Consolidated Financial Results for the Fiscal Year Ended October 31, 2019

[Japanese GAAP]
December 10, 2019

Company name: Good Com Asset Co.,Ltd. Stock Exchange Listing: TSE (1st Section)
Stock code: 3475 URL: https://www.goodcomasset.co.jp/
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Scheduled date of Annual General Meeting of Shareholders: January 30, 2020
Scheduled date of payment of dividend: January 31, 2020
Scheduled date of filing of Annual Securities Report: January 30, 2020
Preparation of supplementary materials for financial results: Yes
Holding of financial results meeting: Yes (for securities analysts and individual investors)
(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Fiscal Year Ended October 31, 2019 (November 1, 2018 - October 31, 2019)

(1) Consolidated results of operations (Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Oct. 31, 2019	23,376	39.0	1,755	4.6	1,650	5.3	1,127	5.2
Fiscal year ended Oct. 31, 2018	16,817	71.0	1,678	84.9	1,567	91.0	1,071	72.8

Note: Comprehensive income (million yen) Fiscal year ended Oct. 31, 2019: 1,127 (up 5.5%)
Fiscal year ended Oct. 31, 2018: 1,069 (up 71.9%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary profit on total assets	Operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended Oct. 31, 2019	157.01	150.34	16.9	11.9	7.5
Fiscal year ended Oct. 31, 2018	159.99	152.09	22.3	12.5	10.0

Reference: Equity in earnings of affiliates (million yen) Fiscal year ended Oct. 31, 2019: - Fiscal year ended Oct. 31, 2018: -

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Oct. 31, 2019	15,191	7,017	46.2	975.37
As of Oct. 31, 2018	12,434	6,356	51.1	872.55

Reference: Shareholders' equity (million yen) As of Oct. 31, 2019: 7,017 As of Oct. 31, 2018: 6,356

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended Oct. 31, 2019	(2,642)	(56)	1,845	4,959
Fiscal year ended Oct. 31, 2018	5,165	(25)	(1,843)	5,814

2. Dividends

	Dividend per share					Total dividends	Payout ratio (consolidated)	Dividend on equity (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended Oct. 31, 2018	-	0.00	-	35.00	35.00	254	21.9	4.0
Fiscal year ended Oct. 31, 2019	-	0.00	-	47.00	47.00	338	29.9	5.1
Fiscal year ending Oct. 31, 2020 (forecasts)	-	0.00	-	61.00	61.00		29.6	

3. Consolidated Forecast for the Fiscal Year Ending October 31, 2020 (November 1, 2019 - October 31, 2020)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	8,618	1.3	682	7.1	606	4.4	409	3.6	56.94
Full year	30,405	30.1	2,336	33.1	2,188	32.6	1,482	31.5	205.99

Notes

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

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

1) Changes in accounting policies due to revisions in accounting standards, others: None

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

3) Changes in accounting-based estimates: None

4) Restatements: None

(3) Number of outstanding shares (common shares)

1) Number of shares outstanding at the end of the period (including treasury shares)

As of Oct. 31, 2019: 7,345,000 shares As of Oct. 31, 2018: 7,285,400 shares

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

As of Oct. 31, 2019: 150,256 shares As of Oct. 31, 2018: 220 shares

3) Average number of shares outstanding during the period

Fiscal year ended Oct. 31, 2019: 7,179,212 shares Fiscal year ended Oct. 31, 2018: 6,696,895 shares

Reference: Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended October 31, 2019 (November 1, 2018 - October 31, 2019)

(1) Non-consolidated results of operations (Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Oct. 31, 2019	23,059	39.4	1,734	5.2	1,620	5.1	1,107	5.2
Fiscal year ended Oct. 31, 2018	16,546	72.7	1,647	84.5	1,541	92.7	1,052	77.1

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Oct. 31, 2019	154.31	147.75
Fiscal year ended Oct. 31, 2018	157.18	149.42

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Oct. 31, 2019	14,888	6,926	46.5	962.73
As of Oct. 31, 2018	12,216	6,284	51.4	862.68

Reference: Shareholders' equity (million yen) As of Oct. 31, 2019: 6,926 As of Oct. 31, 2018: 6,284

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

Explanation of appropriate use of earnings forecasts, and other special items

Cautionary statement with respect to forward-looking statements

Outlook and other forward-looking statements in these materials are based on assumption judged to be valid and information available to the Company's management at the time the materials were prepared, but are not promises by the Company regarding future performance. Actual results may differ significantly from these forecasts for a number of factors.
Please refer to "1. Overview of Results of Operations, (4) Outlook" on page 4 for forecast assumptions and notes of caution for usage.

How to view supplementary materials for financial results

The Company plans to hold financial results meetings for securities analysts and institutional investors on Wednesday, December 11, 2019, and for individual investors on Thursday, December 12 and Friday, December 13, 2019. Supplementary materials for these meetings will be disclosed at the Timely Disclosure network (TDnet) with financial results, and will be available on the Company's website immediately thereafter.

Contents of Attachments

1. Overview of Results of Operations **2**
(1) Results of Operations 2
(2) Financial Position 3
(3) Cash Flows 3
(4) Outlook 4
(5) Important Information about Going Concern Assumption 4

2. Basic Approach for the Selection of Accounting Standards **4**

3. Consolidated Financial Statements and Notes **5**
(1) Consolidated Balance Sheet 5
(2) Consolidated Statements of Income and Comprehensive Income 7
Consolidated Statement of Income 7
Consolidated Statement of Comprehensive Income 8
(3) Consolidated Statement of Changes in Equity 9
(4) Consolidated Statement of Cash Flows 11
(5) Notes to Consolidated Financial Statements 12
Going Concern Assumption 12
Segment and Other Information 12
Per-share Information 15
Material Subsequent Events 15

1. Overview of Results of Operations

(1) Results of Operations

The Japanese economy continued to recover slowly during the fiscal year that ended in October 2019 due to steady growth in the labor market and personal income and other reasons despite concerns about the downward pressure caused by the negative effects of U.S. trade protectionism and other events.

Japan's market for newly constructed condominiums is the primary business domain of the Good Com Asset Group. During the fiscal year that ended in October 2019, the percentage of new condominiums sold in the Tokyo metropolitan area within one month of going on sale was 59.6%, according to the Real Estate Economic Institute. This percentage was 58.7% in Tokyo's 23 wards, the Group's main business area. This is well below the 70% level generally regarded as a sign of a strong condominium market.

The Group continued to purchase properties as planned. In the Genovia series of condominiums, which are located mainly in Tokyo's 23 wards, planning, development and sales activities were expanded for the Genovia green veil, Genovia skygarden and Genovia skyrun brands. We also reinforced the customer support framework and strengthened the Genovia brand.

During the current fiscal year, 850 condominium units in 26 buildings were sold. The buildings are Higashi-Nihombashi Ekimae (Chuo-ku, Tokyo), Koenji (Nakano-ku, Tokyo), Asakusa II (Taito-ku, Tokyo), Komagome Eki II (Bunkyo-ku, Tokyo), Shinjuku Waseda (Shinjuku-ku, Tokyo), Sumidagawa west (Arakawa-ku, Tokyo), Sumidabunka (Sumida-ku, Tokyo), Setagaya Sakuragaoka (Setagaya-ku, Tokyo), Asakusa Kuramae (Taito-ku, Tokyo), Akihabara (Taito-ku, Tokyo), Higashi Mukojima (Sumida-ku, Tokyo), Nerima Takanodai (Nerima-ku, Tokyo), Musashiseki Koen (Nerima-ku, Tokyo), Honhaneda (Ota-ku, Tokyo), Shinokachimachi (Taito-ku, Tokyo), Ueno (Taito-ku, Tokyo), Ikegami (Ota-ku, Tokyo), Suitengumae (Koto-ku, Tokyo), Shinjuku Nakaochiai (Shinjuku-ku, Tokyo), Kameido IV (Koto-ku, Tokyo), Ojikamiya (Adachi-ku, Tokyo), Sumida Yahiro (Sumida-ku, Tokyo), Ueno II (Taito-ku, Tokyo), Saginomiya (Nakano-ku, Tokyo), Shin-Nakano (Nakano-ku, Tokyo) and Ryogoku III (Sumida-ku, Tokyo).

Net sales increased 39.0% year on year to 23,376 million yen. Operating profit increased 4.6% to 1,755 million yen, ordinary profit increased 5.3% to 1,650 million yen and profit attributable to owners of parent was up 5.2% to 1,127 million yen.

Results by business segment are as follows:

(a) Sales to individuals

This segment consists of sales of our Genovia series one-room and family condominiums to individual investors in Japan. During the current fiscal year, 205 condominium units were sold, compared with 207 units one year earlier.

As a result, sales were 6,951 million yen, up 8.1% from one year earlier, and segment profit decreased 56.1% to 247 million yen.

(b) Sales to real estate companies

This segment consists of sales of our Genovia series one-room condominiums to real estate sales companies in Japan. Thanks to aggressive activities to sell properties to these companies, 645 condominium units were sold, compared with 419 units one year earlier.

As a result, sales were 15,694 million yen, up 60.8% from one year earlier, and segment profit increased 43.1% to 1,174 million yen.

(c) Property management

This segment performed well due to strong growth in the number of managed condominium buildings and tenant-occupied condominium units. Due in part to demand from companies for employee housing, the month-end occupancy rate was 100% for nine months.

As a result, sales were 751 million yen, up 16.9% from one year earlier, and segment profit increased 5.5% to 361 million yen.

(d) Overseas sales

There were no sales to individual investors in other countries during the current fiscal year.

As a result, there were no sales and a segment loss of 42 million yen, compared with a loss of 54 million yen one year earlier.

(2) Financial Position

Total assets increased 22.2% from the end of the previous fiscal year to 15,191 million yen at the end of the current fiscal year. Total liabilities increased 34.5% from the end of the previous fiscal year to 8,174 million yen and total net assets increased 10.4% from the end of the previous fiscal year to 7,017 million yen. The equity ratio was 46.2%.

(a) Current assets

Current assets increased 2,615 million yen from the end of the previous fiscal year to 14,900 million yen at the end of the current fiscal year. This was mainly due to increases in real estate for sale of 2,908 million yen and advance payments-trade of 376 million yen, while there was a decrease in cash and deposits of 854 million yen.

(b) Non-current assets

Non-current assets increased 141 million yen from the end of the previous fiscal year to 291 million yen. This was mainly due to increases in property, plant and equipment of 36 million yen, long-term prepaid expenses included in the investments and other assets of 62 million yen, and deferred tax assets of 25 million yen.

(c) Current liabilities

Current liabilities increased 1,356 million yen from the end of the previous fiscal year to 6,182 million yen mainly due to an increase in short-term loans payable of 1,195 million yen.

(d) Non-current liabilities

Non-current liabilities increased 739 million yen from the end of the previous fiscal year to 1,991 million yen mainly due to a 709 million yen increase in long-term loans payable.

(e) Net assets

Total net assets increased 660 million yen from the end of the previous fiscal year to 7,017 million yen. The main factors include a 1,127 million yen increase in retained earnings due to the booking of profit attributable to owners of parent, which was partially offset by a 254 million yen decrease in retained earnings due to dividend payments and a 214 million yen increase in treasury shares.

(3) Cash Flows

Cash and cash equivalents (hereinafter, “net cash”) at the end of the current fiscal year decreased 854 million yen, or 14.7%, from the end of the previous fiscal year to 4,959 million yen.

Cash flows by category during the fiscal year is as follows.

Cash flows from operating activities

Net cash used in operating activities was 2,642 million yen (5,165 million yen provided in the previous fiscal year). This was mainly due to a 2,996 million yen increase in inventories.

Cash flows from investing activities

Net cash used in investing activities was 56 million yen (25 million yen used in the previous fiscal year). The main factors include purchase of property, plant and equipment of 40 million yen and payments for lease deposits of 21 million yen.

Cash flows from financing activities

Net cash provided by financing activities was 1,845 million yen (1,843 million yen used in the previous fiscal year). The main factors include proceeds from long-term loans payable of 9,876 million yen and a net increase in

short-term loans payable of 1,195 million yen, while there were repayments of long-term loans payable of 8,749 million yen.

(4) Outlook

The outlook for Japan's market for newly constructed condominiums, the primary business domain of the Group, is generally negative for a number of reasons. Two significant reasons are Japan's declining population and the expected surplus of condominiums following major sports events taking place in Japan. Nevertheless, we believe that the demand for rental condominiums will remain strong in Tokyo's 23 wards, which is where we operate. Demand is backed by the increasing numbers of single-person households, senior households and foreign workers.

The Group will continue to make substantial purchases of land primarily in Tokyo's 23 wards, where the demand for rental housing is expected to remain strong. We will also strengthen sales capabilities by heightening the profile of Genovia series condominiums in the condominium market and training and increasing our sales team. We plan to use the Good Com Fund, our new real estate crowd funding business, for extensive activities to sell Genovia series condominiums in small investment units. The need for estate planning to reduce inheritance taxes is expected to continue to increase. Japan has revised the basic deductions for these taxes, resulting in a large increase in the amount of cash and deposits subject to inheritance tax. Small investments in real estate are a convenient means of shifting assets from cash to real estate, which simplifies the distribution of assets to an individual's heirs. As a result, we expect the demand for these investments to increase.

In the fiscal year ending October 31, 2020, we plan to strengthen sales capabilities for sales to individuals in Japan by hiring more salespeople and giving these people sound training. For sales to real estate companies, our sales activities will take advantage of our land procurement skills. As a result, we expect the total of sales to individuals, sales to real estate companies, overseas sales and crowd funding sales of small investment units to be 1,003 condominium units, 18.0% more than in the current fiscal year.

In addition, we forecast steady and strong performance in the property management business as the number of properties under management climbs along with the increasing number of condominium units sold.

The Group forecasts net sales of 30,405 million yen, (up 30.1% year on year), operating profit of 2,336 million yen (up 33.1%), ordinary profit of 2,188 million yen (up 32.6%), and profit attributable to owners of parent of 1,482 million yen (up 31.5%) for the fiscal year ending October 31, 2020.

For properties sold to real estate companies, payments are usually received several months after a sales contract is signed despite measures to sign sales contracts quickly with real estate sales companies. Due to this delay, we expect a large share of sales to be recorded in the second half of the fiscal year. Therefore, we are forecasting big increases in fiscal year sales and earnings to all-time highs even though we expect first half sales and earnings to be about the same as in the current fiscal year.

(5) Important Information about Going Concern Assumption

Not applicable.

2. Basic Approach for the Selection of Accounting Standards

The Group will continue to prepare consolidated financial statements based on generally accepted accounting principles in Japan for the time being to permit comparisons with prior years and with the financial data of other companies.

We will nevertheless consider applying International Financial Reporting Standards (IFRS) in light of future trends in our foreign investor ownership ratio and application of IFRS by our industry peers.

3. Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheet

(Thousands of yen)

	FY10/18 (As of Oct. 31, 2018)	FY10/19 (As of Oct. 31, 2019)
Assets		
Current assets		
Cash and deposits	5,834,194	4,979,582
Real estate for sale	5,619,682	8,528,080
Real estate for sale in process	24,848	49,406
Advance payments-trade	729,715	1,106,278
Other	76,369	236,769
Total current assets	12,284,809	14,900,117
Non-current assets		
Property, plant and equipment		
Buildings and structures	18,768	54,710
Accumulated depreciation	(14,218)	(16,532)
Buildings and structures, net	4,550	38,177
Other	10,492	14,244
Accumulated depreciation	(8,011)	(9,119)
Other, net	2,480	5,125
Total property, plant and equipment	7,031	43,303
Intangible assets		
Software	1,433	1,013
Total intangible assets	1,433	1,013
Investments and other assets		
Investment securities	13,083	15,419
Long-term loans receivable from employees	548	-
Deferred tax assets	55,878	81,460
Other	72,062	150,468
Total investments and other assets	141,573	247,348
Total non-current assets	150,038	291,665
Total assets	12,434,847	15,191,783

(Thousands of yen)

	FY10/18 (As of Oct. 31, 2018)	FY10/19 (As of Oct. 31, 2019)
Liabilities		
Current liabilities		
Accounts payable for construction contracts	42,022	78,363
Short-term loans payable	292,230	1,487,886
Current portion of bonds	10,000	-
Current portion of long-term loans payable	3,460,649	3,877,851
Income taxes payable	435,385	390,956
Provision for bonuses	16,637	16,538
Provision for vacancy warranties	20,609	25,684
Other	549,165	305,644
Total current liabilities	4,826,699	6,182,924
Non-current liabilities		
Long-term loans payable	1,234,424	1,944,201
Provision for shareholder benefit program	-	25,139
Other	17,027	22,007
Total non-current liabilities	1,251,451	1,991,347
Total liabilities	6,078,150	8,174,271
Net assets		
Shareholders' equity		
Capital stock	1,588,123	1,589,516
Capital surplus	1,496,623	1,498,016
Retained earnings	3,273,293	4,145,550
Treasury shares	(130)	(214,924)
Total shareholders' equity	6,357,910	7,018,158
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	869	1,890
Foreign currency translation adjustment	(2,081)	(2,536)
Total accumulated other comprehensive income	(1,212)	(646)
Total net assets	6,356,697	7,017,512
Total liabilities and net assets	12,434,847	15,191,783

(2) Consolidated Statements of Income and Comprehensive Income

(Consolidated Statement of Income)

(Thousands of yen)

	FY10/18 (Nov. 1, 2017 - Oct. 31, 2018)	FY10/19 (Nov. 1, 2018 - Oct. 31, 2019)
Net sales	16,817,869	23,376,633
Cost of sales	13,640,949	19,883,818
Gross profit	3,176,920	3,492,814
Selling, general and administrative expenses	1,498,592	1,737,285
Operating profit	1,678,328	1,755,529
Non-operating income		
Interest income	54	58
Dividend income	287	316
Commission income	2,423	2,846
Penalty income	2,501	27,593
Interest on refund	1,035	-
Other	1,213	1,103
Total non-operating income	7,515	31,918
Non-operating expenses		
Interest expenses	89,670	107,241
Commission expenses	9,420	29,136
Share issuance cost	19,186	408
Other	547	303
Total non-operating expenses	118,824	137,091
Ordinary profit	1,567,019	1,650,357
Profit before income taxes	1,567,019	1,650,357
Income taxes-current	523,509	549,151
Income taxes-deferred	(27,914)	(26,032)
Total income taxes	495,595	523,119
Profit	1,071,424	1,127,238
Profit attributable to owners of parent	1,071,424	1,127,238

(Consolidated Statement of Comprehensive Income)

(Thousands of yen)

	FY10/18 (Nov. 1, 2017 - Oct. 31, 2018)	FY10/19 (Nov. 1, 2018 - Oct. 31, 2019)
Profit	1,071,424	1,127,238
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,794)	1,021
Foreign currency translation adjustment	(330)	(455)
Total other comprehensive income	(2,124)	566
Comprehensive income	1,069,299	1,127,804
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,069,299	1,127,804
Comprehensive income attributable to non-controlling interests	-	-

(3) Consolidated Statement of Changes in Equity

FY10/18 (Nov. 1, 2017 – Oct. 31, 2018)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	504,440	412,940	2,323,288	(130)	3,240,539
Changes of items during period					
Issuance of new shares	1,081,603	1,081,603			2,163,207
Issuance of new shares-exercise of share acquisition rights	2,079	2,079			4,158
Dividends of surplus			(121,419)		(121,419)
Profit attributable to owners of parent			1,071,424		1,071,424
Net changes of items other than shareholders' equity					-
Total changes of items during period	1,083,682	1,083,682	950,005	-	3,117,370
Balance at end of current period	1,588,123	1,496,623	3,273,293	(130)	6,357,910

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of current period	2,663	(1,751)	912	3,241,451
Changes of items during period				
Issuance of new shares			-	2,163,207
Issuance of new shares-exercise of share acquisition rights			-	4,158
Dividends of surplus			-	(121,419)
Profit attributable to owners of parent			-	1,071,424
Net changes of items other than shareholders' equity	(1,794)	(330)	(2,124)	(2,124)
Total changes of items during period	(1,794)	(330)	(2,124)	3,115,246
Balance at end of current period	869	(2,081)	(1,212)	6,356,697

FY10/19 (Nov. 1, 2018 – Oct. 31, 2019)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	1,588,123	1,496,623	3,273,293	(130)	6,357,910
Changes of items during period					
Issuance of new shares-exercise of share acquisition rights	1,393	1,393			2,786
Dividends of surplus			(254,981)		(254,981)
Profit attributable to owners of parent			1,127,238		1,127,238
Purchase of treasury shares				(214,794)	(214,794)
Net changes of items other than shareholders' equity					-
Total changes of items during period	1,393	1,393	872,256	(214,794)	660,248
Balance at end of current period	1,589,516	1,498,016	4,145,550	(214,924)	7,018,158

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of current period	869	(2,081)	(1,212)	6,356,697
Changes of items during period				
Issuance of new shares-exercise of share acquisition rights			-	2,786
Dividends of surplus			-	(254,981)
Profit attributable to owners of parent			-	1,127,238
Purchase of treasury shares			-	(214,794)
Net changes of items other than shareholders' equity	1,021	(455)	566	566
Total changes of items during period	1,021	(455)	566	660,814
Balance at end of current period	1,890	(2,536)	(646)	7,017,512

(4) Consolidated Statement of Cash Flows

(Thousands of yen)

	FY10/18 (Nov. 1, 2017 - Oct. 31, 2018)	FY10/19 (Nov. 1, 2018 - Oct. 31, 2019)
Cash flows from operating activities		
Profit before income taxes	1,567,019	1,650,357
Depreciation	33,052	56,696
Increase (decrease) in provision for bonuses	908	(99)
Increase (decrease) in provision for vacancy warranties	(7,716)	5,075
Increase (decrease) in provision for shareholder benefit program	-	25,139
Interest and dividend income	(342)	(374)
Interest expenses	89,670	107,241
Decrease (increase) in advance payments	(502,355)	(376,563)
Decrease (increase) in inventories	3,744,372	(2,996,593)
Increase (decrease) in notes and accounts payable-trade	(74,764)	36,341
Increase (decrease) in accrued consumption taxes	288,038	(286,736)
Other, net	357,758	(116,627)
Subtotal	5,495,642	(1,896,144)
Interest and dividend income received	102	110
Interest expenses paid	(84,584)	(107,922)
Income taxes paid	(245,630)	(638,653)
Net cash provided by (used in) operating activities	5,165,529	(2,642,610)
Cash flows from investing activities		
Purchase of property, plant and equipment	-	(40,050)
Purchase of investment securities	(5,597)	(599)
Payments into time deposits	(20,019)	(20,019)
Proceeds from withdrawal of time deposits	20,018	20,018
Payments for leasehold deposits	(19,320)	(21,545)
Other, net	(1,038)	5,368
Net cash provided by (used in) investing activities	(25,958)	(56,829)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(94,070)	1,195,656
Proceeds from long-term loans payable	5,971,000	9,876,970
Repayments of long-term loans payable	(9,737,514)	(8,749,991)
Redemption of bonds	(10,000)	(10,000)
Proceeds from issuance of common shares	2,148,179	2,377
Purchase of treasury shares	-	(214,794)
Cash dividends paid	(121,419)	(254,981)
Net cash provided by (used in) financing activities	(1,843,823)	1,845,236
Effect of exchange rate change on cash and cash equivalents	(623)	(410)
Net increase (decrease) in cash and cash equivalents	3,295,123	(854,613)
Cash and cash equivalents at beginning of period	2,519,052	5,814,176
Cash and cash equivalents at end of period	5,814,176	4,959,562

(5) Notes to Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Segment and Other Information

Segment Information

1. Overview of reportable segment

The Group's segments used for financial reporting are the constituent units for which separate financial information is available and for which the Board of Directors performs periodic studies for the purposes of determining the allocation of resources and evaluating performance.

The operations of the Group are divided into the following four reportable business segments: sales to individuals, sales to real estate companies, property management, and overseas sales.

The sale of newly constructed condominiums using the Company's own brand is the primary activity of the sales to individuals, sales to real estate companies and overseas sales segments. Sales to individuals is the sale of condominiums to individual investors in Japan and sales to real estate companies is sales to real estate companies in Japan. Overseas sales is the sale of condominiums to overseas individual investors and other buyers. Property management is the management of tenant-occupied condominium units as well as entire condominium buildings sold by the Company and the rental of these units until ownership is transferred to buyers.

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

The accounting methods for reportable segments are generally the same as those described in "Significant Accounting Policies in the Preparation of Consolidated Financial Statements."

Profits for reportable segments are operating profit figures.

Inter-segment sales and transfers are based on market prices.

The Group does not allocate assets to specific business segments, but depreciation associated with these assets is allocated to specific business segments using reasonable standards.

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

FY10/18 (Nov. 1, 2017 – Oct. 31, 2018) (Thousands of yen)

	Reportable segment				Total
	Sales to individuals	Sales to real estate companies	Property management	Overseas sales	
Net sales					
External sales	6,431,720	9,758,268	627,880	-	16,817,869
Inter-segment sales and transfers	-	-	15,486	-	15,486
Total	6,431,720	9,758,268	643,367	-	16,833,356
Segment profit (loss)	562,885	820,561	342,816	(54,951)	1,671,312
Other items					
Depreciation	2,120	315	-	135	2,571

Notes: 1. Total depreciation in this table is consistent with the amount shown in the consolidated financial statements.

2. The Group does not allocate assets to specific business segments.

FY10/19 (Nov. 1, 2018 – Oct. 31, 2019) (Thousands of yen)

	Reportable segment				Total
	Sales to individuals	Sales to real estate companies	Property management	Overseas sales	
Net sales					
External sales	6,951,513	15,694,244	730,875	-	23,376,633
Inter-segment sales and transfers	-	-	21,003	-	21,003
Total	6,951,513	15,694,244	751,879	-	23,397,637
Segment profit (loss)	247,041	1,174,201	361,750	(42,427)	1,740,565
Other items					
Depreciation	3,488	581	-	129	4,198

Notes: 1. Total depreciation in this table is consistent with the amount shown in the consolidated financial statements.
2. The Group does not allocate assets to specific business segments.

4. Reconciliation of amounts shown in the consolidated financial statements with total for reportable segments

(Thousands of yen)

Net sales	FY10/18	FY10/19
Total for reportable segments	16,833,356	23,397,637
Elimination of inter-segment transactions	(15,486)	(21,003)
Net sales in consolidated financial statements	16,817,869	23,376,633

(Thousands of yen)

Profit	FY10/18	FY10/19
Total for reportable segments	1,671,312	1,740,565
Elimination of inter-segment transactions	7,016	14,964
Operating profit in consolidated financial statements	1,678,328	1,755,529

Related Information

FY10/18 (Nov. 1, 2017 – Oct. 31, 2018)

1. Information by product and service

Omitted since sales to external customers in the category of a single product or service exceeded 90% of net sales on the consolidated statement of income.

2. Information by region

(1) Net sales

Omitted since there are no external sales outside Japan.

(2) Property, plant and equipment

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

3. Information by major customer

(Thousands of yen)

Customer name	Net sales	Relevant segment
BRI Co., Ltd.	1,764,871	Sales to real estate companies

FY10/19 (Nov. 1, 2018 – Oct. 31, 2019)

1. Information by product and service

Omitted since sales to external customers in the category of a single product or service exceeded 90% of net sales on the consolidated statement of income.

2. Information by region

(1) Net sales

Omitted since there are no external sales outside Japan.

(2) Property, plant and equipment

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

3. Information by major customer

(Thousands of yen)

Customer name	Net sales	Relevant segment
MAXIV Co., Ltd.	3,135,585	Sales to real estate companies

Information Related to Impairment Loss of Non-current Assets for Each Reportable Segment

Not applicable.

Information Related to Amortization of Goodwill and Unamortized Balance for Each Reportable Segment

Not applicable.

Information Related to Gain on Bargain Purchase for Each Reportable Segment

Not applicable.

Per-share Information

(Yen)

Item	FY10/18 (Nov. 1, 2017 – Oct. 31, 2018)	FY10/19 (Nov. 1, 2018 – Oct. 31, 2019)
Net assets per share	872.55	975.37
Net income per share	159.99	157.01
Diluted net income per share	152.09	150.34

Notes: 1. Basis for calculation of net income per share and diluted net income per share is as follows.

(Thousands of yen)

Item	FY10/18 (Nov. 1, 2017 – Oct. 31, 2018)	FY10/19 (Nov. 1, 2018 – Oct. 31, 2019)
Net income per share		
Profit attributable to owners of parent	1,071,424	1,127,238
Amounts not available to common shareholders	-	-
Profit attributable to owners of parent applicable to common shares	1,071,424	1,127,238
Average number of common shares outstanding during the period (shares)	6,696,895	7,179,212
Diluted net income per share		
Adjusted profit attributable to owners of parent	-	-
Increase in the number of common shares (shares)	347,974	318,808
[of which share acquisition rights (shares)]	[347,974]	[318,808]

2. Basis for calculation of net assets per share is as follows.

(Thousands of yen)

Item	FY10/18 (As of Oct. 31, 2018)	FY10/19 (As of Oct. 31, 2019)
Total net assets	6,356,697	7,017,512
Deduction on total net assets	-	-
Net assets applicable to common shares at end of period	6,356,697	7,017,512
Number of common shares at end of period used in calculation of net assets per share (shares)	7,285,180	7,194,744

Material Subsequent Events

Not applicable.

This financial report is solely a translation of "Kessan Tanshin" (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.