

For the six months ending June 30, 2020	9,810	27.4	522	-33.8	452	-39.7	302	-36.1	35.78
Year ending Dec. 2020	21,552	19.6	1,686	-9.4	1,559	-11.3	1,047	-9.6	123.88

***Notes**

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

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

- ① Changes in accounting policies associated with revision of accounting standards: : Yes
 ② Changes in accounting policies other than ① : None
 ③ Changes in accounting estimates : None
 ④ Restatement : None

(3) Shares outstanding (common stock)

- ① Number of shares outstanding at the end of period (treasury stock included)
 As of December 2019 8,456,300 shares
 As of December 2018 8,447,800 shares
 ② Treasury stock at the end of period:
 As of December 2019 242 shares
 As of December 2018 242 shares
 ③ Average number of stock during period (cumulative period)
 Year ended December 2019 8,451,610 shares
 Year ended December 2018 8,414,479 shares

(Reference) Summary of non-consolidated business results

1. Non-consolidated business results for the fiscal year ended December 2019

(January 1, 2019 through December 31, 2019)

(1) Non-consolidated results of operations (% change from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended Dec. 2019	16,266	1.3	1,898	-2.2	1,752	9.1	1,172	9.8
Year ended Dec. 2018	16,050	34.1	1,940	7.2	1,606	-0.2	1,068	-7.3

	Net income per share	Diluted net income per share
	Yen	Yen
Year ended Dec. 2019	138.79	138.30
Year ended Dec. 2018	126.95	126.46

(2) Non-consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Dec. 2019	19,028	10,092	53.0	1,193.00
As of Dec. 2018	16,427	9,090	55.3	1,075.61

(Reference) Shareholders' equity:

As of December 2019: 10,088 million yen

As of December 2018: 9,086 million yen

2. Forecast of non-consolidated business results for the fiscal year ending December 2020

(January 1, 2020 through December 31, 2020)

(% change from the previous corresponding period)

	Net sales		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Yen
For the six months ending June 30, 2020	8,874	27.3	455	-45.6	305	-45.4	36.10
FY December 2020	19,581	20.4	1,550	-11.5	1,040	-11.3	123.00

***Financial summary is not subject to the review procedures by certified public accountants or auditing firms.**

***Explanation regarding appropriate use of business forecasts and other special instructions**

The forecasts regarding future performance in this report are based on information available at the time this report was prepared. However, actual results may differ from the forecasts due to various factors.

1. Analysis on Results of Operations and Financial Condition

(1) Results of Operations

① Results of operations for the fiscal year under review

In the fiscal year under review, net sales were 18,020 million yen (up by 7.1% YoY), operating income was 1,860 million yen (up by 5.4% YoY), ordinary income was 1,758 million yen (up by 7.0% YoY), and a net income attributable to owners of parent was 1,158 million yen (up by 15.1% YoY).

Results by business segment are as follows.

① Real Estate Sales business

In the Real Estate Sales Business, the segment recorded net sales of 16,266 million yen (up by 1.4% YoY) and segment income of 2,953 million yen (up by 2.5% YoY).

Sales and purchase results for the fiscal year under review are as follows.

i Sales Results

Classification	Number of contracts	YoY (%)	Sales (million yen)	YoY (%)
Leasehold land	339	+1.8	6,697	-5.5
Old unutilized properties	67	+13.6	7,399	+46.2
Freehold	13	-51.9	1,703	-50.7
Other Real Estate Sales Business	-	-	466	+4.5
Total	419	0.0	16,266	+1.4

(Note) 1. The amounts shown above do not include consumption taxes.

2. Inter-segment transactions have been eliminated.

3. "Number of contracts" indicates the number of transactions.

4. "Classification" of Leasehold land, Old unutilized properties, and Freehold is stated according to the classification at the time of purchase. When leasehold land has changed to freehold with rights adjustment after purchase, this case is included in "Leasehold land" based on the classification at the time of purchase. As for the classification of mixed properties with leasehold land, old unutilized properties, and freehold, properties including leasehold land are classified as "Leasehold land", and properties containing a mix of old unutilized properties and freehold are classified as "Old unutilized properties."

5. "Other Real Estate Sales Business" consists of rent income, income from brokerage fees, and commission income from outsourcing.

Although sales of leasehold land and freehold decreased, sales increased from the previous year due to a large increase in sales of old unutilized properties.

ii Purchase Results

Classification	Number of lots	YoY (%)	Purchase amount (million yen)	YoY (%)
Leasehold land	452	-11.9	5,094	-1.8
Old unutilized properties	101	+40.3	6,303	+21.0
Freehold	23	+76.9	1,779	+132.7
Total	576	-3.7%	13,177	+18.0

(Note) 1. The amounts shown above do not include consumption taxes.

2. "Number of lots" indicates the number of sales lots expected at the time of purchase of the property, such as the number of leaseholders in the case of leasehold land.

3. As for the classification of mixed properties with leasehold land, old unutilized properties, and freehold, properties including leasehold land are classified as "Leasehold land", and properties containing a mix of old unutilized properties and freehold are classified as "Old unutilized properties."

Purchases increased compared with the same period of the previous fiscal year due to an increase in purchases of old unutilized properties and freehold.

② Construction business

In the Construction Business, the segment recorded net sales of 1,753 million yen (up 123.7% YoY) and segment loss of 44 million yen (segment loss of 173 million yen in the same period of the previous fiscal year).

Sales and orders in the fiscal year under review are as follows.

i Sales Results

Number of contracts	YoY (%)	Sales (million yen)	YoY (%)
175	+34.6	1,753	+123.7

- (Note) 1. The amounts shown above do not include consumption taxes.
2. Inter-segment transactions have been eliminated.
3. "Number of contracts" indicates the number of contracts received.
4. "Number of contracts" and "Sales" include the number and amount of renovation works and reconstruction works.

Sales increased substantially and business performance improved YoY, but the business had yet to achieve profitability.

ii Order Results

Orders Received (million yen)	YoY (%)	Order backlog (million yen)	YoY (%)
2,158	+70.3	1,024	+65.3

- (Note) 1. The amounts shown above do not include consumption taxes.
2. Inter-segment transactions have been eliminated.
3. The above amounts are based on selling prices.

As for orders, both orders received and order backlog increased significantly, despite the decline in reaction to the rush demand prior to the consumption tax hike.

② Outlook for the next fiscal year

In the Real Estate Sales Business, we forecast a net sales of 19,581 million yen (up by 20.4% YoY) and an increase in gross profit. However, we expect a decrease in operating income, ordinary income and net income due to an increase in sales commissions resulting from an increase in sales of old unutilized properties and freehold, an increase in taxes and dues resulting from the consumption tax increase in October of the previous year, and an increase in personnel expenses resulting from an increase in the number of employees.

In the Construction Business, despite the fact that it could not achieve profitability in the previous fiscal year, the balance of orders received increased significantly due to an improvement in orders. We plan to return to profitability in the next fiscal year by continuing to implement measures to strengthen sales and reduce construction costs.

As a result of the above, we forecast net sales of 21,552 million yen (up by 19.6% YoY), operating income of 1,686 million yen (down by 9.4% YoY), ordinary income of 1,559 million yen (down by 11.3% year on year), and net income attributable to owners of the parent of 1,047 million yen (down by 9.6% YoY).

We promote our medium-term management plan, which ends in 2020, with quantitative targets of more than 2,000 million yen in consolidated operating income and more than 1,900 million yen in consolidated ordinary income.

In the Real Estate Sales Business, although gross profit is expected to increase to the level initially planned, the increase in expenses is also expected to exceed the initial forecast due to factors such as an increase in sales commissions than planned reflecting an increase in sales of freehold, and the larger-than-expected impact of the consumption tax hike in October of the previous year.

In the Construction Business, we are planning to return to profitability in the next fiscal year, but we expect profits to fall short of the initial plan.

Accordingly, although the current consolidated business forecasts for the fiscal year ending December 2020 is below the quantitative target set forth in the Medium-Term Management Plan, we will push forward with our business efforts to expand our performance and formulate a new Medium-Term Management Plan from 2021 onward, which will be disclosed as soon as it is formulated.

(2) Financial Position

① Assets, liabilities and net assets

(Current assets)

Current assets increased by 2,499 million yen from the end of the previous fiscal year to 18,094 million yen at the end of the fiscal year under review. This was mainly due to an increase of 539 million yen in cash and deposits and an increase of 1,815 million yen in property for sale

(Fixed assets)

Fixed assets increased by 16 million yen from the end of the previous fiscal year to 1,199 million yen at the fiscal year under review. The main factors were an increase of 19 million yen in buildings (net), a decrease of 10 million yen in rental properties (net), an increase of 6 million yen in deferred tax assets, and an increase of 7 million yen in investments and other assets.

(Current liabilities)

Current liabilities increased by 2,887 million yen from the end of the previous fiscal year to 9,047 million yen at the end of the fiscal year under review. The main factors were an increase of 2,420 million yen in short-term loans payable, an increase of 119 million yen in income taxes payable, and an increase of 185 million yen in current liabilities.

(Fixed liabilities)

Fixed liabilities decreased by 1,358 million yen from the end of the previous fiscal year to 351 million yen at the end of the fiscal year under review. This was mainly due to a decrease of 1,319 million yen in long-term loans payable.

(Net assets)

Net assets increased by 987 million yen from the end of the previous fiscal year to 9,894 million yen at end of the fiscal year under review. This was mainly due to an increase of 981 million yen in retained earnings.

② Cash Flows

Cash and cash equivalents (hereinafter “cash”) at the end of the fiscal year under review were 3,958 million yen (up by 14.2% YoY).

(Cash flows from operating activities)

Net cash used in operating activities for the fiscal year under review was 419 million yen. The main factors were 1,758 million yen in income before income taxes, 1,859 million yen in expenditures due to an increase in inventories, 107 million yen in income due to an increase in notes and accounts payable-trade, and 493 million yen in income taxes paid.

(Cash flows from investing activities)

Net cash used in investing activities for the fiscal year under review was 70 million yen. Major items included payments into time deposits of 50 million yen, proceeds from withdrawal of time deposits of 17 million yen, payments for purchase of property, plant and equipment of 26 million yen, payments for purchase of intangible assets of 34 million yen, and proceeds from collection of guarantee deposits of 17 million yen.

(Cash flows from financing activities)

Net cash provided by financing activities for the fiscal year under review was 984 million yen. Major items included proceeds from short-term loans payable of 2,420 million yen, proceeds from long-term loans payable of 142 million yen, repayments of long-term loans payable of 1,406 million yen, and cash dividends paid of 176 million yen.

(Ref.) Changes in cash flow indicators

	FY12/15	FY12/16	FY12/17	FY12/18	FY12/19
Shareholders' equity ratio	52.9	63.3	47.3	53.1	51.3
Shareholders' equity ratio based on market value	59.8	53.5	55.1	40.9	40.3
Interest-bearing debt/cash flow	-	168.3	-	374.1	-
Interest coverage ratio	-	19.6	-	12.9	-

Equity ratio: Equity/Total assets

Market value equity ratio: Total market capitalization/Total assets

Interest-bearing debt to cash flows ratio: Interest-bearing debt/Cash

flow interest coverage ratio: Operating cash flow/Interest payment

(Note) 1. All figures are calculated based on the consolidated financial data.

2. Total market capitalization is calculated based on the total number of shares issued excluding treasury stock.

3. Cash flows is taken from operating cash flow.

4. The interest-bearing debt refers to the debts posted in the consolidated balance sheets for which we are paying interests.

5. The ratio of cash flow to interest-bearing debt and interest coverage ratio for FY12/15, FY12/17 and FY12/19 are not presented because operating cash flow was negative.

(3) Basic policy on distribution of profits and dividends for the current and next fiscal years

Our basic dividend policy is to continuously and stably pay dividends and to actively return profits to shareholders in accordance with our business performance by improving profitability and securing dividend sources. As we recognize that returning profits to shareholders is an important management issue, we will strive to improve profitability and expand our business base with promoting management strategies aimed at maximizing shareholder profits. With regard to the use of internal reserves, the Company will make effective investments to respond to anticipated changes in the business environment, such as expanding its business base by strengthening its management structure. In addition, the Articles of Incorporation stipulates that the Company may pay an interim dividend upon resolution of the Board of Directors, but the Company's basic policy is to pay a year-end dividend from surplus once a year.

For the fiscal year under review, the Company plans to propose to pay a year-end dividend of 23.00 yen per share to the Ordinary General Meeting of Shareholders to be held on March 26, 2020. The annual dividend for the fiscal year under review is expected to be 23.00 yen per share.

For the next fiscal year, the Company plans to pay a year-end dividend of 25.00 yen per share based on the above policy.

2. Basic policy regarding selection of accounting standards

In light of the comparability of consolidated financial statements between periods and among companies, the Group will continue to prepare its consolidated financial statements under Japanese GAAP for the time being.

The Group considers to adopt the International Financial Reporting Standards (IFRS) appropriately, taking into account future business developments and various conditions in Japan and overseas.