due mainly to purchases of business assets.

<Current assets>

Current assets fell ¥4,418 million from the end of the previous fiscal year, to ¥98,512 million, primarily reflecting a decrease in cash and deposits associated with the payment of notes payable.

<Non-current assets>

Non-current assets grew ¥11,668 million from the end of the previous fiscal year, to ¥86,286 million, mainly due to the purchase of business assets.

<Current liabilities>

Current liabilities increased ¥1,662 million from the end of the previous fiscal year, to ¥58,539 million, chiefly owing to the reclassification of short-term and long-term loans payable.

<Non-current liabilities>

Non-current liabilities grew ¥814 million from the end of the previous fiscal year, to ¥78,619 million, largely due to an increase in long-term advances received included in Other.

<Net assets>

Net assets increased ¥4,827 million from the end of the previous fiscal year, to ¥47,734 million, chiefly because the recorded amount of profit attributable to owners of parent exceeded amounts such as dividends of surplus.

(3) Overview of Cash Flow for the Fiscal Year Ended March 31, 2019

Cash and cash equivalents (“funds”) as of March 31, 2019 amounted to ¥20,642 million, a decrease of ¥8,399 million from March 31, 2018.

<Cash flows from operating activities>

Net cash provided by operating activities was ¥22,428 million (cash provided of ¥9,869 million in the previous fiscal year). The major component was a decrease in inventories.

<Cash flows from investing activities>

Net cash used in investing activities was ¥34,347 million (cash used of ¥34,463 million in the previous fiscal year), mainly due to the purchase of property, plant and equipment.

<Cash flows from financing activities>

Net cash provided by financing activities was ¥3,427 million (cash provided of ¥24,012 million in the previous fiscal year), which was primarily attributable to an increase in loans payable.

(Reference) Changes in Cash Flow Indicators

	FY2017/3	FY2018/3	FY2019/3
Equity ratio (%)	26.2	24.1	25.6
Equity ratio at market value (%)	38.3	28.0	20.2
Debt repayment period (years)	3.5	10.8	5.0
Interest coverage ratio (times)	24.0	9.8	20.2

Equity ratio: Shareholders' equity/Total assets

Equity ratio at market value: Equity market capitalization/Total assets

Debt repayment period: Interest-bearing debt/Operating cash flows

Interest coverage ratio: Operating cash flows/Interest expense

* These indicators are all calculated using consolidated financial data.

* Interest-bearing debt includes all debts recorded on the consolidated balance sheet on which interest is paid.

(4) Future Outlook

Based on the new medium-term management plan announced on May 14, 2018, the Company has estimated the following business targets for the next fiscal year.

In the sales operation of new built-for-sale condominiums in the real estate sales business, the Company expects the delivery of 1,950 units by promoting active supply in the downtown areas in local cities. In the newly built detached housing segment, the Company expects the delivery of 200 units. In the renovation and resale segment, the Company plans to accumulate the number of units held for the time being with the aim of building stable business cycles. In the real estate securitization segment, the Company will replace assets held while actively acquiring and developing income property.

In the real estate rental business, the Company will seek to establish a more stable stock business through carefully selected purchases.

In the real estate management business, the Company has set the target number of units managed under consignment at 58,800 units and aims to further expand peripheral operations such as large-scale repair works.

In the electric power generation business, the Company will purchase carefully selected properties and sell power-generation facilities that are already in operation.

As a result of the above, the Company forecasts the financial results for the next fiscal year as follows:

Net sales:	¥160,000 million	(up 21.2% year on year)
Operating profit:	¥13,000 million	(up 29.4% year on year)
Ordinary profit:	¥11,800 million	(up 30.7% year on year)
Profit attributable to owners of parent:	¥8,000 million	(up 24.5% year on year)

(New built-for-sale condominium business: Number of units to be delivered and contracts signed)

	Number of units to be delivered in FY2020/3 (units)	Of which, number of contracts signed (units)	Number of contracts signed of the number of units to be delivered in or after FY2021/3 (units)	Total number of contracts signed (units)
As of March 31, 2019	1,950	792	151	943

2. Basic Concept of Selection of Accounting Standards

The Group has adopted the Japanese accounting standards to ensure comparability with our domestic competitors.

3. Consolidated Financial Statements and Major Notes

(1) Consolidated Balance Sheet

(Millions of yen)

	Previous Consolidated Fiscal Year (March 31, 2018)	Current Consolidated Fiscal Year (March 31, 2019)
Assets		
Current assets		
Cash and deposits	29,223	21,165
Notes and accounts receivable - trade	1,539	2,071
Real estate for sale	20,279	18,821
Power generation facilities for sale	4,090	—
Real estate for sale in process	44,068	49,860
Power generation facilities in process	29	—
Costs incurred on uncompleted contracts	129	519
Other	3,680	6,192
Allowance for doubtful accounts	△110	△118
Total current assets	102,931	98,512
Non-current assets		
Property, plant and equipment		
Buildings and structures	20,866	19,933
Accumulated depreciation	△2,584	△1,871
Buildings and structures, net	18,281	18,061
Machinery, equipment and vehicles	5,550	16,176
Accumulated depreciation	△881	△1,960
Machinery, equipment and vehicles, net	4,669	14,216
Tools, furniture and fixtures	291	334
Accumulated depreciation	△115	△175
Tools, furniture and fixtures, net	176	159
Land	35,899	35,602
Lease assets	273	255
Accumulated depreciation	△92	△109
Lease assets, net	180	145
Construction in progress	7,132	7,039
Total property, plant and equipment	66,340	75,224
Intangible assets		
Goodwill	1,265	1,375
Lease assets	27	13
Other	516	451
Total intangible assets	1,808	1,840
Investments and other assets		
Investment securities	2,501	4,597
Long-term loans receivable	1	0
Deferred tax assets	265	727
Other	3,707	3,904
Allowance for doubtful accounts	△6	△9
Total investments and other assets	6,468	9,220
Total non-current assets	74,618	86,286
Deferred assets	38	94
Total assets	177,588	184,893

(Millions of yen)

	Previous Consolidated Fiscal Year (March 31, 2018)	Current Consolidated Fiscal Year (March 31, 2019)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	15,786	7,790
Short-term loans payable	18,389	17,831
Current portion of long-term loans payable	12,838	19,743
Lease obligations	55	40
Income taxes payable	3,547	2,760
Advances received	2,177	4,274
Provision for bonuses	363	454
Provision for warranties for completed construction	525	447
Other	3,193	5,195
Total current liabilities	56,876	58,539
Noncurrent liabilities		
Long-term loans payable	75,015	73,882
Bonds payable	200	200
Lease obligations	164	123
Provision for directors' retirement benefits	73	99
Net defined benefit liability	436	543
Asset retirement obligations	22	23
Deferred tax liabilities	17	134
Other	1,873	3,613
Total noncurrent liabilities	77,804	78,619
Total liabilities	134,681	137,158
Net assets		
Shareholders' equity		
Capital stock	4,819	4,819
Capital surplus	4,823	4,817
Retained earnings	38,717	42,299
Treasury shares	△5,875	△4,695
Total shareholders' equity	42,485	47,241
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	262	121
Remeasurements of defined benefit plans	—	△21
Total accumulated other comprehensive income	262	100
Share acquisition rights	159	196
Non-controlling interests	—	197
Total net assets	42,907	47,734
Total liabilities and net assets	177,588	184,893

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

(Millions of yen)

	Previous Consolidated Fiscal Year (From April 1, 2017 to March 31, 2018)	Current Consolidated Fiscal Year (From April 1, 2018 to March 31, 2019)
Net sales	110,851	132,005
Cost of sales	※ 1 85,072	※ 1 105,119
Gross profit	25,779	26,886
Selling, general and administrative expenses	※ 2 13,182	※ 2 16,839
Operating profit	12,597	10,046
Non-operating income		
Interest income	1	0
Dividend income	95	160
Commission fee	109	99
Share of profit of entities accounted for using equity method	46	—
Miscellaneous income	139	50
Total non-operating income	393	310
Non-operating expenses		
Interest expense	1,067	1,103
Share of loss of entities accounted for using equity method	—	72
Miscellaneous loss	131	152
Total non-operating expense	1,198	1,328
Ordinary profit	11,792	9,027
Extraordinary income		
Compensation received for damage	—	121
Gain on sales of investment securities	—	191
Total extraordinary income	—	312
Extraordinary losses		
Loss on retirement of non-current assets	42	—
Loss on sales of non-current assets	4	—
Impairment loss	※ 3 593	—
Loss from compensation for complete work	174	—
Office transfer expenses	93	14
Loss on transfer of receivables	66	—
Total extraordinary losses	974	14
Profit before income taxes	10,817	9,326
Income taxes - current	4,501	3,130
Income taxes - deferred	△1,051	△374
Total income taxes	3,449	2,755
Profit	7,367	6,570
Profit attributable to non-controlling interests	—	143
Profit attributable to owners of parent	7,367	6,426

(Consolidated Statement of Comprehensive Income)

(Millions of yen)

	Previous Consolidated Fiscal Year (From April 1, 2017 to March 31, 2018)	Current Consolidated Fiscal Year (From April 1, 2018 to March 31, 2019)
Profit	7,367	6,570
Other comprehensive income		
Valuation difference on available-for-sale securities	257	△140
Remeasurements of defined benefit plans, net of tax	—	△21
Total other comprehensive income	257	△161
Comprehensive income	7,624	6,408
Profit attributable to		
Comprehensive income attributable to owners of parent	7,624	6,264
Comprehensive income attributable to non-controlling interests	—	143

(3) Consolidated Statement of Changes in Shareholders' Equity

Previous Consolidated Fiscal Year (From April 1, 2017 to March 31, 2018)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	4,819	4,817	32,970	△5,976	36,630
Changes of items during period					
Dividends of surplus			△1,620		△1,620
Profit attributable to owners of parent			7,367		7,367
Disposal of treasury shares		6		101	108
Retirement of treasury shares					—
Transfer to capital surplus from retained earnings					—
Net changes of items other than shareholders' equity					
Total changes of items during period	—	6	5,747	101	5,855
Balance at end of current period	4,819	4,823	38,717	△5,875	42,485

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	4	—	4	157	—	36,792
Changes of items during period						
Dividends of surplus						△1,620
Profit attributable to owners of parent						7,367
Disposal of treasury shares						108
Retirement of treasury shares						—
Transfer to capital surplus from retained earnings						—
Net changes of items other than shareholders' equity	257	—	257	2	—	259
Total changes of items during period	257	—	257	2	—	6,114
Balance at end of current period	262	—	262	159	—	42,907

Current Consolidated Fiscal Year (From April 1, 2018 to March 31, 2019)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	4,819	4,823	38,717	△5,875	42,485
Changes of items during period					
Dividends of surplus			△1,732		△1,732
Profit attributable to owners of parent			6,426		6,426
Disposal of treasury shares				61	61
Retirement of treasury shares		△1,119		1,119	—
Transfer to capital surplus from retained earnings		1,112	△1,112		—
Net changes of items other than shareholders' equity					
Total changes of items during period	—	△6	3,582	1,180	4,755
Balance at end of current period	4,819	4,817	42,299	△4,695	47,241

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	262	—	262	159	—	42,907
Changes of items during period						
Dividends of surplus						△1,732
Profit attributable to owners of parent						6,426
Disposal of treasury shares						61
Retirement of treasury shares						—
Transfer to capital surplus from retained earnings						—
Net changes of items other than shareholders' equity	△140	△21	△161	36	197	72
Total changes of items during period	△140	△21	△161	36	197	4,827
Balance at end of current period	121	△21	100	196	197	47,734

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	Previous Consolidated Fiscal Year (From April 1, 2017 to March 31, 2018)	Current Consolidated Fiscal Year (From April 1, 2018 to March 31, 2019)
Cash flows from operating activities		
Profit before income taxes	10,817	9,326
Depreciation	1,943	2,447
Impairment loss	593	—
Amortization of goodwill	176	230
Increase (decrease) in provision	160	50
Increase (decrease) in net defined benefit liability	105	76
Interest and dividend income	△97	△160
Share-based compensation expenses	110	100
Interest expense	1,067	1,103
Loss on retirement of non-current assets	42	—
Loss (gain) on sales of investment securities	—	△191
Decrease (increase) in notes and accounts receivable - trade	△180	△514
Decrease (increase) in operating loans receivable	274	—
Decrease (increase) in inventories	△3,379	20,064
Increase (decrease) in notes and accounts payable - trade	3,613	△7,995
Increase (decrease) in advances received	△57	2,097
Other	△483	658
Subtotal	14,703	27,291
Interest and dividend income received	97	160
Interest expenses paid	△1,010	△1,107
Income taxes paid	△3,922	△3,915
Cash flows from operating activities	9,869	26,524
Cash flows from investing activities		
Payments into time deposits	△167	△171
Proceeds from withdrawal of time deposits	142	186
Decrease (increase) in short-term loans receivable	4	0
Purchase of property, plant and equipment	△30,144	△30484
Proceeds from sales of property, plant and equipment	9	3
Purchase of intangible assets	△132	△34
Purchase of shares of subsidiaries and associates	△541	△225
Purchase of investment securities	△929	△2,625
Proceeds from sales of investment securities	—	200
Proceeds from sales of shares of subsidiaries	70	—
Purchase of shares of subsidiaries	△491	—
Outflow from acquisition of subsidiaries' stock resulting in change in the scope of consolidation	△2,321	△1,195
Other	37	△0
Net cash used in investing activities	△34,463	△34,347

(Millions of yen)

	Previous Consolidated Fiscal Year (From April 1, 2017 to March 31, 2018)	Current Consolidated Fiscal Year (From April 1, 2018 to March 31, 2019)
Cash flows from financing activities		
Net increase in short-term borrowings	1,839	△596
Proceeds from long-term borrowings	62,190	57,468
Repayment of long-term borrowings	△36,829	△51,657
Redemption of bonds	△1,500	—
Repayment of lease obligations	△67	△56
Cash dividends paid	△1,619	△1,730
Cash flows from financing activities	24,012	3,427
Net increase (decrease) in cash and cash equivalents	△581	△8,491
Cash and cash equivalents at beginning of period	29,623	29,042
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	—	91
Cash and cash equivalent at end of year	29,042	20,642

(5) Notes to the Consolidated Financial Statements

(Notes Regarding the Going Concern Assumption)

Not applicable.

(Consolidated Balance Sheet)

1. The Group maintains overdraft and credit line agreements with 51 financial institutions (March 31, 2018: 44) in order to ensure the efficient funding of operating capital. The unused balance of borrowings under these agreements at the consolidated fiscal year-end is as follows.

	Previous Consolidated Fiscal Year (March 31, 2018)	Current Consolidated Fiscal Year (March 31, 2019)
Total maximum amount of overdraft and credit lines	41,320	60,118
Outstanding borrowing balance	22,227	40,847
Difference	19,093	19,270

(Consolidated Statement of Income)

- *1. Inventories are stated at the amount after the write-down reflecting the decline in profitability. Loss on valuation of inventories included in Cost of sales is as follows.

	Previous Consolidated Fiscal Year (From April 1, 2017 to March 31, 2018)	Current Consolidated Fiscal Year (From April 1, 2018 to March 31, 2019)
	118	△55

- *2. Selling expenses account for approximately 41% for the year ended March 31, 2018 and 44% for the year ended March 31, 2019, and general and administrative expenses account for approximately 59% and 56%, respectively.

Major components of Selling, general and administrative expenses and their amounts are as follows. (Millions of yen)

	Previous Consolidated Fiscal Year (From April 1, 2017 to March 31, 2018)	Current Consolidated Fiscal Year (From April 1, 2018 to March 31, 2019)
Advertising expenses	2,982	4,399
Sales promotion expenses	2,098	2,123
Salaries	2,210	2,769
Provision for allowance for bonuses	450	570
Retirement benefit costs	191	95
Provision for allowance for directors' retirement benefits	17	25
Provision for allowance for doubtful accounts	0	11

*3. Impairment loss

Previous consolidated fiscal year (From April 1, 2017 to March 31, 2018)

Mainly due to the declining profitability of rental properties, the Group recorded impairment losses (¥593 million) for the following assets or asset groups in the consolidated fiscal year under review.

Use	Type	Location	Amount (Millions of yen)
Rental properties	Land	Suginami-ku, Tokyo	56
	Land	Adachi-ku, Tokyo	51
	Land	Adachi-ku, Tokyo	34
	Land	Adachi-ku, Tokyo	8
	Land	Itabashi-ku, Tokyo	38
	Land	Komae, Tokyo	7
	Land	Komae, Tokyo	6
	Land	Shiki, Saitama	238
	Land	Saitama, Saitama	92
	Land	Saitama, Saitama	6
	Land	Kawagoe, Saitama	51
Total			593

The Group classifies rental properties by individual property.

The recoverable amount is measured using net sale value, which is assessed based on the appraisal value by a real estate appraiser.

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

Not applicable.

(Rental Properties, etc.)

The Company and its certain consolidated subsidiaries own office buildings for lease (including land) and condominiums for lease in Tokyo and other areas. During the fiscal year ended March 31, 2018, net rent income from these rental properties amounted to ¥1,335 million (rent income is recorded in net sales and major rent expenses are recorded in cost of sales), and impairment losses came to ¥593 million (recorded in extraordinary losses). During the fiscal year ended March 31, 2019, net rent income from these rental properties amounted to ¥726 million (rent income is recorded in net sales and major rent expenses are recorded in cost of sales).

The carrying amount of these rental properties on the Consolidated Balance Sheet, changes during the year and market value are as follows.

(Millions of yen)		
	Previous Consolidated Fiscal Year (From April 1, 2017 to March 31, 2018)	Current Consolidated Fiscal Year (From April 1, 2018 to March 31, 2019)
Consolidated balance sheet		
Beginning balance	36,766	52,650
Changes during the year	15,883	△7,619
Ending balance	52,650	45,030
Market value at end of year	51,912	45,471

(Notes) 1. The carrying amount on the Consolidated Balance Sheet represents the acquisition cost net of accumulated depreciation and amortization and accumulated impairment loss.

2. Of the changes during the year, the major increases during the year ended March 31, 2018 include the acquisition of real estate (¥21,239 million), and major decreases include transfer to real estate held for sale and real estate held for sale in progress (¥11,018 million), depreciation (¥740 million) and impairment losses (¥593 million). The major increases during

the year ended March 31, 2019 include the acquisition of real estate (¥12,935 million), and major decreases include transfer to real estate held for sale and real estate held for sale in progress (¥20,160 million) and depreciation (¥699 million).

3. Market value at the end of the year is based on the appraisal value by a third party real estate appraiser.
4. Assets under construction are not included in the above table as it is not practicable to obtain their market value.

(Segment Information)

a. Segment Information

1. Overview of reportable segments

The reportable segments of the Group are components of the Company for which separate financial information is available that is evaluated regularly by the Board of Directors in deciding how to allocate resources and in assessing performance.

The Group's core business is construction and sales of built-for-sale condominiums. The Group's reportable segments consist of three business segments: the real estate sales business, the real estate rental business and the real estate management business.

The real estate sales business primarily engages in sales of new built-for-sale condominiums, profit-generating real estate, detached houses and condominium renovation.

The real estate rental business provides the office and residential condominiums rental service, and the real estate management business provides the condominium management service.

The electric power generation business engages in electric power generation using renewable energy.

2. Calculation methods of net sales, income or loss, assets, liabilities and other items by reportable segment

Accounting policies for the reportable business segments are consistent with those used to prepare the consolidated financial statements, except for the valuation of inventories.

Inventories are stated at the value after the write-down, reflecting the decline in profitability.

Reportable segment income represents operating income.

Inter-segment sales and transfers are valued at market prices.

3. Net sales, income or loss, assets, liabilities and other items by reportable segment

Previous consolidated fiscal year (From April 1, 2017 to March 31, 2018)

(Millions of yen)

	Reportable segments					Other (Note)	Total
	Real estate sales business	Real estate rental business	Real estate management business	Electric power generation business	Total		
Net sales							
Net sales to external customers	79,341	5,472	4,000	18,239	107,054	3,797	110,851
Inter-segment sales and transfers	213	49	298	—	561	564	1,126
Total	79,555	5,522	4,299	18,239	107,616	4,361	111,978
Segment income	6,107	834	116	5,128	12,187	484	12,672
Segment assets	68,722	52,615	485	20,775	142,599	4,097	146,697
Segment liabilities	72,025	39,297	682	14,173	126,178	3,523	129,702
Other items							
Depreciation and amortization	101	741	5	1,021	1,870	15	1,886
Amortization of goodwill	—	59	—	—	59	—	59
Interest expense	535	348	—	170	1,054	8	1,062
Increase in tangible and intangible fixed assets	496	23,481	4	3,499	27,482	2,820	30,303

(Note) "Other" represents business segments that are not included in any reportable segments and includes the construction contract business and the repair work business.

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

(Millions of yen)

	Reportable segments					Other (Note)	Total
	Real estate sales business	Real estate rental business	Real estate management business	Electric power generation business	Total		
Net sales							
Net sales to external customers	104,823	5,829	4,512	10,794	125,959	6,045	132,005
Inter-segment sales and transfers	977	66	243	—	1,287	1,331	2,618
Total	105,800	5,895	4,756	10,794	127,246	7,377	134,623
Segment income	7,158	728	140	1,433	9,460	1,143	10,603
Segment assets	79,764	48,263	588	31,839	160,455	9,435	169,891
Segment liabilities	74,581	30,951	1,112	31,912	138,557	7,271	145,828
Other items							
Depreciation and amortization	113	700	7	1,282	2,104	140	2,245
Amortization of goodwill	—	78	—	—	78	—	78
Interest expense	664	225	—	137	1,027	47	1,074
Increase in tangible and intangible fixed assets	9	19,488	15	8,395	27,909	1,700	29,610

(Note) “Other” represents business segments that are not included in any reportable segments and includes investment management business, the construction contract business and the repair work business.

4. Reconciliation of the total reportable segments and the amount on the consolidated financial statements (difference adjustments)

(Millions of yen)

Net sales	Previous Consolidated Fiscal Year	Current Consolidated Fiscal Year
Total reportable segments	107,616	127,246
Net sales of "Other" category	4,361	7,377
Elimination of inter-segment transactions	△1,126	△2,618
Net sales on the consolidated financial statements	110,851	132,005

(Millions of yen)

Income	Previous Consolidated Fiscal Year	Current Consolidated Fiscal Year
Total reportable segments	12,187	9,460
Income of "Other" category	484	1,143
Elimination of inter-segment transactions	41	△406
Amortization of goodwill	△117	△151
Operating income on the consolidated financial statements	12,597	10,046

(Millions of yen)

Assets	Previous Consolidated Fiscal Year	Current Consolidated Fiscal Year
Total reportable segments	142,599	160,455
Assets of "Other" category	4,097	9,435
Elimination of amounts due from the parent administrative division	△6,692	△20,727
Corporate assets (Note)	37,583	35,728
Total assets in the consolidated financial statements	177,588	184,893

(Note) Corporate assets represent assets not attributable to any reportable segments and primarily consist of cash and deposits, assets attributable to the administrative division, and deferred tax assets.

(Millions of yen)

Liabilities	Previous Consolidated Fiscal Year	Current Consolidated Fiscal Year
Total reportable segments	126,178	138,557
Liabilities of "Other" category	3,523	7,271
Elimination of amounts due to the parent administrative division	△5,377	△18,688
Corporate liabilities (Note)	10,356	10,017
Total liabilities in the consolidated financial statements	134,681	137,158

(Note) Corporate liabilities represent liabilities not attributable to any reportable segments and primarily consist of borrowings.

(Millions of yen)

Other items	Total reportable segments		Other		Adjustments		Consolidated financial statements	
	Previous FY	Current FY	Previous FY	Current FY	Previous FY	Current FY	Previous FY	Current FY
Depreciation and amortization	1,870	2,104	15	140	57	202	1,943	2,447
Amortization of goodwill	59	78	—	—	117	151	176	230
Interest expense	1,054	1,027	8	47	4	28	1,067	1,103
Increase in tangible and intangible fixed assets	27,482	27,909	2,820	1,700	△0	292	30,302	29,902

(Note) Adjustments for increase in tangible and intangible fixed assets represent goodwill incurred but not allocated to reportable segments, capital expenditure for the headquarters building and the elimination of inter-segment transactions.

b. Impairment loss on fixed assets by reportable segment

Previous consolidated fiscal year (From April 1, 2017 to March 31, 2018)

(Millions of yen)

	Real estate sales business	Real estate rental business	Real estate management business	Electric power generation business	Other	Corporate / elimination	Total
Impairment loss	—	593	—	—	—	—	593

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

Not applicable.

(Per Share Information)

	Previous Consolidated Fiscal Year (From April 1, 2017 to March 31, 2018)	Current Consolidated Fiscal Year (From April 1, 2018 to March 31, 2019)
Net assets per share	394.90	436.68
Earnings per share	68.12	59.33
Diluted earnings per share	67.80	59.00

(Note) The basis for the calculation of earnings per share and diluted earnings per share is as follows.

	Previous Consolidated Fiscal Year (From April 1, 2017 to March 31, 2018)	Current Consolidated Fiscal Year (From April 1, 2018 to March 31, 2019)
Earnings per share		
Profit attributable to owners of parent (millions of yen)	7,367	6,426
Amount not attributable to common stockholders (millions of yen)	—	—
Profit attributable to owners of parent with respect to common stock (millions of yen)	7,367	6,426
Average number of shares during the year (thousand shares)	108,155	108,321
Diluted earnings per share		
Adjustments to profit attributable to owners of parent (millions of yen)	—	—
Increase in number of common stock (thousand shares)	522	610
(Of those, new share subscription rights (thousand shares))	(522)	(610)
Overview of dilutive shares not included in the calculation of diluted earnings per share due to its anti-dilutive effect	—	—

(Significant Subsequent Events)

Not applicable.

4. Other

(1) Changes of Officers

To be disclosed when the information to be disclosed is determined.

(2) Production, Orders Received and Sales

(i) Number of units contracted during the year

Segment name	Previous Consolidated Fiscal Year (From April 1, 2017 to March 31, 2018)		Current Consolidated Fiscal Year (From April 1, 2018 to March 31, 2019)		Year-on-Year (%)
	Number of units	Amounts (millions of yen)	Number of units	Amounts (millions of yen)	
Real estate sales business	1,818	78,620	2,322	122,907	156.3
Total	1,818	78,620	2,322	122,907	156.3

(Note) The above amounts do not include consumption tax.

(ii) Balance of contract

Segment name	Previous Consolidated Fiscal Year (March 31, 2018)		Current Consolidated Fiscal Year (March 31, 2019)		Year-on-Year (%)
	Number of units	Amounts (millions of yen)	Number of units	Amounts (millions of yen)	
Real estate sales business	559	20,673	951	38,758	187.5
Total	559	20,673	951	38,758	187.5

(Note) The above amounts do not include consumption tax.

(iii) Net sales

Segment name	Current Consolidated Fiscal Year (From April 1, 2018 to March 31, 2019)	Year-on-Year (%)
Real estate sales business (millions of yen)	104,823	132.1
Real estate rental business (millions of yen)	5,829	106.5
Real estate management business (millions of yen)	4,512	112.8
Electric power generation business (millions of yen)	10,794	59.2
Total reportable segments (millions of yen)	125,959	117.7
Other (millions of yen)	6,045	159.2
Total (millions of yen)	132,005	119.1

(Notes) 1. Inter-segment transactions are eliminated.

2. The above amounts do not include consumption tax.