



# Consolidated Financial Report for the Fiscal Year Ended March 31, 2020 (Japan GAAP)

May 25, 2020

Company name: Takara Leben Co., Ltd. Stock listed on: Tokyo Stock Exchange, First Section  
 Securities code: 8897 URL: <https://www.leben.co.jp>  
 Representative: Kazuichi Shimada, President, Representative Director  
 Contact: Masashi Yamamoto, Director, Executive officer of General Planning Division Tel. +81-3-6551-2130  
 Scheduled date of annual general meeting of shareholders: June 29, 2020  
 Scheduled date for commencement of dividend payment: June 30, 2020  
 Scheduled date for release of annual securities report: June 29, 2020  
 Supplementary materials on financial results: Yes  
 Briefing for financial results: Yes (To prevent the spread of the COVID-19 coronavirus, the Company will distribute Representative Director's financial results presentation by video.)

(Amounts are rounded down to the nearest million)

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

### (1) Consolidated Operating Results

(Percentage figures represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2020	168,493	27.6	11,901	18.5	11,201	24.1	5,361	(16.6)
Year ended March 31, 2019	132,005	19.1	10,046	(20.3)	9,027	(23.4)	6,426	(12.8)

(Note) Comprehensive income: Year ended March 31, 2020: ¥5,202 million (-18.8%) Year ended March 31, 2019: ¥6,408 million (-16.0%)

	Profit per share	Diluted profit per share	Ratio of earnings to shareholders' equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
Year ended March 31, 2020	49.45	49.11	10.9	5.9	7.1
Year ended March 31, 2019	59.33	59.00	14.3	5.0	7.6

(Reference) Equity in profit of affiliates: Year ended March 31, 2020: ¥(4) million Year ended March 31, 2019: ¥(72) 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	195,448	51,139	25.9	467.05
As of March 31, 2019	184,893	47,734	25.6	436.68

(Reference) Shareholders' equity: As of March 31, 2020: ¥50,634 million As of March 31, 2019: ¥47,341 million

### (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, 2020	47,708	(32,136)	(1,608)	34,605
Year ended March 31, 2019	22,428	(34,347)	3,427	20,642

## 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			
Year ended March 31, 2019	Yen -	Yen 5.00	Yen -	Yen 11.00	Yen 16.00	Millions of yen 1,734	% 27.0	% 3.8
Year ended March 31, 2020	-	6.00	-	13.00	19.00	2,059	38.4	4.2

Given the uncertainty regarding the impact of the globally spreading COVID-19 coronavirus, it is difficult for the Company to reasonably determine dividend forecasts for the fiscal year ending March 31, 2021. It therefore will not yet determine the interim and year-end dividend forecasts.

## 3. Forecast for Consolidated Financial Results for the Year Ending March 31, 2021 (From April 1, 2020 to March 31, 2021)

Given the uncertainty regarding the impact of the globally spreading COVID-19 coronavirus, it is difficult for the Company to properly and reasonably determine results forecasts. Therefore, it will not yet determine forecasts regarding the consolidated financial results for the fiscal year ending March 31, 2021. Going forward, when the Company is ready to make reasonable forecasts, it will make announcements accordingly. For details, please see "1. Overview of Operating Results, Etc. (4) Future Outlook" on page 6 of the attached material.

\* Notes

- (1) Changes in significant subsidiaries during the current fiscal year (Changes in specified subsidiaries resulting in changes in scope of consolidation):  
New: None (Name) - None  
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, 2020: 121,000,000 shares  
As of March 31, 2019: 121,000,000 shares  
(ii) Number of treasury stock at end of year  
As of March 31, 2020: 12,587,307 shares  
As of March 31, 2019: 12,587,307 shares  
(iii) Average number of shares during the year  
Year ended March 31, 2020: 108,412,693 shares  
Year ended March 31, 2019: 108,321,406 shares

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

\* Explanations and other special notes concerning the appropriate use of business performance forecasts

(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.

To obtain the supplementary materials on financial results:

Supplementary materials on financial results have been posted on the Company's website. The materials are also accessible through TDnet.

To access the details of briefing for financial results:

The briefing for financial results will be distributed by video on the Company's website.

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## 1. Overview of Operating Results, Etc.

### (1) Overview of Operating Results for the Fiscal Year Ended March 31, 2020

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. However, uncertainty has been growing since the beginning of 2020, due to sluggish economic activities in Japan and worldwide due to the COVID-19 coronavirus.

In the real estate sales market in which the Company operates, upward trends are seen in demand for convenient locations and daily life and compact condominiums, reflecting changes in 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.

In the Tokyo metropolitan area, the supply-demand balance continues to be favorable, with the number of condominium units supplied remaining at the 30,000 level in recent years, as shown by the latest number of condominium units sold of 31,238 units (a survey made by Real Estate Economic Institute Co., Ltd.), or a decrease of 15.9% from the previous year. Sales prices, despite the apparent plateauing of increases in recent years, are still at high levels.

The number of nationwide condominium units supplied decreased by approximately 10,000 from that in 2018, to 70,660 units (a survey made by Real Estate Economic Institute Co., Ltd.), reflecting the impact of a decline 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 seventh 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.

Featuring the “Leben” series of self-designed new built-for-sale condominiums as its main brand, the Company always seeks to offer products that reflect its basic concept of “ideal, affordable housing that anyone can buy with confidence.” In doing so, the Company continues to work on planning products that accurately capture the time background, while also envisioning the happiness of all stakeholders, including its customers, and promoting activities to realize happiness under its corporate mission of “thinking of happiness; creating happiness.”

In the fiscal year under review, the Company recorded consolidated net sales of ¥168,493 million (up 27.6% year on year), consolidated operating profit of ¥11,901 million (up 18.5% year on year), consolidated ordinary profit of ¥11,201 million (up 24.1% year on year) and profit attributable to owners of parent of ¥5,361 million (down 16.6% year on year).

#### (i) Performance by Business Segment

##### <Real Estate Sales Business>

Revenues from the real estate sales business amounted to ¥129,649 million, up 23.7% year on year, as a result of revenues of ¥77,171 million from the sales of new built-for-sale condominiums, revenues of ¥37,854 million from the sale of profit-generating real estate, and revenues of ¥14,623 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 ¥5,965 million, up 2.3% 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 59,747 units under management amounted to ¥5,046 million, up 11.9% year on year.

##### <Electric Power Generation Business>

Revenues from the electric power generation business amounted to ¥20,982 million, up 94.4% 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 ¥6,850 million, up 13.3% 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 ¥129,649 million, reflecting sales of 1,955 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 ¥5,965 million due to rental revenues of apartments, condominiums and offices, etc.

In the real estate management business, net sales came to ¥5,046 million due to management fees, etc. from 59,747 units managed.

In the power generation business, net sales were ¥20,982 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 ¥6,850 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 ¥168,493 million, up 27.6% year on year.

<Cost of Sales>

The cost of sales increased 31.3% year on year, to ¥137,977 million, reflecting an increase in sales of the real estate sales business.

<Selling, General and Administrative Expenses>

Selling, general and administrative expenses increased 10.5% year on year, to ¥18,614 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 increased 86.7% year on year, to ¥579 million, due largely to an increase in dividend income.

Non-operating expenses decreased 3.7% year on year, to ¥1,279 million, chiefly due to a decrease in share of loss of entities accounted for using equity method.

<Extraordinary Income and Losses>

Extraordinary income decreased 8.5% year on year, to ¥286 million, reflecting the recording of sales of investment securities and penalty income.

Extraordinary losses increased ¥2,099 million year on year, to ¥2,114 million, primarily due to the recording of impairment losses.

As a result, consolidated net sales amounted to ¥168,493 million, up 27.6% year on year, consolidated operating profit came to ¥11,901 million, up 18.5% year on year, consolidated ordinary profit was ¥11,201 million, up 24.1% year on year, and profit attributable to owners of parent was ¥5,361 million, down 16.6% year on year, in the fiscal year under review.

(2) Overview of Financial Position for the Fiscal Year Ended March 31, 2020

With regard to the status of consolidated assets, liabilities and net assets of the Group for the fiscal year under review, total assets increased ¥10,555 million from the end of the previous fiscal year, to ¥195,448 million, mainly reflecting an increase in cash and deposits due to the delivery of new built-for-sale condominiums.

<Current assets>

Current assets rose ¥16,801 million from the end of the previous year, to ¥115,314 million, chiefly reflecting an increase in cash and deposits due to the delivery of new built-for-sale condominiums.

<Non-current assets>

Non-current assets declined ¥6,411 million year on year, to ¥79,874 million. The decline mainly reflected the transfer of assets to real estate for sale and power generation facilities for sale although business assets were purchased steadily.

<Current liabilities>

Current liabilities increased ¥7,077 million from the end of the previous year, to ¥65,616 million, mainly due to an increase in notes payable attributable to payments for works carried out by general contractors and the reclassification between short-term loans payable and long-term loans payable.

<Non-current liabilities>

Non-current liabilities increased ¥73 million from the end of the previous year, to ¥78,692 million, mainly due to the issuance of corporate bonds despite repayments of loans payable and the reclassification between short-term loans payable and long-term loans payable.

<Net assets>

Net assets increased ¥3,404 million from the end of the previous fiscal year, to ¥51,139 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, 2020

Cash and cash equivalents (“funds”) as of March 31, 2020 amounted to ¥34,605 million, an increase of ¥13,963 million from March 31, 2019.

<Cash flows from operating activities>

Net cash provided by operating activities was ¥47,708 million (cash provided of ¥22,428 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 ¥32,136 million (cash used of ¥34,347 million in the previous fiscal year), mainly due to the purchase of property, plant and equipment.

<Cash flows from financing activities>

Net cash used in financing activities was ¥1,608 million (cash provided of ¥3,427 million in the previous fiscal year), which was primarily attributable to a decrease in loans payable.

(Reference) Changes in Cash Flow Indicators

	FY2018/3	FY2019/3	FY2020/3
Equity ratio (%)	24.1	25.6	25.9
Equity ratio at market value (%)	28.0	20.2	19.4
Debt repayment period (years)	10.8	5.0	2.4
Interest coverage ratio (times)	9.8	20.2	41.4

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

Looking ahead to the next fiscal year, it is expected that measures to prevent the spread of the COVID-19 coronavirus will continue for some time. Given the possibility that the impact of the coronavirus on economic and social activities will become even more serious, concerns are expected to grow in conjunction with the economic slowdown occurring not only in Japan but globally as well.

The real estate sales industry in which the Group operates may see an impact mainly pertaining to sales conducted in model rooms in different areas, the acquisition and development of offices, residences, commercial stores and hotels, among other properties in the securitization business, and rental revenue from tenants. The Group seeks to diversify risk by promoting sales nationwide instead of focusing on specific areas while at the same time supplying products tailored to real market demand, among other products, which are not easily influenced by economic trends.

In this situation, the Group will work on sales activities while also continuing to implement measures to prevent the spread of the coronavirus in strict compliance with requests from the government and prefectural authorities. Given the uncertainty over the degree of impact on economic and social activity in Japan, and how long it will take for the coronavirus to be controlled and business to recover, it is difficult at this time for the Company to properly and reasonably forecast financial results for the next fiscal year. Therefore, it will not yet determine results forecasts and make announcements when it is ready to make such forecasts.

In the real estate sales business, the number of new built-for-sale condominiums contracted whose delivery is expected to occur in the fiscal year ending March 31, 2021 is 1,062 units (including JV equity interests) as of March 31, 2020.

#### (5) Basic Policy on Profit Distribution and Dividends for the Current and Next Fiscal Years

The Group set out the payout ratio of approximately 25% to 30% in the mid-term management plan announced in May 2018.

For the fiscal year under review, the Company plans to pay the year-end dividend of ¥13.0 per share in line with the previous forecast. The annual dividend comes to ¥19.0 per share including the interim dividend that has been already paid. The payout ratio comes to 38.4%.

For the next fiscal year, the Company will continue to pay shareholder returns with the payout ratio of 25% or higher. However, with the degree of the impact of the coronavirus being unclear, it is difficult for the Company to properly and reasonably make decisions with respect to business forecasts at the present time. Therefore, it will not yet make decisions regarding the interim and year-end dividend forecasts.

#### 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, 2019)	Current Consolidated Fiscal Year (March 31, 2020)
<b>Assets</b>		
Current assets		
Cash and deposits	21,165	35,311
Notes and accounts receivable - trade	2,071	1,952
Real estate for sale	18,821	23,861
Real estate for sale in process	49,860	46,102
Costs incurred on uncompleted contracts	519	397
Other	6,192	7,689
Allowance for doubtful accounts	(118)	(2)
Total current assets	98,512	115,314
Non-current assets		
Property, plant and equipment		
Buildings and structures	19,933	14,948
Accumulated depreciation	(1,871)	(1,682)
Buildings and structures, net	18,061	13,266
Machinery, equipment and vehicles	16,176	3,446
Accumulated depreciation	(1,960)	(578)
Machinery, equipment and vehicles, net	14,216	2,867
Tools, furniture and fixtures	334	381
Accumulated depreciation	(175)	(229)
Tools, furniture and fixtures, net	159	152
Land	35,602	33,903
Lease assets	255	70
Accumulated depreciation	(109)	(61)
Lease assets, net	145	8
Construction in progress	7,039	17,022
Total property, plant and equipment	75,224	67,220
Intangible assets		
Goodwill	1,375	1,145
Lease assets	13	2
Other	451	642
Total intangible assets	1,840	1,790
Investments and other assets		
Investment securities	4,597	4,428
Long-term loans receivable	0	0
Deferred tax assets	727	1,087
Other	3,904	5,354
Allowance for doubtful accounts	(9)	(6)
Total investments and other assets	9,220	10,863
Total non-current assets	86,286	79,874
Deferred assets	94	259
Total assets	184,893	195,448



(Millions of yen)

	Previous Consolidated Fiscal Year (March 31, 2019)	Current Consolidated Fiscal Year (March 31, 2020)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	7,790	11,858
Short-term loans payable	17,831	17,148
Current portion of bonds payable	–	296
Current portion of long-term loans payable	19,743	22,119
Lease obligations	40	9
Income taxes payable	2,760	2,972
Advances received	4,274	4,269
Provision for bonuses	454	525
Provision for warranties for completed construction	447	454
Other	5,195	5,961
<b>Total current liabilities</b>	<b>58,539</b>	<b>65,616</b>
<b>Non-current liabilities</b>		
Long-term loans payable	73,882	69,656
Bonds payable	200	4,804
Lease obligations	123	1
Provision for directors' retirement benefits	99	97
Net defined benefit liability	543	653
Asset retirement obligations	23	58
Deferred tax liabilities	134	151
Other	3,613	3,269
<b>Total non-current liabilities</b>	<b>78,619</b>	<b>78,692</b>
<b>Total liabilities</b>	<b>137,158</b>	<b>144,309</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	4,819	4,819
Capital surplus	4,817	4,817
Retained earnings	42,299	45,817
Treasury shares	(4,695)	(4,695)
<b>Total shareholders' equity</b>	<b>47,241</b>	<b>50,759</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	121	(97)
Foreign currency translation adjustment	–	(0)
Remeasurements of defined benefit plans	(21)	(27)
<b>Total accumulated other comprehensive income</b>	<b>100</b>	<b>(124)</b>
Share acquisition rights	196	241
Non-controlling interests	197	263
<b>Total net assets</b>	<b>47,734</b>	<b>51,139</b>
<b>Total liabilities and net assets</b>	<b>184,893</b>	<b>195,448</b>

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

(Millions of yen)

	Previous Consolidated Fiscal Year (From April 1, 2018 to March 31, 2019)	Current Consolidated Fiscal Year (From April 1, 2019 to March 31, 2020)
Net sales	132,005	168,493
Cost of sales	*1 105,119	*1 137,977
Gross profit	26,886	30,516
Selling, general and administrative expenses	*2 16,839	*2 18,614
Operating profit	10,046	11,901
Non-operating income		
Interest income	0	0
Dividend income	160	347
Commission fee	99	119
Miscellaneous income	50	113
Total non-operating income	310	579
Non-operating expenses		
Interest expense	1,103	1,147
Share of loss of entities accounted for using equity method	72	4
Miscellaneous loss	152	128
Total non-operating expenses	1,328	1,279
Ordinary profit	9,027	11,201
Extraordinary income		
Compensation received for damage	121	–
Gain on sales of investment securities	191	72
Penalty income	–	214
Total extraordinary income	312	286
Extraordinary losses		
Impairment loss	–	*3 2,071
Loss on valuation of investment securities	–	42
Office transfer expenses	14	–
Total extraordinary losses	14	2,114
Profit before income taxes	9,326	9,373
Income taxes - current	3,130	4,181
Income taxes - deferred	(374)	(235)
Total income taxes	2,755	3,945
Profit	6,570	5,427
Profit attributable to non-controlling interests	143	66
Profit attributable to owners of parent	6,426	5,361

## (Consolidated Statement of Comprehensive Income)

(Millions of yen)

	Previous Consolidated Fiscal Year (From April 1, 2018 to March 31, 2019)	Current Consolidated Fiscal Year (From April 1, 2019 to March 31, 2020)
Profit	6,570	5,427
Other comprehensive income		
Valuation difference on available-for-sale securities	(140)	(218)
Foreign currency translation adjustment	–	(0)
Remeasurements of defined benefit plans, net of tax	(21)	(5)
Total other comprehensive income	(161)	(224)
Comprehensive income	6,408	5,202
Profit attributable to		
Comprehensive income attributable to owners of parent	6,264	5,136
Comprehensive income attributable to non-controlling interests	143	66

(3) Consolidated Statement of Changes in Shareholders' Equity  
 Previous 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

Current Consolidated Fiscal Year (From April 1, 2019 to March 31, 2020)

(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	42,299	(4,695)	47,241
Changes of items during period					
Dividends of surplus			(1,843)		(1,843)
Profit attributable to owners of parent			5,361		5,361
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	3,517	-	3,517
Balance at end of current period	4,819	4,817	45,817	(4,695)	50,759

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	121	-	(21)	100	196	197	47,734
Changes of items during period							
Dividends of surplus							(1,843)
Profit attributable to owners of parent							5,361
Net changes of items other than shareholders' equity	(218)	(0)	(5)	(224)	45	66	(113)
Total changes of items during period	(218)	(0)	(5)	(224)	45	66	3,404
Balance at end of current period	(97)	(0)	(27)	(124)	241	263	51,139

## (4) Consolidated Statement of Cash Flows

(Millions of yen)

	Previous Consolidated Fiscal Year (From April 1, 2018 to March 31, 2019)	Current Consolidated Fiscal Year (From April 1, 2019 to March 31, 2020)
Cash flows from operating activities		
Profit before income taxes	9,326	9,373
Depreciation	2,447	2,031
Impairment loss	–	2,071
Amortization of goodwill	230	235
Increase (decrease) in provision	50	(43)
Increase (decrease) in net defined benefit liability	76	101
Interest and dividend income	(160)	(347)
Share-based compensation expenses	100	45
Interest expense	1,103	1,147
Loss (gain) on valuation of investment securities	–	42
Loss (gain) on sales of investment securities	(191)	(72)
Penalty income	–	(214)
Decrease (increase) in notes and accounts receivable - trade	(514)	113
Decrease (increase) in inventories	20,064	33,787
Increase (decrease) in notes and accounts payable - trade	(7,995)	4,067
Increase (decrease) in advances received	2,097	(5)
Other	658	2
Subtotal	27,291	52,338
Interest and dividends received	160	347
Interest expenses paid	(1,107)	(1,152)
Income taxes paid	(3,915)	(4,039)
Penalty income received	–	214
Net cash provided by (used in) operating activities	22,428	47,708
Cash flows from investing activities		
Payments into time deposits	(171)	(152)
Proceeds from withdrawal of time deposits	186	155
Decrease (increase) in short-term loans receivable	0	0
Purchase of property, plant and equipment	(30,484)	(29,251)
Proceeds from sales of property, plant and equipment	3	8
Purchase of intangible assets	(34)	(229)
Purchase of shares of subsidiaries and associates	(225)	(1,074)
Purchase of investment securities	(2,625)	(623)
Proceeds from sales of investment securities	200	486
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	–	4
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,195)	(1,224)
Other	(0)	(236)
Net cash provided by (used in) investing activities	(34,347)	(32,136)
Cash flows from financing activities		
Net increase in short-term loans payable	(596)	(1,542)
Proceeds from long-term loans payable	57,468	81,623
Repayment of long-term loans payable	(51,657)	(84,593)
Proceeds from issuance of bonds	–	4,900
Repayment of lease obligations	(56)	(152)
Cash dividends paid	(1,730)	(1,842)
Net cash provided by (used in) financing activities	3,427	(1,608)
Net increase (decrease) in cash and cash equivalents	(8,491)	13,963
Cash and cash equivalents at beginning of year	29,042	20,642
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	91	–
Cash and cash equivalent at end of year	20,642	34,605

(5) Notes to the Consolidated Financial Statements  
 (Notes Regarding the Going Concern Assumption)  
 Not applicable.

(Consolidated Balance Sheet)

The Group maintains overdraft and credit line agreements with 57 financial institutions (March 31, 2019: 51) 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. (Millions of yen)

	Previous Consolidated Fiscal Year (March 31, 2019)	Current Consolidated Fiscal Year (March 31, 2020)
Total maximum amount of overdraft and credit lines	60,118	58,996
Outstanding borrowing balance	40,847	28,929
Difference	19,270	30,067

(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. (Millions of yen)

	Previous Consolidated Fiscal Year (From April 1, 2018 to March 31, 2019)	Current Consolidated Fiscal Year (From April 1, 2019 to March 31, 2020)
	(55)	911

\*2. Selling expenses account for approximately 44% for the year ended March 31, 2019 and 43% for the year ended March 31, 2020, and general and administrative expenses account for approximately 56% and 57%, 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, 2018 to March 31, 2019)	Current Consolidated Fiscal Year (From April 1, 2019 to March 31, 2020)
Advertising expenses	4,399	4,646
Sales promotion expenses	2,123	2,311
Salaries and allowances	2,769	3,157
Provision for allowance for bonuses	570	660
Retirement benefit costs	95	121
Provision for allowance for directors' retirement benefits	25	27
Provision for allowance for doubtful accounts	11	-

\*3. Impairment loss

Mainly due to the declining profitability of real estate for the hotel business, the Group recorded impairment losses (¥2,071 million) for the following assets or asset groups in the consolidated fiscal year under review.

Use	Type	Location	Amount (Millions of yen)
Hotels	Land, buildings	Kyoto-shi, Kyoto	746
	Land, buildings	Kyoto-shi, Kyoto	230
	Land	Kyoto-shi, Kyoto	658
	Land	Osaka-shi, Osaka	435
Total			2,071

The itemized totals are ¥1,515 million for land and ¥556 million for buildings, respectively.

The Group classifies hotels 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.

(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, 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). During the fiscal year ended March 31, 2020, net rent income from these rental properties amounted to ¥809 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, 2018 to March 31, 2019)	Current Consolidated Fiscal Year (From April 1, 2019 to March 31, 2020)
Consolidated balance sheet		
Beginning balance	52,650	45,030
Changes during the year	(7,619)	(6,780)
Ending balance	45,030	38,250
Market value at end of year	45,471	38,319

- (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, 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). The major increases during the year ended March 31, 2020 include the acquisition of real estate (¥9,766 million), and major decreases include transfer to real estate held for sale and real estate held for sale in progress (¥23,587 million) and depreciation (¥511 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 four business segments: the real estate sales business, the real estate rental business, the real estate management business and the electric power generation 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, profit 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 profit represents operating profit.

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



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

Previous 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 profit	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 property, plant and equipment and intangible 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.

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

(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	129,649	5,965	5,046	20,982	161,643	6,850	168,493
Inter-segment sales and transfers	0	84	228	–	313	621	934
Total	129,649	6,049	5,275	20,982	161,956	7,471	169,427
Segment profit (loss)	7,500	981	(46)	3,325	11,760	880	12,640
Segment assets	82,472	43,008	691	25,343	151,516	9,193	160,709
Segment liabilities	71,705	32,080	1,371	26,941	132,097	8,273	140,371
Other items							
Depreciation and amortization	126	516	6	1,089	1,737	125	1,863
Amortization of goodwill	–	78	–	–	78	–	78
Interest expense	560	282	–	108	951	84	1,036
Increase in property, plant and equipment and intangible assets	251	16,392	13	9,212	25,868	2,975	28,843

(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	127,246	161,956
Net sales of "Other" category	7,377	7,471
Elimination of inter-segment transactions	(2,618)	(934)
Net sales on the consolidated financial statements	132,005	168,493

(Millions of yen)

Profit	Previous Consolidated Fiscal Year	Current Consolidated Fiscal Year
Total reportable segments	9,460	11,760
Income of "Other" category	1,143	880
Elimination of inter-segment transactions	(406)	(582)
Amortization of goodwill	(151)	(156)
Operating profit on the consolidated financial statements	10,046	11,901

(Millions of yen)

Assets	Previous Consolidated Fiscal Year	Current Consolidated Fiscal Year
Total reportable segments	160,455	151,516
Assets of "Other" category	9,435	9,193
Elimination of amounts due from the parent administrative division	(20,727)	(14,247)
Corporate assets (Note)	35,728	48,986
Total assets in the consolidated financial statements	184,893	195,448

(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	138,557	132,097
Liabilities of "Other" category	7,271	8,273
Elimination of amounts due to the parent administrative division	(18,688)	(12,039)
Corporate liabilities (Note)	10,017	15,977
Total liabilities in the consolidated financial statements	137,158	144,309

(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	2,104	1,737	140	125	202	167	2,447	2,031
Amortization of goodwill	78	78	–	–	151	156	230	235
Interest expense	1,027	951	47	84	28	110	1,103	1,147
Increase in property, plant and equipment and intangible assets	27,909	25,868	1,700	2,975	292	(1)	29,902	28,841

(Note) Adjustments for increase in property, plant and equipment and intangible 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 non-current assets by reportable segment

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

Not applicable.

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

(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	–	–	–	–	2,071	–	2,071

(Per Share Information)

	Previous Consolidated Fiscal Year (From April 1, 2018 to March 31, 2019)	Current Consolidated Fiscal Year (From April 1, 2019 to March 31, 2020)
Net assets per share	436.68 yen	467.05 yen
Profit per share	59.33 yen	49.45 yen
Diluted profit per share	59.00 yen	49.11 yen

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

	Previous Consolidated Fiscal Year (From April 1, 2018 to March 31, 2019)	Current Consolidated Fiscal Year (From April 1, 2019 to March 31, 2020)
Profit per share		
Profit attributable to owners of parent (millions of yen)	6,426	5,361
Amount not attributable to common stockholders (millions of yen)	–	–
Profit attributable to owners of parent with respect to common stock (millions of yen)	6,426	5,361
Average number of shares during the year (thousand shares)	108,321	108,412
Diluted profit per share		
Adjustments to profit attributable to owners of parent (millions of yen)	–	–
Increase in number of common stock (thousand shares)	610	754
(Of those, share acquisition rights (thousand shares))	(610)	(754)
Overview of dilutive shares not included in the calculation of diluted profit per share due to its anti-dilutive effect	–	–

(Significant Subsequent Events)

Not applicable.

#### 4. Other

##### Production, Orders Received and Sales

###### (i) Number of units contracted during the year

Segment name	Previous Consolidated Fiscal Year (From April 1, 2018 to March 31, 2019)		Current Consolidated Fiscal Year (From April 1, 2019 to March 31, 2020)		Year-on-Year (%)
	Number of units	Amounts (millions of yen)	Number of units	Amounts (millions of yen)	
Real estate sales business	2,322	122,907	2,410	138,627	112.8
Total	2,322	122,907	2,410	138,627	112.8

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

###### (ii) Balance of contract

Segment name	Previous Consolidated Fiscal Year (March 31, 2019)		Current Consolidated Fiscal Year (March 31, 2020)		Year-on-Year (%)
	Number of units	Amounts (millions of yen)	Number of units	Amounts (millions of yen)	
Real estate sales business	951	38,758	1,090	47,736	123.2
Total	951	38,758	1,090	47,736	123.2

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

###### (iii) Net sales

Segment name	Current Consolidated Fiscal Year (From April 1, 2019 to March 31, 2020) (millions of yen)	Year-on-Year (%)
Real estate sales business	129,649	123.7
Real estate rental business	5,965	102.3
Real estate management business	5,046	111.9
Electric power generation business	20,982	194.4
Total reportable segments	161,643	128.3
Other	6,850	113.3
Total	168,493	127.6

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

2. The above amounts do not include consumption tax.