Financial Summary of Fiscal Year Ended July 2019 (Japanese GAAP)
(Consolidated)

September 13, 2019

Name of listed company: Meiho Enterprise Co., Ltd. Listing exchange: Tokyo Stock Exchange
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Scheduled date for next regular general meeting of shareholders: October 29, 2019
Scheduled date for start of dividend payment: October 30, 2019
Scheduled date for submission of periodic securities report: October 30, 2019
Supplementary explanatory materials created for accounts? Yes/No: No
Accounts briefing meeting held? Yes/No: No

(Amounts are rounded down to the nearest million yen)

1. Consolidated results for fiscal year ended July 2019 (from August 1, 2018 to July 31, 2019)

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Fiscal year ended July 2019	10,638	(26.5)	448	(83.7)	291	(88.9)	138	(93.9)
Fiscal year ended July 2018	14,479	93.1	2,746	306.3	2,624	387.9	2,256	198.5

(Note) Comprehensive income Fiscal year ended July 2019: 123 million yen [(94.5%)] Fiscal year ended July 2018: 2,260 million yen [196.8%]

	Basic profit per share	Diluted profit per share	Return on equity	Return on assets	Operating margin
	yen	yen	%	%	%
Fiscal year ended July 2019	5.85	—	3.3	2.7	4.2
Fiscal year ended July 2018	93.93	—	67.4	28.8	19.0

(Reference) Share of profit (loss) of entities accounted for using equity method Fiscal year ended July 2019: — million yen Fiscal year ended July 2018: — million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
Fiscal year ended July 2019	11,521	4,190	36.3	176.98
Fiscal year ended July 2018	10,312	4,257	41.2	179.75

(Reference) Equity Fiscal year ended July 2019: 4,179 million yen Fiscal year ended July 2018: 4,244 million yen

(3) Consolidated cash flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	million yen	million yen	million yen	million yen
Fiscal year ended July 2019	(1,538)	371	1,208	1,617
Fiscal year ended July 2018	2,296	(1,953)	(294)	1,575

2. Dividends

	Annual dividend					Total dividend amount (Total)	Dividend payout ratio (Consolidated)	Dividend on equity (Consolidated)
	End of first quarter	End of second quarter	End of third quarter	Year-end	Total			
	yen	yen	yen	yen	yen	million yen	%	%
Fiscal year ended July 2018	—	0.00	—	8.00	8.00	188	8.5	5.8
Fiscal year ended July 2019	—	0.00	—	5.00	5.00	118	85.5	2.8
Fiscal year ending July 2020 (Forecast)	—	0.00	—	5.00	5.00		59.0	

3. Consolidated earnings forecast for fiscal year ending July 2020 (from August 1, 2019 to July 31, 2020)

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Basic profit per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
First two quarters	6,600	1.3	160	—	100	—	(70)	—	(2.96)
Full year	13,200	24.1	590	31.4	410	40.9	200	45.0	8.47

* Explanatory notes

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

Newly included: — companies (Company name) —

Excluded: — companies (Company name) —

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

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

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

3) Changes in accounting estimates: None

4) Restatement: None

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

1) Number of shares issued and outstanding (including treasury shares) at end of fiscal year	Fiscal year ended July 2019	24,661,000shares	Fiscal year ended July 2018	24,661,000shares
2) Number of treasury shares at end of fiscal year	Fiscal year ended July 2019	1,047,160shares	Fiscal year ended July 2018	1,047,160shares
3) Average number of shares during fiscal year	Fiscal year ended July 2019	23,613,840shares	Fiscal year ended July 2018	24,021,089shares

(Reference) Overview of non-consolidated results

Non-consolidated results for fiscal year ended July 2019 (from August 1, 2018 to July 31, 2019)

(1) Non-consolidated operating results (% figures show the rate of increase (decrease) compared with the previous fiscal year)

	Net sales		Operating income		Ordinary income		Profit	
	million yen	%	million yen	%	million yen	%	million yen	%
Fiscal year ended July 2019	7,967	19.1	288	(54.2)	189	(61.1)	47	(93.1)
Fiscal year ended July 2018	6,689	30.2	629	17.7	486	14.7	694	2.0

	Basic profit per share	Diluted profit per share
	yen	yen
Fiscal year ended July 2019	2.03	—
Fiscal year ended July 2018	28.90	—

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
Fiscal year ended July 2019	7,260	2,025	27.9	85.76
Fiscal year ended July 2018	6,707	2,180	32.5	92.35

Reference: Equity Fiscal year ended July 2019: 2,025 million yen Fiscal year ended July 2018: 2,180 million yen

* The financial summary is outside the scope of the audit conducted by a certified public accountant or auditing firm.

* Explanation regarding appropriate use of earnings forecasts, and other notes

The earnings outlook and other forward-looking statements contained in this document are based on information currently available to and certain assumptions that are thought to be reasonable by the Company. Accordingly, actual business performance and other results may differ materially due to various reasons. For the conditions forming the assumptions on which earnings forecasts are based and explanatory notes for use of earnings forecasts, etc., please see “Attachment 1 Overview of Operating Results” on page 5.

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1. Overview of Operating Results

(1) Overview of Business Performance

In the fiscal year ended July 2019, the Japanese economy saw a trend of gradual recovery with an improvement in corporate earnings, employment and income environment, driving by an increase in inbound tourism and a rise in land prices, along with the continued recovery in individual consumption and capital investment. However, global economic trends continue to be unpredictable with stock market volatility driven by the geopolitical risks surrounding Asia, changes in monetary policies in Europe and the U.S., and the protectionist trade policies of the U.S.

In the real estate industry in which our Group is involved, the business environment was generally favorable as actual demand continued to be strong backed by the Bank of Japan's monetary easing policy, despite concerns about rising sales prices amid the continued upward trend of land prices.

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

In the real estate sales business, we actively advanced movements to purchase and sell "MIJAS," the main brand, and completed the transfer of 22 properties in inner-city neighborhoods. We also completed the delivery of EL FARO Kotake Mukaihara as the first premium rental apartment in the "EL FARO" series. In addition, we worked to further increase income by discovering potential customers for rental properties through the development of a wide variety of products, including the development and provision of the "ME BLD." series, as the real estate renovation business.

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

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

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

As a result of the above, in the fiscal year ended July 2019 the Group recorded net sales of 10,638 million yen (down 26.5% from the previous fiscal year), operating income of 448 million yen (down 83.7% from the previous fiscal year), ordinary income of 291 million yen (down 88.9% from the previous fiscal year) and profit attributable to owners of parent of 138 million yen (down 93.9% from the previous fiscal year).

The performance of the segments is as follows.

[Real estate sales business]

In the real estate sales business, we sold 22 properties in the "MIJAS" series, an apartment development project, and provided the first premium rental apartment in the "EL FARO" series. We also sold six properties in various locations in Tokyo, including those in the real estate renovation "ME BLD." project and development business lots. As a result, net sales totaled 8,133 million yen (down 32.6% from the previous fiscal year) and segment income totaled 343 million yen (down 86.9% from the previous fiscal year).

[Real estate leasing business]

In the real estate leasing business, due to the smooth increase in the number of units under management in the management business of a real estate management company, which is one of the Group companies, and property management fees and such, net sales totaled 2,234 million yen (up 9.1% from the previous fiscal year) and segment income totaled 231 million yen (up 4.1% from the previous fiscal year).

[Real estate brokerage business]

In the real estate brokerage business, with the brokerage fees in Tokyo and Yamagata, net sales totaled 26 million yen (up 18.1% from the previous fiscal year) and segment income totaled 18 million yen (down 13.6% from the previous fiscal year).

[Contracting business]

Regarding the contracting business, due to the execution of construction contracts as well as reform work and such, net sales totaled 254 million yen (down 29.4% from the previous fiscal year) and segment income totaled 30 million yen (down 28.9% from the previous fiscal year).

[Other]

This section refers to business segments not included in the segments to be reported. The main contribution was insurance agency operations, etc., and net sales totaled 40 million yen (up 10.2% from the previous fiscal year) and segment income totaled 39 million yen (up 16.0% from the previous fiscal year).

(2) Overview of Financial Position

(Status of assets, liabilities and net assets)

Total assets for the fiscal year ended July 2019 increased by 1,210 million yen compared to the end of the previous fiscal year to 11,521 million yen. This is mainly due to inventories increasing a total of 1,049 million yen with the acquisition of new business lots, secondhand condominium resale project properties, etc.

The balance of liabilities increased by 1,277 million yen from the end of the previous fiscal year to 7,330 million yen. Major factors are an increase in short-term loans payable of 1,580 million yen as funds for acquiring new development business lots, etc., a decrease in long-term loans payable (including current portion of long-term loans payable; the same follows hereafter) of 236 million yen due to repayment using the funds acquired from the sale of properties, and a decrease in reserve for tax payment including income taxes payable of 237 million yen.

Net assets decreased by 66 million yen from the end of the previous fiscal year to 4,190 million yen while the equity ratio decreased by 4.9 points from the end of the previous fiscal year to 36.3%. Major factors include an increase in net assets of 138 million yen due to the posting of profit attributable to owners of parent and the payment of dividends of 188 million yen.

(3) Overview of Cash Flow

The balance of cash and cash equivalents (hereinafter referred to as “funds”) at the end of the fiscal year under review increased by 41 million yen from the end of the previous fiscal year to 1,617 million yen. The status of each cash flow in the fiscal year under review and the reasons are as follows.

[Cash flows from operating activities]

Funds used for operating activities was 1,538 million yen (the previous fiscal year recorded an income of 2,296 million yen). This is mainly due to an increase in funds of 291 million yen caused by profit before income taxes and a decrease in funds of 1,649 million yen as a result of purchasing development business lots, etc.

[Cash flows from investing activities]

Funds generated from investing activities was 371 million yen (the previous fiscal year recorded an expenditure of 1,953 million yen). This is mainly due to an increase in funds of 375 million yen as a result of collecting funds for new business from subsidiaries and associates.

[Cash flows from financing activities]

Funds generated from financing activities was 1,208 million yen (the previous fiscal year recorded an expenditure of 294 million yen). This is mainly due to the increase of short-term and long-term loans payable by a total of 1,344 million yen in funds for the acquisition of development business lots, etc.

(Reference) Cash flow-related indicators

	Fiscal year ended July 2016	Fiscal year ended July 2017	Fiscal year ended July 2018	Fiscal year ended July 2019
Equity ratio (%)	32.8	31.0	41.2	36.3
Equity ratio based on market value (%)	54.1	56.4	131.7	53.9
Ratio of interest-bearing debt to cash flow (year)	—	—	2.1	—
Interest coverage ratio (times)	—	—	19.8	—

(Note) Equity ratio = equity / total assets

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

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

Interest coverage ratio = operating cash flow / interest payments

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

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

* “Net cash provided by (used in) operating activities” and “Interest expenses paid” recorded in the consolidated statement of cash flows are used for operating cash flow and interest payments

(4) Future Outlook

Regarding the outlook for the future, we will actively promote lot purchasing activities and sales activities in the real estate sales business, with the strong rental apartment brand “MIJAS” project (22 properties already supplied in the fiscal year ended July 2019) positioned as our main business, as a “comprehensive developer focusing on manufacturing” in order to become a partner for life which is our corporate philosophy. The “MIJAS” project will be developed with a planned annual supply target of around 25 properties. With the aim of securing more stable income, we will also promote business activities such as the premium rental apartment series “EL FARO” project, the real estate renovation “ME BLD.” project, and the real estate securitization business, in addition to our mainstay “MIJAS” project, by working on the development of products that will meet a range of customer needs.

As for the earnings forecast for the next fiscal year ending July 2020, net sales of 13,200 million yen (up 24.1% from the previous fiscal year), operating income of 590 million yen (up 31.7% from the previous fiscal year), ordinary income of 410 million yen (up 40.9% from the previous fiscal year) and profit attributable to owners of parent of 200 million yen (up 45.0% from the previous fiscal year) are projected.

The base of our main business remains strong, and the status of purchasing and sales is also favorable. We will promote the business activities united as a group to further increase profits.

(5) Important Matters Related to Going Concern Assumption

Not applicable.

2. Basic Approach to Selection of Accounting Standards

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

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

3. Consolidated Financial Statements and Main Notes

(1) Consolidated Balance Sheet

(Unit: thousand yen)

	Fiscal year ended July 2018 (as of July 31, 2018)	Fiscal year ended July 2019 (as of July 31, 2019)
Assets		
Current assets		
Cash and deposits	1,640,084	1,684,961
Accounts receivable	47,026	34,400
Real estate for sale	3,219,651	3,254,500
Real estate for sale in process	2,746,548	3,760,977
Short-term loans receivable from subsidiaries and associates	1,925,000	1,550,000
Other	196,181	229,585
Allowance for doubtful accounts	(2,308)	(1,276)
Total current assets	9,772,184	10,513,149
Non-current assets		
Property, plant and equipment		
Buildings and structures	11,485	184,209
Accumulated depreciation	(2,816)	(4,037)
Buildings and structures, net	8,669	180,172
Other	17,437	17,437
Accumulated depreciation	(11,370)	(13,508)
Other, net	6,066	3,929
Land	-	428,215
Leased assets	-	5,264
Accumulated depreciation	-	(877)
Leased assets, net	-	4,387
Total property, plant and equipment	14,735	616,704
Intangible assets	2,379	1,434
Investments and other assets		
Investment securities	57,621	40,962
Deferred tax assets	223,599	94,297
Long-term loans receivable	430,184	429,732
Long-term accrued revenue	422,800	422,000
Other	234,651	249,941
Allowance for doubtful accounts	(847,800)	(847,000)
Total investments and other assets	521,056	389,934
Total non-current assets	538,172	1,008,073
Total assets	10,310,356	11,521,222

(Unit: thousand yen)

	Fiscal year ended July 2018 (as of July 31, 2018)	Fiscal year ended July 2019 (as of July 31, 2019)
Liabilities		
Current liabilities		
Accounts payable	157,415	286,135
Short-term loans payable	1,079,913	2,660,020
Current portion of long-term loans payable	2,038,516	1,228,576
Current portion of bonds	20,000	36,000
Lease obligations	180	1,117
Income taxes payable	247,819	10,028
Provision for bonuses	55,030	37,191
Other	490,335	461,339
Total current liabilities	4,089,210	4,720,406
Non-current liabilities		
Long-term loans payable	1,680,196	2,254,090
Bonds payable	50,000	94,000
Lease obligations	-	3,674
Other	233,659	258,686
Total non-current liabilities	1,963,855	2,610,450
Total liabilities	6,053,065	7,330,857
Net assets		
Shareholders' equity		
Capital stock	100,000	100,000
Capital surplus	1,495,610	1,495,610
Retained earnings	3,010,515	2,959,739
Treasury shares	(380,474)	(380,474)
Total shareholders' equity	4,225,651	4,174,875
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	19,005	4,288
Total accumulated other comprehensive income	19,005	4,288
Non-controlling interests	12,634	11,200
Total net assets	4,257,291	4,190,365
Total liabilities and net assets	10,310,356	11,521,222

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

Consolidated Statement of Income

(Unit: thousand yen)

	Fiscal year ended July 2018 (from Aug. 1, 2017 to July 31, 2018)	Fiscal year ended July 2019 (from Aug. 1, 2018 to July 31, 2019)
Net sales	14,479,096	10,638,169
Cost of sales	10,727,801	9,109,874
Gross profit	3,751,295	1,528,294
Selling, general and administrative expenses	1,005,240	1,079,872
Operating income	2,746,055	448,422
Non-operating income		
Interest income	26,926	50,430
Penalty income	18,064	11,838
Claim for damages	2,714	3,528
Insurance cancellation refunds	2,067	1,764
Reversal of allowance for doubtful accounts	1,600	1,808
Other	1,142	1,409
Total non-operating income	52,515	70,779
Non-operating expenses		
Interest expenses	113,286	157,602
Commissions paid	58,747	65,055
Other	1,882	5,450
Total non-operating expenses	173,916	228,109
Ordinary income	2,624,654	291,092
Profit before income taxes	2,624,654	291,092
Income taxes - current	256,294	21,147
Income taxes - deferred	110,673	131,244
Total income taxes	366,968	152,391
Profit	2,257,685	138,700
Profit attributable to non-controlling interests	1,362	566
Profit attributable to owners of parent	2,256,323	138,134

Consolidated Statement of Comprehensive Income

(Unit: thousand yen)

	Fiscal year ended July 2018 (from Aug. 1, 2017 to July 31, 2018)	Fiscal year ended July 2019 (from Aug. 1, 2018 to July 31, 2019)
Profit	2,257,685	138,700
Other comprehensive income		
Valuation difference on available-for-sale securities	2,368	(14,716)
Total other comprehensive income	2,368	(14,716)
Comprehensive income	2,260,054	123,984
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	2,258,691	123,417
Comprehensive income attributable to non-controlling interests	1,362	566

(3) Consolidated Statement of Changes in Equity

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

(Unit: thousand yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	100,000	1,582,685	754,192	(485)	2,436,391
Changes of items during period					
Profit attributable to owners of parent			2,256,323		2,256,323
Acquisition of treasury shares				(467,063)	(467,063)
Retirement of treasury shares		(87,074)		87,074	—
Net changes of items other than shareholders' equity					
Total changes of items during period	—	(87,074)	2,256,323	(379,988)	1,789,260
Balance at end of current period	100,000	1,495,610	3,010,515	(380,474)	4,225,651

	Accumulated other comprehensive income		Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income		
Balance at beginning of current period	16,637	16,637	11,271	2,464,300
Changes of items during period				
Profit attributable to owners of parent				2,256,323
Acquisition of treasury shares				(467,063)
Retirement of treasury shares				—
Net changes of items other than shareholders' equity	2,368	2,368	1,362	3,730
Total changes of items during period	2,368	2,368	1,362	1,792,990
Balance at end of current period	19,005	19,005	12,634	4,257,291

Fiscal year ended July 2019 (from August 1, 2018 to July 31, 2019)

(Unit: thousand yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	100,000	1,495,610	3,010,515	(380,474)	4,225,651
Changes of items during period					
Profit attributable to owners of parent			138,134		138,134
Dividends of surplus			(188,910)		(188,910)
Net changes of items other than shareholders' equity					—
Total changes of items during period	—	—	(50,776)	—	(50,776)
Balance at end of current period	100,000	1,495,610	2,959,739	(380,474)	4,174,875

	Accumulated other comprehensive income		Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income		
Balance at beginning of current period	19,005	19,005	12,634	4,257,291
Changes of items during period				
Profit attributable to owners of parent				138,134
Dividends of surplus				(188,910)
Net changes of items other than shareholders' equity	(14,716)	(14,716)	(1,433)	(16,149)
Total changes of items during period	(14,716)	(14,716)	(1,433)	(66,926)
Balance at end of current period	4,288	4,288	11,200	4,190,365

(4) Consolidated Statement of Cash Flows

(Unit: thousand yen)

	Fiscal year ended July 2018 (from Aug. 1, 2017 to July 31, 2018)	Fiscal year ended July 2019 (from Aug. 1, 2018 to July 31, 2019)
Cash flows from operating activities		
Profit before income taxes	2,624,654	291,092
Depreciation	4,977	5,181
Increase (decrease) in allowance for doubtful accounts	159	(1,832)
Increase (decrease) in provision for bonuses	20,760	(17,838)
Interest and dividend income	(27,301)	(50,808)
Interest expenses and interest on corporate bonds	113,627	157,862
Decrease (increase) in notes and accounts receivable - trade	(6,523)	12,625
Decrease (increase) in inventories	(422,439)	(1,649,662)
Increase (decrease) in accounts payable	(22,347)	128,719
Increase (decrease) in advances received	(5,189)	48,609
Increase (decrease) in deposits received	173,066	(83,611)
Other	(32,062)	52,831
Subtotal	2,421,381	(1,106,832)
Interest and dividend income received	493	641
Interest expenses paid	(115,960)	(154,999)
Income taxes paid	(13,492)	(279,739)
Income taxes refund	3,795	2,326
Net cash provided by (used in) operating activities	2,296,216	(1,538,603)
Cash flows from investing activities		
Other payment into deposits	(34,720)	(13,430)
Other proceeds from withdrawal of deposits	1,320	10,120
Acquisition of property, plant and equipment and intangible assets	(5,023)	(492)
Proceeds from sales of property, plant and equipment and intangible assets	253	-
Sales of golf membership	1,296	350
Payments of loans receivable	(2,130,000)	-
Proceeds from collection of loans	213,097	375,447
Financing expenditure	(100)	(470)
Other	40	-
Net cash provided by (used in) investing activities	(1,953,835)	371,524
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	(1,699,286)	1,580,106
Repayments of lease obligations	(695)	(1,096)
Proceeds from long-term loans payable	4,399,700	3,061,010
Repayments of long-term loans payable	(2,507,166)	(3,297,056)
Proceeds from issuance of bonds	-	76,591
Redemption of bonds	(20,000)	(20,000)
Purchase of treasury shares	(467,063)	-
Dividends paid	-	(188,910)
Dividends paid to non-controlling interests	-	(2,000)
Net cash provided by (used in) financing activities	(294,511)	1,208,645
Net increase (decrease) in cash and cash equivalents	47,869	41,565
Cash and cash equivalents at beginning of period	1,528,100	1,575,969
Cash and cash equivalents at end of period	1,575,969	1,617,535

(5) Notes to Consolidated Financial Statements

(Notes Related to Going Concern Assumption)

Not applicable.

(Segment Information, etc.)

(Segment Information)

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

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

(Unit: thousand yen)

	Reporting segment					Other (Note 3)	Total	Reconciliation (Note 1)	Amount on consolidated financial statements (Note 2)
	Real estate sales business	Real estate leasing business	Real estate brokerage business	Contracting business	Total				
Net sales									
Net sales to external customers	12,046,754	2,047,681	21,177	326,372	14,441,985	37,110	14,479,096	—	14,479,096
Intersegment net sales or transfers	—	—	1,535	33,739	35,274	—	35,274	(35,274)	—
Total	12,046,754	2,047,681	22,712	360,112	14,477,260	37,110	14,514,371	(35,274)	14,479,096
Segment income	2,612,776	222,455	21,179	43,134	2,899,546	33,962	2,933,508	(187,453)	2,746,055
Segment assets	7,148,503	629,448	2,393	202,628	7,982,974	8,359	7,991,333	2,321,653	10,312,987
Other items									
Depreciation	48	1,979	—	—	2,027	—	2,027	2,949	4,977
Interest expenses	109,638	—	—	—	109,638	—	109,638	3,647	113,286
Increase in property, plant and equipment and intangible assets	323	455	—	—	778	—	778	4,700	5,478

(Note 1) Reconciliations are as follows:

(1) The reconciliation of segment income of -187,453 thousand yen comprises 18,353 thousand yen of elimination of inter-segment transactions and -205,807 thousand yen of company expenses not distributed to the reporting segments. Company expense consists of primarily general and administrative expenses that are not attributable to the reporting segments.

(2) The reconciliation of segment assets of 2,321,653 thousand yen comprises -16,507 thousand yen of elimination of inter-segment transactions and 2,338,161 thousand yen of company assets not distributed to the reporting segments. Company assets are cash, deposits, short-term loans receivable from subsidiaries and associates, investment securities, assets concerning the general management department, etc. for the company submitting the consolidated financial statements and the consolidated subsidiaries.

(3) The reconciliation of depreciation of 2,949 thousand yen and the increase in property, plant and equipment, and intangible assets of 4,700 thousand yen all concern company assets.

(4) The reconciliation of interest expenses of 3,647 thousand yen includes loan interest for loans other than those concerning specified properties.

Fiscal Year Ended July 2019 (from August 1, 2018 to July 31, 2019)

(Unit: thousand yen)

	Reporting segment					Other (Note 3)	Total	Reconciliation (Note 1)	Amount on consolidated financial statements (Note 2)
	Real estate sales business	Real estate leasing business	Real estate brokerage business	Contracting business	Total				
Net sales									
Net sales to external customers	8,133,100	2,234,213	26,822	203,146	10,597,283	40,886	10,638,169	—	10,638,169
Intersegment net sales or transfers	—	—	—	51,165	51,165	—	51,165	(51,165)	—
Total	8,133,100	2,234,213	26,822	254,311	10,648,448	40,886	10,689,334	(51,165)	10,638,169
Segment income	343,162	231,561	18,291	30,677	623,693	39,406	663,100	(214,677)	448,422
Segment assets	7,946,995	1,437,337	2,608	266,627	9,653,568	9,882	9,663,451	1,857,771	11,521,222
Other items									
Depreciation	64	2,689	—	—	2,754	—	2,754	2,426	5,181
Interest expenses	152,364	4,223	—	—	156,588	—	156,588	1,014	157,602
Increase in property, plant and equipment and intangible assets	—	600,939	—	—	600,939	—	600,939	5,264	606,204

(Note 1) Reconciliations are as follows:

(1) The reconciliation of segment income of -214,677 thousand yen comprises 21,781 thousand yen of elimination of inter-segment transactions and -236,459 thousand yen of company expenses not distributed to the reporting segments. Company expense consists of primarily general and administrative expenses that are not attributable to the reporting segments.

(2) The reconciliation of segment assets of 1,857,771 thousand yen comprises -30,044 thousand yen of elimination of inter-segment transactions and 1,887,815 thousand yen of company assets not distributed to the reporting segments. Company assets are cash, deposits, short-term loans receivable from subsidiaries and associates, investment securities, assets concerning the general management department, etc. for the company submitting the consolidated financial statements and the consolidated subsidiaries.

(3) The reconciliation of depreciation of 2,426 thousand yen and the increase in property, plant and equipment, and intangible assets of 5,264 thousand yen all concern company assets.

(4) The reconciliation of interest expenses of 1,014 thousand yen includes loan interest for loans other than those concerning specified properties.

(Per Share Information)

	Fiscal year ended July 2018 (from Aug. 1, 2017 to July 31, 2018)	Fiscal year ended July 2019 (from Aug. 1, 2018 to July 31, 2019)
Net assets per share	179.75 yen	176.98 yen
Profit per share	93.93 yen	5.85 yen

(Note 1) Diluted profit per share is not indicated as there are no potential shares

(Note 2) The basis of calculation of profit per share is as follows.

Item	Fiscal year ended July 2018 (from Aug. 1, 2017 to July 31, 2018)	Fiscal year ended July 2019 (from Aug. 1, 2018 to July 31, 2019)
Profit per share		
Profit attributable to owners of parent (thousand yen)	2,256,323	138,134
Amount not attributable to common shareholders (thousand yen)	—	—
Profit attributable to owners of parent concerning common shares (thousand yen)	2,256,323	138,134
Average number of common shares during the fiscal year (shares)	24,021,089	23,613,840

(Note 3) The basis of calculation of net assets per share is as follows.

Item	Fiscal year ended July 2018 (as of July 31, 2018)	Fiscal year ended July 2019 (as of July 31, 2019)
Total of net assets (thousand yen)	4,257,291	4,190,365
Amount deducted from total of net assets (thousand yen)	12,634	11,200
[Of this, non-controlling interests (thousand yen)]	[12,634]	[11,200]
Net assets at end of fiscal year concerning common shares (thousand yen)	4,244,657	4,179,164
Number of common shares at end of fiscal year used for calculation of net assets per share	23,613,840	23,613,840

(Subsequent Events)

Not applicable.

4. Non-Consolidated Financial Statements

(1) Balance Sheet

(Unit: thousand yen)

	Fiscal year ended July 2018 (as of July 31, 2018)	Fiscal year ended July 2019 (as of July 31, 2019)
Assets		
Current assets		
Cash and deposits	839,006	761,375
Accounts receivable	1,670	929
Real estate for sale	2,257,756	2,139,352
Real estate for sale in process	2,748,324	3,748,875
Stored goods	1,933	1,411
Advance payments	74,964	32,251
Prepaid expenses	4,920	6,124
Accrued revenue	368,109	285,423
Other	19,842	50,418
Total current assets	6,316,528	7,026,163
Non-current assets		
Property, plant and equipment		
Buildings	8,464	8,464
Accumulated depreciation	(2,266)	(2,656)
Buildings, net	6,197	5,807
Tools, equipment and fixtures	3,642	3,642
Accumulated depreciation	(2,269)	(2,712)
Tools, equipment and fixtures, net	1,373	930
Leased assets	-	5,264
Accumulated depreciation	-	(877)
Leased assets, net	-	4,387
Total property, plant and equipment	7,570	11,126
Intangible assets		
Leased assets	149	-
Other	424	317
Total intangible assets	574	317
Investments and other assets		
Investment securities	56,321	39,662
Deferred tax assets	207,128	60,225
Shares of related companies	73,601	73,601
Long-term loans receivable	425,000	425,000
Long-term loans receivable to employees	5,184	4,732
Long-term accrued revenue	422,800	422,000
Other	40,922	44,171
Allowance for doubtful accounts	(847,800)	(847,000)
Total investments and other assets	383,158	222,393
Total non-current assets	391,303	233,836
Total assets	6,707,831	7,260,000

(Unit: thousand yen)

	Fiscal year ended July 2018 (as of July 31, 2018)	Fiscal year ended July 2019 (as of July 31, 2019)
Liabilities		
Current liabilities		
Accounts payable	55,188	137,676
Short-term loans payable	852,540	2,380,720
Current portion of long-term loans payable	2,023,108	1,148,368
Current portion of bonds	20,000	36,000
Lease obligations	180	1,117
Accounts payable	20,722	62,900
Accrued expenses	5,281	2,511
Advances received	10,303	51,500
Deposits	182,624	28,380
Provision for bonuses	34,968	14,425
Other	-	80
Total current liabilities	3,204,916	3,863,678
Non-current liabilities		
Long-term loans payable	1,261,948	1,265,250
Bonds payable	50,000	94,000
Lease obligations	-	3,674
Deferred tax liabilities	1,874	-
Deposits on contract	8,242	8,242
Total non-current liabilities	1,322,064	1,371,166
Total liabilities	4,526,981	5,234,844
Net assets		
Shareholders' equity		
Capital stock	100,000	100,000
Capital surplus		
Other capital surplus	1,488,913	1,488,913
Total capital surplus	1,488,913	1,488,913
Retained earnings		
Other retained earnings		
Retained earnings brought forward	953,406	812,428
Total retained earnings	953,406	812,428
Treasury shares	(380,474)	(380,474)
Total shareholders' equity	2,161,845	2,020,866
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	19,005	4,288
Total valuation and translation adjustments	19,005	4,288
Total net assets	2,180,850	2,025,155
Total liabilities and net assets	6,707,831	7,260,000

(2) Statement of Income

(Unit: thousand yen)

	Fiscal year ended July 2018 (from Aug. 1, 2017 to July 31, 2018)	Fiscal year ended July 2019 (from Aug. 1, 2018 to July 31, 2019)
Net sales		
Real estate sales	6,587,368	7,819,179
Real estate leasing income	93,466	115,635
Real estate brokerage income	4,445	26,573
Other	4,091	6,523
Total net sales	6,689,372	7,967,911
Cost of sales		
Real estate sales costs	5,470,750	6,991,558
Real estate leasing costs	46,788	60,286
Real estate brokerage costs	950	7,857
Other	215	2,100
Total cost of sales	5,518,704	7,061,802
Gross profit	1,170,667	906,109
Selling, general and administrative expenses	541,583	617,744
Operating income	629,084	288,364
Non-operating income		
Interest income	381	794
Dividend income	374	100,377
Penalty income	6,000	723
Claim for damages	2,600	3,526
Insurance cancellation refunds	1,548	1,706
Reversal of allowance for doubtful accounts	1,600	800
Other	442	237
Total non-operating income	12,947	108,166
Non-operating expenses		
Interest expenses	102,681	141,708
Commissions paid	51,837	61,225
Other	1,447	4,473
Total non-operating expenses	155,965	207,407
Ordinary income	486,065	189,123
Profit before income taxes	486,065	189,123
Income taxes - current	(325,049)	(5,779)
Income taxes - deferred	116,926	146,971
Total income taxes	(208,122)	141,191
Profit	694,188	47,932

(3) Statement of Changes in Equity

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

(Unit: thousand yen)

	Shareholders' equity					
	Capital stock	Capital surplus			Retained earnings	
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward	Total retained earnings
Balance at beginning of current period	100,000	—	1,575,987	1,575,987	259,218	259,218
Changes of items during period						
Profit					694,188	694,188
Acquisition of treasury shares						
Retirement of treasury shares			(87,074)	(87,074)		
Net changes of items other than shareholders' equity						
Total changes of items during period	—	—	(87,074)	(87,074)	694,188	694,188
Balance at end of current period	100,000	—	1,488,913	1,488,913	953,406	953,406

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of current period	(485)	1,934,720	16,637	16,637	1,951,357
Changes of items during period					
Profit		694,188			694,188
Acquisition of treasury shares	(467,063)	(467,063)			(467,063)
Retirement of treasury shares	87,074	—			—
Net changes of items other than shareholders' equity			2,368	2,368	2,368
Total changes of items during period	(379,988)	227,124	2,368	2,368	229,493
Balance at end of current period	(380,474)	2,161,845	19,005	19,005	2,180,850

Fiscal year ended July 2019 (from August 1, 2018 to July 31, 2019)

(Unit: thousand yen)

	Shareholders' equity					
	Capital stock	Capital surplus			Retained earnings	
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward	Total retained earnings
Balance at beginning of current period	100,000	—	1,488,913	1,488,913	953,406	953,406
Changes of items during period						
Profit					47,932	47,932
Dividends of surplus					(188,910)	(188,910)
Net changes of items other than shareholders' equity						
Total changes of items during period	—	—	—	—	(140,978)	(140,978)
Balance at end of current period	100,000	—	1,488,913	1,488,913	812,428	812,428

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of current period	(380,474)	2,161,845	19,005	19,005	2,180,850
Changes of items during period					
Profit		47,932			47,932
Dividends of surplus		(188,910)			(188,910)
Net changes of items other than shareholders' equity			(14,716)	(14,716)	(14,716)
Total changes of items during period	—	(140,978)	(14,716)	(14,716)	(155,695)
Balance at end of current period	(380,474)	2,020,866	4,288	4,288	2,025,155