



Closing Announcement of Fiscal Year Ended March 31, 2018 [Japanese Standards] (Consolidated)

May 15, 2018

Name of Listed Company: Prospect Co., Ltd. Listed on the Tokyo Stock Exchange
 Code No.: 3528 URL: <http://www.prospectjapan.co.jp>
 Representative: (Title) Representative Director and President (Name) Curtis Freeze
 Contact Person: (Title) Representative Director, Managing Director (Name) Masato Tabata TEL: 03-3470-8411
 Scheduled Date of Holding Ordinary General Meeting of Shareholders: Scheduled Date of Commencement of Dividend Payment:
June 28, 2018 June 29, 2018
 Scheduled Date of Submitting Financial Report: June 28, 2018
 Whether supplementary explanation materials for the closing are prepared: Yes
 Whether explanation meeting is held for the closing: No

(Indicated by rounding off an amount less than 1 million yen)

1. Consolidated Results for Fiscal Year Ended March 31, 2018 (From April 1, 2017 to March 31, 2018)

(1) Consolidated Operating Results (% indicates the rate of increase or decrease from the previous year)

	Sales		Operating profit		Ordinary profit		Net profit attributable to owners of the parent	
	(million yen)	%	(million yen)	%	(million yen)	%	(million yen)	%
Fiscal Year Ended March 31, 2018	11,927	△15.7	△1,354	-	△909	-	1,720	252.0
Fiscal Year Ended March 31, 2017	14,143	△15.4	△43	-	516	89.0	488	-

(Note) Fiscal Year Ended March 31, 2018: 1.814 (million yen) (311.5%) Fiscal Year Ended March 31, 2017: 440 (million yen) (-%)
 Comprehensive income:

	Net profit per share	Fully diluted net profit per share	ROE	Ordinary profit ratio of total assets	Operating profit ratio of sales
	(yen, sen)	(yen, sen)	%	%	%
Fiscal Year Ended March 31, 2018	5.17	4.74	9.1	△2.7	△11.4
Fiscal Year Ended March 31, 2017	2.88	-	4.3	2.0	△0.3

(Reference) Equity method investment income: Fiscal Year Ended March 31, 2018: - (million yen) Fiscal Year Ended March 31, 2017: - (million yen)

(2) Consolidated Financial Condition

	Total assets	Net asset	Net worth ratio	Net asset per share
	(million yen)	(million yen)	%	(yen, sen)
Fiscal Year Ended March 31, 2018	40,396	25,650	65.4	60.98
Fiscal Year Ended March 31, 2017	27,368	12,489	42.0	67.77

(Reference) Net worth: Fiscal Year Ended March 31, 2018: 26,416 (million yen) Fiscal Year Ended March 31, 2017: 11,505 (million yen)

(3) Status of Consolidated Cash Flow

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents at end of period
	(million yen)	(million yen)	(million yen)	(million yen)
Fiscal Year Ended March 31, 2018	279	2,216	2,777	10,651
Fiscal Year Ended March 31, 2017	759	△3,165	1,861	5,379

2. Status of Dividend

	Annual dividend					Total dividends (annual)	Dividend payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	End of 1 st quarter	End of 2 nd quarter	End of 3 rd quarter	End of period	Total			
	(yen, sen)	(yen, sen)	(yen, sen)	(yen, sen)	(yen, sen)	(million yen)	%	%
Fiscal Year Ended March 31, 2017	-	-	-	3.00	3.00	509	104.2	4.5
Fiscal Year Ended March 31, 2018	-	-	-	4.00	4.00	1,732	77.4	6.2
Fiscal Year Ending March 31, 2019 (Forecast)	-	-	-	3.00	3.00	-	-	-

3. Expected Consolidated Results for Fiscal Year Ending March 31, 2019 (From April 1, 2018 to March 31, 2019)

The Company Group has proactively adopted M&A as a diversification strategy and has also expanded its asset management business as one of its important segments. As these businesses tend to be significantly affected by changes in economic conditions and market environment, it is extremely difficult to properly forecast and disclose ordinary business results. As there is a risk of misleading investors, etc., in disclosing business results forecast under such circumstances, the Company has adopted a policy to make timely disclosure of closing business results and a summary of the business to be conducted on a quarterly basis, and not to disclose a forecast of consolidated business results.

* Precautions

- (1) Changes in material subsidiaries during the year (changes in specified subsidiaries accompanying changes in scope of consolidation): Yes
 New: 1 (Company Name: The Prospect Japan Fund Limited), Exclusion: --- (Company Name:)

- (2) Changes in accounting policy, changes in accounting estimate and restatement
 [1] Changes in accounting policy in connection with the amendment of accounting standards, etc.: None
 [2] Changes in accounting policy other than [1] above: None
 [3] Changes in accounting estimate: None
 [4] Restatement: None

(3) Number of outstanding shares (common stocks)

[1] Number of outstanding shares at the end of term (including treasury stocks):	Fiscal Year Ended March 31, 2018:	435,992,628 shares	Fiscal Year Ended March 31, 2017:	172,556,807 shares
[2] Number of treasury stocks at the end of term:	Fiscal Year Ended March 31, 2018:	2,779,484 shares	Fiscal Year Ended March 31, 2017:	2,773,334 shares
[3] Average number of shares during the term:	Fiscal Year Ended March 31, 2018:	332,687,200 shares	Fiscal Year Ended March 31, 2017:	169,795,822 shares

(Reference) Overview of Individual Business Results

1. Individual Results for Fiscal Year Ended March 31, 2018 (From April 1, 2017 to March 31, 2018)

(1) Individual Operating Results (% indicates the rate of increase or decrease from the previous year)

	Sales		Operating profit		Ordinary profit		Net profit	
	(million yen)	%	(million yen)	%	(million yen)	%	(million yen)	%
Fiscal Year Ended March 31, 2018	5,103	△22.3	△1,123	-	△299	-	△179	-
Fiscal Year Ended March 31, 2017	6,565	△10.7	△96	-	643	353.1	670	656.4

	Net profit per share	Fully diluted net profit per share
	(Yen, Sen)	(Yen, Sen)
Fiscal Year Ended March 31, 2018	△0.54	-
Fiscal Year Ended March 31, 2017	3.95	-

(2) Individual Financial Condition

	Total assets	Net asset	Net worth ratio	Net asset per share
	(million yen)	(million yen)	%	(Yen, Sen)
Fiscal Year Ended March 31, 2018	32,654	25,828	76.9	57.98
Fiscal Year Ended March 31, 2017	15,306	11,493	70.0	63.11

(Reference) Net worth: Fiscal Year Ended March 31, 2018: 25,117(million yen) Fiscal Year Ended March 31, 2017: 10,714(million yen)

※ Closing announcements are not subject to audit by a certified public accountant or an audit corporation.

※ Explanation about Appropriate Use of the Forecast of Business Results and other Matters to be Noted

(Matters to be Noted for Statement about the Future, etc.)

Description regarding the future such as the forecast of business results stated in this material is based on information which the Company has currently obtained and certain assumptions that the Company determines to be reasonable, and does not make assurances of the achievement thereof by the Company. Also, actual results, etc., may significantly differ from the forecast depending on various factors. (For the conditions constituting the precondition of the forecast of business results and the matters to be noted, etc., in using the forecast of business results, refer to "1. Overview of Business Results, Etc., (4) Future Outlook" on p. 4 of the attached materials.)

(How to Obtain Supplementary Explanation Material for the Closing)

The supplementary explanation material for the closing is disclosed via TDnet as of the same day.

○ Table of Contents of Attached Materials

1. Overview of Business Results, Etc.....	2
(1) Overview of Business Results during the Period	2
(2) Overview of Financial Conditions during the Period.....	3
(3) Overview of Cash Flow during the Period.....	4
(4) Future Outlook.....	4
(5) Basic Policy for Profit Distribution and Dividends for the Current and Next Periods	4
2. Basic Approach to the Selection of Accounting Standards.....	4
3. Consolidated Financial Statements and Major Notes.....	5
(1) Consolidated Financial Statements	5
(2) Consolidated Profit and Loss Statement and Consolidated Statement of Comprehensive Income	7
Consolidated Profit and Loss Statement.....	7
Consolidated Statement of Comprehensive Income	9
(3) Consolidated Statements of Changes in Shareholders' Equity and Other Net Assets	10
(4) Consolidated Cash Flow Statement	12
(5) Notes to Consolidated Financial Statements.....	14
(Notes to Assumptions on Going Concern)	14
(Changes in Accounting Policy)	14
(Segment Information, etc.).....	14
(Per Share Information).....	17
(Important Subsequent Events).....	17
(Other).....	18

1. Overview of Business Results, Etc.

(1) Overview of Business Results during the Period

The Japanese economy during the current consolidated fiscal year continued along a moderate recovery track as a whole as employment and income continued to improve and also partly due to the effects from various policy measures, while there remain concerns with regard to uncertainty in overseas economic conditions and the impact from fluctuations in financial and capital markets.

In the condominium sales market in the Tokyo Metropolitan Area, while low interest rate loans and housing purchase support mechanisms are maintained, sales prices continue to rise due to difficulties in acquiring available land for condominiums and construction costs remain high, leaving the outlook uncertain.

The Company Group has promoted the group slogan: “Challenge & Ambition,” which sets out the philosophy of sharing a future vision from a long-term perspective, challenging creation and maximization of new value, and pursuit of strategies that brings benefits to all stakeholders.

Upholding such a philosophy, while expanding our business fields to custom-built homes, investment advisory business and construction business, etc., in order to break our dependence on a single business approach of condominium sales which is our core business, we have strived to enhance the robustness of the business portfolio of the Company Group by promoting the overseas real estate business and renewable energy business, including participating in joint investment ventures related to clean energy, specifically, photovoltaic power generation and construction of a biomass fuel manufacturing plant, etc.

Further, in this year of the 80th anniversary of our foundation, we successfully made the Prospect Japan Fund Limited (hereinafter “PJF”) which is listed on the London Stock Exchange a subsidiary of the Company. This has reinforced our financial foundation exponentially as we aim for further growth in the future.

As a result, sales for the current consolidated fiscal year were 11,927 million yen (14,143 million yen in the previous consolidated fiscal year), operating loss was 1,354 million yen (43 million yen in the previous consolidated fiscal year), ordinary loss was 909 million yen (ordinary profit of 516 million yen in the previous consolidated fiscal year), and net profit attributable to owners of the parent was 1,720 million yen (488 million yen in the previous consolidated fiscal year).

In this regard, in the Consolidated Cumulative 2nd Quarter, in connection with PJF becoming a subsidiary, we recorded profit on negative goodwill of 2,420 million yen in extraordinary profit.

Business performance by segment is as follows.

In addition, the name of the reported segment has been changed since the current consolidated fiscal year. The previously named “Solar Business” has been renamed the “Renewable Energy Business” due to the start of the biomass related business. There is no other impact on the segment information other than the name change.

Name of the Segment	Previous Consolidated Fiscal Year From April 1, 2016 to March 31, 2017		Current Consolidated Fiscal Year From April 1, 2017 to March 31, 2018	
	Amount	Composition ratio	Amount	Composition ratio
	Thousand yen	%	Thousand yen	%
Real estate sales business				
Condominium sales	4,103,413	29.0	4,926,757	41.3
Land and building	2,264,739	16.0	-	-
Custom-built homes	1,565,891	11.1	1,482,837	12.4
Asset management business	173,455	1.2	396,942	3.3
Construction business	5,722,541	40.5	4,615,440	38.7
Renewable energy business	250,401	1.8	533,713	4.5
Total	14,080,441	99.6	11,955,690	100.2
Other	62,629	0.4	50,159	0.4
Elimination of intersegment transactions	-	-	△78,262	△0.6
Total	14,143,071	100.0	11,927,587	100.0

[Translation]

(Real Estate Sales Business, Condominium Sales Business)

We mainly sell condominiums for general customers in the Tokyo Metropolitan Area.

In the current consolidated fiscal year, we completed construction of three (3) buildings, 120 housing units for “GRO-BEL Mansion,” including “GRO-BEL The Koenji Premium” (total 43 housing units) (three (3) buildings, 131 housing units in the previous consolidated fiscal year).

As for sales, in the current consolidated fiscal year, we executed new contracts on 115 housing units of 4,379 million yen (141 housing units of 4,799 million yen in the previous consolidated fiscal year) and delivered 137 housing units and recorded sales of 4,926 million yen and segment profit of 602 million yen (115 housing units, sales of 4,103 million yen and segment profit of 313 million yen in the previous consolidated fiscal year).

(Real Estate Sales Business, Land and Buildings)

We focus our sales on residential land and detached homes as well as individual buildings, etc.

As for sales, in the current consolidated fiscal year, no contracts or sales results were recorded (contracts of 2,139 million yen, sales of 2,264 million yen and segment profit of 218 million yen in the previous consolidated fiscal year).

(Real Estate Sales Business, Custom-Built Homes)

We undertake contract construction and reform construction for detached homes, etc., mainly in Yamagata Prefecture as a business area.

As for sales, in the current consolidated fiscal year, we executed new contracts on 58 houses at 1,659 million yen (40 houses of 1,206 million yen in the previous consolidated fiscal year) and delivered 40 houses and recorded sales of 1,482 million yen and segment profit of 12 million yen (41 houses, sales of 1,565 million yen and segment profit of 29 million yen in the previous consolidated fiscal year) (including reforms, etc.).

(Asset Management Business)

We conduct management business of real estate and securities, comprised of Japanese stocks.

As for sales, in the current consolidated fiscal year, we recorded sales of 396 million yen and segment profit of 66 million yen (sales of 173 million yen and segment loss of 39 million yen in the previous consolidated fiscal year).

(Construction Business)

We conduct propulsion construction and pre-stressed concrete (PC) construction, etc.

As for sales, in the current consolidated fiscal year, we recorded sales of 4,615 million yen and segment profit of 261 million yen (sales of 5,722 million yen and segment profit of 287 million yen in the previous consolidated fiscal year).

(Renewable Energy Business)

We conduct renewable energy business, the main revenue source of which is the sale of electricity generated by photovoltaic power systems, etc.

As for sales, in the current consolidated fiscal year, we recorded sales of 533 million yen and segment profit of 155 million yen (sales of 250 million yen and segment profit of 73 million yen in the previous consolidated fiscal year).

(Other)

For others, mainly as real estate lease business, we lease condominiums, etc., owned by the Company.

In the current consolidated fiscal year, we recorded sales of 50 million yen and segment profit of 20 million yen (sales of 62 million yen and segment profit of 28 million yen in the previous consolidated fiscal year).

(2) Overview of Financial Conditions during the Period

(Assets)

Total assets at the end of the current consolidated fiscal year were 40,396 million yen, an increase of 13,028 million yen as compared with the end of the previous consolidated fiscal year. This was due to an increase in cash and deposits and securities in connection with PJF becoming a consolidated subsidiary and an increase in tangible fixed assets related to capital investment in the renewable energy business, etc.

(Liabilities)

Liabilities at the end of the current consolidated fiscal year were 14,746 million yen, a decrease of 132 million yen as compared with the end of the previous consolidated fiscal year. This was due to a decrease in accounts payable as a result of payment of construction costs, etc., in the condominium sales business and the renewable energy business.

(Net Assets)

Net assets at the end of the current consolidated fiscal year were 25,650 million yen, an increase of 13,161 million yen as compared with the end of the previous consolidated fiscal year. This was due to an increase in capital and capital surplus as a result of the issuance of new shares in connection with PJF becoming a consolidated subsidiary, etc.

(3) Overview of Cash Flow during the Period

“Cash and cash equivalents” (hereinafter “Funds”) on a consolidated basis at the end of the current consolidated fiscal year were 10,651 million yen.

Each cash flow situation and their causes for the current consolidated fiscal year are as follows:

(Cash Flow from Operating Activities)

Funds from operating activities increased by 279 million yen (an increase of 759 million yen from the previous consolidated fiscal year). This was due to recording of profit on negative goodwill and profit on investments in capital, as well as recording net profit before taxes, etc., and other adjustments.

(Cash Flow from Investing Activities)

Funds from investing activities increased by 2,216 million yen (a decrease of 3,165 million yen from the previous consolidated fiscal year). This was due to revenue earned from PJF becoming a subsidiary and revenue from the sale of Godokaisha Prospect Sanmu Higashi, etc., despite the expense on acquisition of tangible fixed assets including the photovoltaic facility, etc.

(Cash Flow from Financing Activities)

Funds from financing activities increased by 2,777 million yen (an increase of 1,861 million yen from the previous consolidated fiscal year). This was due to newly procured borrowings as business funds and revenue in connection with the exercise of new share subscription rights, etc.

(4) Future Outlook

With regard to the outlook for the future, moderate economic recovery is expected as employment and income continues to improve in connection with the effects from various economic policy measures. On the other hand, it is anticipated that the economic outlook will remain unpredictable for the duration as uncertainty in China and other emerging economies in Asia lingers, and concerns about the political situation in the U.S., etc., and the effect this will have on corporate results and personal consumptions will continue.

Under such circumstances, we successfully made PJF which is listed on the London Stock Exchange a subsidiary during the current consolidated fiscal year, which has reinforced our financial foundation exponentially as we aim for further growth in the future. We will continue to focus on reinforcement of the revenue base and work actively to diversify our business such as further expansion of renewable energy including not only photovoltaic generation but also biomass, aiming to maximize corporate value as a united group in the future as well.

With respect to forecasts for the fiscal year ending March 31, 2019, the biomass power generation related business in Russia continues to move forward, and it is extremely difficult to forecast business results for the future as the asset management business which is one of our important segments and the real estate business being developed overseas tend to be significantly affected by changes in economic conditions and market environments, etc., both in and outside Japan. Therefore, the Company has adopted a policy of making timely disclosure of closing business results and a summary of the business to be conducted on a quarterly basis, and not to disclose a forecast of sales and a forecast of profits for the fiscal year ending March 31, 2019.

(5) Basic Policy for Profit Distribution and Dividends for the Current and Next Periods

The basic policy of the Company is to maintain stable and consistent dividend payments taking the business performance into consideration, while retaining earnings necessary to ensure stable corporate growth in the future and respond to changes in the business environment.

As for the year-end dividend for the current period, the Company has decided to distribute 4 yen per share, an increase of 1 yen compared with the previous period, as announced in the “Notice of Adjustment of Dividend Forecast for the Fiscal Year Ending March 31, 2018” dated November 10, 2017 based on the aforesaid basic policy.

As for the dividend for the next period, we plan to distribute 3 yen per share (year-end dividend of 3 yen) reflecting the steady development of the renewable energy business.

2. Basic Approach to the Selection of Accounting Standards

The Company Group prepares its consolidated financial statements based on Japanese standards in consideration of the burden, etc., of developing a system for preparation of consolidated financial statements based on International Accounting Standards.

[Translation]

3. Consolidated Financial Statements and Major Notes

(1) Consolidated Financial Statements

(Unit: thousand yen)

	Previous Consolidated Fiscal Year (March 31, 2017)	Current Consolidated Fiscal Year (March 31, 2018)
Assets		
Current Assets		
Cash and deposits	5,409,806	10,681,319
Notes and accounts receivable	295,664	481,156
Accounts receivable for completed construction projects	1,071,410	1,008,222
Accounts receivable for investment advisory fees	16,397	2,521
Securities	790,188	10,563,962
Real estate for sale	925,573	611,780
Real estate for sale in process	2,451,405	2,580,616
Real estate for development	476,221	640,226
Expenses for uncompleted construction projects	27,631	76,496
Raw materials and stores	21,088	12,939
Deferred tax assets	376,038	247,111
Other	1,137,521	1,044,265
Allowance for doubtful accounts	△49,358	△50,062
Total Current Assets	12,949,590	27,900,558
Fixed Assets		
Tangible fixed assets		
Buildings	2,245,668	2,298,271
Accumulated depreciation	△1,534,942	△1,574,242
Buildings (net)	710,726	724,029
Machinery, equipment and delivery equipment	5,833,543	5,998,041
Accumulated depreciation	△2,460,911	△2,389,306
Machinery, equipment and delivery equipment (net)	3,372,631	3,608,734
Tools, furniture and fixtures	1,176,785	1,083,385
Accumulated depreciation	△1,123,691	△1,045,747
Tools, furniture and fixtures (net)	53,093	37,638
Land	2,558,513	2,084,909
Leased assets	-	3,900
Accumulated depreciation	-	△260
Leased assets (net)	-	3,640
Construction in progress	891,705	1,216,367
Total tangible fixed assets	7,586,671	7,675,319
Intangible fixed assets		
Goodwill	1,015,260	831,991
Software	17,602	16,319
Other	30,255	33,595
Total intangible fixed assets	1,063,118	881,907
Investments and other assets		
Investment securities	114,546	114,546
Investments in capital	2,761,293	2,669,647
Long-term loans	2,445,624	946,376
Deferred tax assets	11,567	9,226
Other	1,076,068	920,107
Allowance for doubtful accounts	△640,442	△720,848
Total investments and other assets	5,768,658	3,939,056
Total Fixed Assets	14,418,447	12,496,282
Total Assets	27,368,038	40,396,840

(Unit: thousand yen)

	Previous Consolidated Fiscal Year (March 31, 2017)	Current Consolidated Fiscal Year (March 31, 2018)
Liabilities		
Current Liabilities		
Notes and accounts payable	833,260	1,024,294
Accrued construction payment	1,759,135	1,038,014
Short-term borrowings	181,400	792,900
Bonds to be redeemed within a year	51,900	43,800
Current portion of long-term borrowings	1,798,503	1,791,784
Corporate income tax, etc., payable	244,108	254,016
Amount received for uncompleted construction projects	179,947	186,669
Reserve for bonuses	135,026	237,986
Reserve for officers' bonuses	12,420	725,580
Allowance for compensation for completed construction projects	11,375	11,556
Allowance for construction projects losses	16,700	6,300
Provision for loss on litigation	20,000	-
Deferred tax liabilities	-	83
Other	655,190	624,433
Total Current Liabilities	5,898,968	6,737,418
Fixed Liabilities		
Bonds	146,700	147,900
Long-term borrowings	7,854,349	7,007,450
Deferred tax liabilities	1,890	1,437
Net defined benefit liabilities	136,674	135,947
Reserve for officers' retirement benefits	114,822	153,232
Allowance for compensation for completed construction projects	201,995	201,995
Provision for loss on compensation expenses	23,000	11,500
Asset retirement obligations	11,179	11,187
Other	489,024	338,314
Total Fixed Liabilities	8,979,636	8,008,965
Total Liabilities	14,878,604	14,746,383
Net Assets		
Shareholders' equity		
Capital	4,257,256	11,803,729
Capital surplus	5,480,641	11,546,845
Retained earnings	1,838,718	3,049,406
Treasury stock	△140,020	△140,389
Total shareholders' equity	11,436,596	26,259,592
Accumulated other comprehensive income		
Foreign currency translation adjustments	69,318	156,437
Total accumulated other comprehensive income	69,318	156,437
New share subscription rights	778,640	△975,219
Non-controlling interest	204,878	209,646
Total Net Assets	12,489,433	25,650,456
Total Liabilities and Net Assets	27,368,038	40,396,840

[Translation]

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

(Unit: thousand yen)

	Previous Consolidated Fiscal Year (From April 1, 2016 To March 31, 2017)	Current Consolidated Fiscal Year (From April 1, 2017 To March 31, 2018)
Sales		
Sales on real estate business	7,928,742	6,403,158
Sales on construction business	5,647,669	4,519,949
Sales on other businesses	423,856	891,251
Real estate lease income	142,802	113,227
Total Sales	14,143,071	11,927,587
Cost of Goods Sold		
Costs of goods sold on real estate business	6,478,848	4,871,618
Costs of goods sold on construction business	5,194,218	4,109,291
Costs of goods sold on other businesses	131,851	296,152
Costs of goods sold on real estate lease	75,117	68,148
Total Costs of Goods Sold	11,880,035	9,345,211
Gross Profit on Sales	2,263,035	2,582,375
Selling, General and Administrative Expenses		
Advertisement expense	310,136	334,457
Officer compensation	185,206	210,657
Salaries and wages	417,339	433,438
Transfer to reserve for officers' bonuses	12,420	725,580
Transfer to reserve for bonuses	46,891	140,570
Expenses for retirement benefits	19,743	25,216
Transfer to reserve for officers' retirement benefits	23,073	51,186
Commissions paid	476,913	1,059,023
Other	815,181	956,673
Total Selling, General and Administrative Expenses	2,306,904	3,936,803
Operating Losses (Δ)	Δ43,869	Δ1,354,427
Non-operating Income		
Interest income	428,683	309,707
Dividend income	86,769	1,101
Profit on sale of securities	-	3,017
Gain on investments in capital	837,545	706,112
Valuation profit on securities	-	6,622
Penalties income	4,760	-
Clerical affairs fee received	3,950	4,550
Reversal of selling expenses	489	393
Foreign currency exchange profit	22,071	-
Other	32,135	40,589
Total Non-operating Income	1,416,405	1,072,093
Non-operating Expenses		
Interest expenses	312,659	319,771
Bond issuance cost	-	1,225
Valuation loss on securities	293	-
Borrowing fees	20,184	61,084
Foreign currency exchange loss	-	95,153
Transfer to allowance for doubtful accounts	469,950	78,151
Other	52,991	71,319
Total Non-operating Expenses	856,078	626,706
Ordinary Profit or Ordinary Loss (Δ)	516,457	Δ909,040

(Unit: thousand yen)

	Previous Consolidated Fiscal Year (From April 1, 2016 To March 31, 2017)	Current Consolidated Fiscal Year (From April 1, 2017 To March 31, 2018)
Extraordinary Profits		
Profit on sale of fixed assets	1,226	11,966
Profit on sale of investment in capital of subsidiaries	-	569,177
Profit on reversal of new share subscription rights	7,593	8,320
Profit on negative goodwill	-	2,420,250
Reversal of provision for loss on litigation	-	4,871
Total Extraordinary Profits	8,820	3,014,586
Extraordinary Losses		
Retirement loss on fixed assets	366	1,267
Transfer to allowance for loss from litigation	20,000	-
Transfer to allowance for compensation for completed construction projects	41,622	-
Transfer to provision for loss on compensation expenses	23,000	-
Total Extraordinary Losses	84,988	1,267
Net profit before taxes, etc., before dividends distribution from silent partnership	440,288	2,104,277
Dividends distribution from silent partnership	7,080	3,164
Net profit before taxes, etc.	433,207	2,101,113
Corporate income tax, resident tax and business tax payable	178,895	238,911
Adjustment of corporate income tax, etc.	△221,470	129,841
Total Corporate Income Tax, etc.	△42,575	368,753
Net profit	475,783	1,732,359
Net profit attributable to non-controlling interests or net loss attributable to non-controlling interests (△)	△12,804	12,322
Net profit attributable to owners of the parent	488,588	1,720,037

[Translation]

(Consolidated Statement of Comprehensive Income)

(Unit: thousand yen)

	Previous Consolidated Fiscal Year (From April 1, 2016 To March 31, 2017)	Current Consolidated Fiscal Year (From April 1, 2017 To March 31, 2018)
Net profit	475,783	1,732,359
Other comprehensive income		
Foreign currency translation adjustments	△34,863	82,225
Total other comprehensive income	△34,863	82,225
Comprehensive income	440,919	1,814,585
(Breakdown)		
Comprehensive income attributable to owners of the parent	460,282	1,807,155
Comprehensive income attributable to non-controlling interests	△19,362	7,429

(3) Consolidated Statements of Changes in Shareholders' Equity and Other Net Assets

Previous consolidated fiscal year (From April 1, 2016 to March 31, 2017)

(Unit: thousand yen)

	Shareholders' equity				
	Capital	Capital surplus	Earned surplus	Treasury stock	Total shareholders' equity
Balance at the beginning of period	4,257,256	5,480,641	1,521,223	△71,368	11,187,752
Changes during the period					
Dividends of surplus			△171,092		△171,092
Net profit attributable to owners of the parent			488,588		488,588
Acquisition of treasure stock				△68,652	△68,652
Changes in items other than shareholders' equity during the period (net)					
Total changes during the period	-	-	317,495	△68,652	248,843
Balance at the end of period	4,257,256	5,480,641	1,838,718	△140,020	11,436,596

	Accumulated other comprehensive income		New share subscription rights	Non-controlling interest	Total net assets
	Foreign currency translation adjustments	Total accumulated other comprehensive income			
Balance at the beginning of period	97,624	97,624	696,943	226,901	12,209,222
Changes during the period					
Dividends of surplus		-			△171,092
Net profit attributable to owners of the parent		-			488,588
Acquisition of treasure stock		-			△68,652
Changes in items other than shareholders' equity during the period (net)	△28,305	△28,305	81,697	△22,023	31,368
Total changes during the period	△28,305	△28,305	81,697	△22,023	280,211
Balance at the end of period	69,318	69,318	778,640	204,878	12,489,433

[Translation]

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

(Unit: thousand yen)

	Shareholders' equity				
	Capital	Capital surplus	Earned surplus	Treasury stock	Total shareholders' equity
Balance at the beginning of period	4,257,256	5,480,641	1,838,718	△140,020	11,436,596
Changes during the period					
Issue of new shares	7,546,473	6,186,627			13,733,101
Dividends of surplus			△509,350		△509,350
Net profit attributable to owners of the parent			1,720,037		1,720,037
Acquisition of treasure stock				△369	△369
Disposal of treasure stock		△120,423			△120,423
Changes in items other than shareholders' equity during the period (net)					
Total changes during the period	7,546,473	6,066,204	1,210,687	△369	14,822,996
Balance at the end of period	11,803,729	11,546,845	3,049,406	△140,389	26,259,592

	Accumulated other comprehensive income		New share subscription rights	Non-controlling interest	Total net assets
	Foreign currency translation adjustments	Total accumulated other comprehensive income			
Balance at the beginning of period	69,318	69,318	778,640	204,878	12,489,433
Changes during the period					
Issue of new shares		-			13,733,101
Dividends of surplus		-			△509,350
Net profit attributable to owners of the parent		-			1,720,037
Acquisition of treasure stock		-			△369
Disposal of treasure stock		-			△120,423
Changes in items other than shareholders' equity during the period (net)	87,118	87,118	△1,753,860	4,768	△1,661,973
Total changes during the period	87,118	87,118	△1,753,860	4,768	13,161,022
Balance at the end of period	156,437	156,437	△975,219	209,646	25,650,456

(4) Consolidated Cash Flow Statement

(Unit: thousand yen)

	Previous Consolidated Fiscal Year (From April 1, 2016 To March 31, 2017)	Current Consolidated Fiscal Year (From April 1, 2017 To March 31, 2018)
Cash flow from operating activities		
Net profit before taxes, etc.	433,207	2,101,113
Depreciation expense	221,835	311,804
Stock compensation expenses	89,291	65,972
Depreciation of goodwill	197,690	182,979
Bond issuance cost	-	1,225
Profit on negative goodwill	-	△2,420,250
Profit/loss on sale of securities (△: profit)	-	△3,017
Increase/decrease in allowance for doubtful accounts (△: decrease)	477,091	81,109
Increase/decrease in reserve for bonuses (△: decrease)	78,339	102,960
Increase/decrease in reserve for officers' bonuses (△: decrease)	2,164	713,160
Increase/decrease in allowance for compensation for completed construction projects (△: decrease)	25,391	181
Increase/decrease in provision for loss on compensation expenses (△: decrease)	23,000	△11,500
Increase/decrease in allowance for construction project losses (△: decrease)	8,000	△10,400
Increase/decrease in provision for loss on litigation (△: decrease)	20,000	△20,000
Increase/decrease in net defined benefit liabilities (△: decrease)	17,418	△726
Increase/decrease in reserve for officers' retirement benefits (△: decrease)	19,590	38,410
Interest income and dividend income	△515,453	△310,808
Profit on reversal of new share subscription rights	△7,593	△8,320
Profit/loss on investment in silent partnership (△: profit)	37,556	53,474
Interest expenses	312,659	319,771
Valuation profit/loss on securities (△: profit)	-	△6,622
Profit/loss on operation of investments in capital (△: profit)	△837,545	△706,112
Profit/loss on investment in capital of subsidiaries (△: profit)	-	△569,177
Foreign currency exchange profit/loss (△: profit)	△22,071	95,153
Profit/loss on sale of fixed assets (△: profit)	2,406	△11,966
Dividends distribution from silent partnership	△2,455	2,240
Increase/decrease in accounts receivable (△: increase)	1,147,825	△130,479
Increase/decrease in advance received (△: decrease)	5,074	△85,145
Increase/decrease in inventory assets (△: increase)	50,479	460,449
Increase/decrease in trades payable (△: decrease)	△302,139	307,439
Increase/decrease in operating investment securities (△: increase)	△305,733	△50,962
Increase/decrease in advance payment (△: increase)	△221,748	△117,702
Increase/decrease in receivables (△: increase)	△62,978	25,796
Other	137,415	178,561
Subtotal	1,028,718	578,610
Interest and dividends received	98,305	521,879
Interest paid	△312,672	△554,576
Corporate income tax, etc., paid	△54,577	△266,734
Cash flow from operating activities	759,773	279,178

[Translation]

(Unit: thousand yen)

	Previous Consolidated Fiscal Year (From April 1, 2016 To March 31, 2017)	Current Consolidated Fiscal Year (From April 1, 2017 To March 31, 2018)
Cash flow from investing activities		
Expenditure for acquisition of tangible fixed assets	△2,439,549	△3,549,311
Revenue from sale of tangible fixed assets	-	370,161
Expenditure for acquisition of intangible fixed assets	△12,760	△8,624
Expenditure for acquisition of securities	-	△124,902
Revenue from sale of securities	-	13,493
Expenditure for acquisition of investment securities	△2,661	-
Revenue from redemption of investment securities	47	-
Revenue from sale of investment real estate	5,269	3,897
Revenue from acquisition of shares of a subsidiary accompanying the change in scope of consolidation	-	2,935,110
Expenditure for payment of investments in capital	△515,538	△350,000
Revenue from sale of investments in capital of a subsidiary accompanying the change in scope of consolidation	-	447,916
Revenue from collection of investments in capital	490	1,092,550
Expenditure for loans	△201,117	△1,010
Revenue from collection of loans	404	1,387,667
Cash flow from investing activities	△3,165,413	2,216,948
Cash flow from financing activities		
Revenue from short-term borrowings	938,000	3,342,289
Expenditure for repayment of short-term borrowings	△766,600	△1,336,400
Expenditure for repayment of installment liabilities	△5,305	△3,521
Revenue from long-term borrowings	5,745,500	3,932,000
Expenditure for repayment of long-term borrowings	△3,799,136	△4,731,493
Revenue from issuance of bonds	-	48,775
Expenditure for redemption of bonds	△56,400	△56,900
Revenue from issuance of shares due to exercise of new share subscription rights	-	1,601,386
Expenditure for acquisition of treasury stock	△68,652	△369
Revenue from disposal of treasury stock	-	330,518
Expenditure for repayment of lease liabilities	-	△353
Dividends paid	△168,700	△505,872
Dividends paid to non-controlling interests	△2,660	△2,660
Revenue from payment by the contributors of silent partnership	45,600	160,000
Cash flow from financing activities	1,861,644	2,777,400
Translation differences in cash and cash equivalents	△728	△2,014
Increase/decrease in cash and cash equivalents (△: decrease)	△544,724	5,271,512
Cash and cash equivalents at the beginning of period	5,924,530	5,379,806
Cash and cash equivalents at the end of period	5,379,806	10,651,319

(5) Notes to Consolidated Financial Statements

(Notes to Assumptions on Going Concern)

No applicable matter.

(Changes in Accounting Policy)

No applicable matter.

(Segment Information, etc.)

1. Overview of Reportable Segments

(1) How to Determine Reported Segments

Reportable Segments of the Company Group are those for which separate financial information is available out of the composition unit of the Company Group and subject to regular review for the board of directors to determine distribution of business resources and evaluate the performance.

The Company Group implements business activities based on comprehensive strategies for each business which are planned at the head office.

Accordingly, the Company Group consists of segments based on those businesses, and determines its six segments of “Real Estate Sales Business, Condominium Sales Business,” “Real Estate Sales Business, Land and Buildings,” “Real Estate Sales Business, Custom-Built Homes,” “Asset Management Business,” “Construction Business,” and “Renewable Energy Business” as Reported Segments.

(2) Type of Business Belonging to Each Reported Segment

In the “Real Estate Sales Business, Condominium Sales Business,” we mainly sell condominiums for general customers in the Tokyo Metropolitan Area. In the “Real Estate Sales Business, Land and Buildings,” we focus our sales on residential land and detached homes as well as individual buildings, etc. In the “Real Estate Sales Business, Custom-Built Homes,” we undertake contract construction and reform construction for detached homes, etc. In the “Asset Management Business,” we conduct management business of real estate and securities, comprised of Japanese stocks. In the “Construction Business,” we conduct propulsion construction and pre-stressed concrete (PC) construction, etc. In the “Renewable Energy Business,” we focus our sales on electricity generated by photovoltaic power systems, etc.

2. Calculation method of sales, profit or loss, assets, liabilities and other item amounts by Reportable Segment

Accounting method of reported business segments is the same as described in “Material Underlying Matters for Preparation of Consolidated Financial Statements.” In addition, profits of reported segments are represented based on operating profit (before depreciation of goodwill). Internal sales and transfer amount among segments are based on the prevailing market price.

[Translation]

3. Information on sales, profit or loss, assets, liabilities and other item amounts by Reportable Segment
Previous consolidated fiscal year (From April 1, 2016 to March 31, 2017)

(Unit: thousand yen)

	Reportable Segment							Other (Note)	Total
	Real estate sales business Condominium sales	Real estate sales business Land and building	Real estate sales business Custom-built homes	Asset management business	Construction business	Renewable energy business	Total		
Sales									
Sales to external customers	4,103,413	2,264,739	1,565,891	173,455	5,722,541	250,401	14,080,441	62,629	14,143,071
Total	4,103,413	2,264,739	1,565,891	173,455	5,722,541	250,401	14,080,441	62,629	14,143,071
Segment profits or losses (Δ)	313,204	218,025	29,043	Δ 39,469	287,330	73,557	881,691	28,308	910,000
Segment assets	3,890,722	-	783,158	4,306,500	4,637,150	8,382,452	21,999,985	797,355	22,797,341
Other item									
Depreciation	3,532	-	27,883	3,011	73,942	97,055	205,425	10,734	216,159
Increased amount of tangible fixed assets and intangible fixed assets	-	-	-	248	5,907	2,832,381	2,838,537	-	2,838,537

(Note) "Other" category is the business segment not included in the reported segments, which include real estate lease business and other incidental business.

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

(Unit: thousand yen)

	Reportable Segment							Other (Note)	Total
	Real estate sales business Condominium sales	Real estate sales business Land and building	Real estate sales business Custom-built homes	Asset management business	Construction business	Renewable energy business	Total		
Sales									
Sales to external customers	4,926,757	-	1,482,837	357,538	4,596,640	533,713	11,897,486	30,100	11,927,587
Internal sales or transfer amount among segments	-	-	-	39,404	18,800	-	58,204	20,058	78,262
Total	4,926,757	-	1,482,837	396,942	4,615,440	533,713	11,955,690	50,159	12,005,849
Segment profits	602,956	-	12,072	66,670	261,101	155,638	1,098,439	20,853	1,119,293
Segment assets	3,823,270	-	831,537	15,793,185	4,502,923	8,398,488	33,349,404	711,277	34,060,682
Other item									
Depreciation	3,556	-	21,364	3,049	59,471	208,959	296,401	9,910	306,311
Increased amount of tangible fixed assets and intangible fixed assets	3,189	-	6,113	248	22,597	2,288,675	2,320,824	404,591	2,725,415

(Note) "Other" category is the business segment not included in the reported segments, which include real estate lease business and other incidental business.

4. Difference between the total amount of reported segments and the amount recorded on the consolidated financial statements and major breakdown of the difference (matters concerning difference adjustment)

(Unit: thousand yen)

Sales	Previous Consolidated Fiscal Year	Current Consolidated Fiscal Year
Total of reported segments	14,080,441	11,955,690
Sales of "Other" category	62,629	50,159
Elimination of intersegment transactions	-	△78,262
Sales in the consolidated financial statements	14,143,071	11,927,587

(Unit: thousand yen)

Profits	Previous Consolidated Fiscal Year	Current Consolidated Fiscal Year
Total of reported segments	881,691	1,098,439
Profits of "Other" category	28,308	20,853
Elimination of intersegment transactions	-	△78,262
Depreciation of goodwill	△197,690	△182,979
Expenses of entire company (Note)	△756,179	△2,212,478
Operating loss in the consolidated financial statements	△43,869	△1,354,427

(Note) Expenses of the entire company are mainly general and administrative expenses, which are not attributable to reported segments.

(Unit: thousand yen)

Assets	Previous Consolidated Fiscal Year	Current Consolidated Fiscal Year
Total of reported segments	21,999,985	33,349,404
Assets of "Other" category	797,355	711,277
Goodwill	1,015,260	831,991
Assets of entire company (Note)	3,555,436	5,504,166
Total assets in the consolidated financial statements	27,368,038	40,396,840

(Note) Assets of entire company are mainly surplus operating funds (cash and deposits), long-term investment funds and assets of the administration division of the head office, etc., which are not attributable to reported segments.

(Unit: thousand yen)

Other Item	Total of reported segments		Other		Adjustment amount (Note 1)		Amount recorded in the consolidated financial statements	
	Previous Consolidated Fiscal Year	Current Consolidated Fiscal Year	Previous Consolidated Fiscal Year	Current Consolidated Fiscal Year	Previous Consolidated Fiscal Year	Current Consolidated Fiscal Year	Previous Consolidated Fiscal Year	Current Consolidated Fiscal Year
Depreciation	205,425	296,401	10,734	9,910	5,675	5,492	221,835	311,804
Increased amount of tangible fixed assets and intangible fixed assets	2,838,537	2,320,824	-	404,591	1,000	2,283	2,839,537	2,727,699

(Note 1) "Adjustment amount" for depreciation expenses is depreciation related to the head office's assets, etc.

[Translation]

(Per Share Information)

	Previous Consolidated Fiscal Year (From April 1, 2016 to March 31, 2017)	Current Consolidated Fiscal Year (From April 1, 2017 to March 31, 2018)
Net asset per share	67.77 yen	60.98 yen
Net profit per share	2.88 yen	5.17 yen
Net profit per share after adjustment of residual shares	- yen	4.74 yen

(Note) 1. Net profit per share after adjustment of residual shares for the previous consolidated fiscal year is not stated due to absence of residual shares with dilutive effects.

2. The basis of calculation of net profit per share and net profit per share after adjustment of residual shares is shown below.

Item	Previous Consolidated Fiscal Year (From April 1, 2016 to March 31, 2017)	Current Consolidated Fiscal Year (From April 1, 2017 to March 31, 2018)
Net profit per share		
Net profit attributable to owners of the parent (thousand yen)	488,588	1,720,037
Amount not attributable to common shareholders (thousand yen)	-	-
Net profit related to common stocks attributable to owners of the parent (thousand yen)	488,588	1,720,037
Average number of shares of common stocks during the period (shares)	169,795,822	332,687,200
Net profit per share after adjustment of residual shares		
Adjustment of net profit attributable to owners of the parent (thousand yen)	-	-
Increase in number of common stocks (shares)	-	30,509,735
(of which, new share subscription rights) (shares)	(-)	(30,509,735)
The outline of residual shares not included in the calculation of amount of net profit per share due to the absence of dilutive effects	Four types of new share subscription rights (Number of new share subscription rights: 14,186,636) Common stock: 159,138,323shares	-

(Important Subsequent Events)

No applicable matter.

(Other)

Changes in Officers

[1] Changes in Representative Directors

No applicable matter.

[2] Changes in Other Officers

- Candidate for Newly Appointed Director

(Outside) Director: Nicholas Cant (currently Director at Macquarie Capital Securities (Singapore) Pte Ltd.)

- Retiring Director

(Outside) Director: Dominic Henderson (to be appointed as an Executive Officer)

[3] Scheduled Date of Appointment/Retirement

June 28, 2018 (scheduled date of holding the 117th Ordinary General Meeting of Shareholders)

Closing of Fiscal Year Ended March 31, 2018: Supplementary Explanation Material

[Closing Overview]

For sales, in the condominium sales business, in which three new buildings were completed during the current consolidated fiscal year, and in the renewable energy business, in which two new solar power generation projects started operations, sales exceeded the results of the previous year. However, the entire Group recorded sales of 11,927 million yen, which was lower than the previous year, due to no sales being recorded in the land and building business, etc.

As for net profit attributable to owners of the parent, operating loss of 1,354 million yen was recorded due to recording of company-wide expenses of 2,212 million yen not attributable to any specific reported segment as selling, general and administrative expenses. However, net profit of 1,720 million yen was recorded mainly due to recording of extraordinary profit of 2,420 million yen generated from profit on goodwill in connection with The Prospect Japan Fund Limited becoming a subsidiary.

1. Consolidated Business Results

(Unit: million yen)

	Consolidated Cumulative Fiscal Year Ended March 31, 2014	Consolidated Cumulative Fiscal Year Ended March 31, 2015	Consolidated Cumulative Fiscal Year Ended March 31, 2016	Consolidated Cumulative Fiscal Year Ended March 31, 2017	Consolidated Cumulative Fiscal Year Ended March 31, 2018	Rate of increase or decrease from the previous year (%)
Sales	11,699	16,621	16,724	14,143	11,927	△ 15.7
Operating profit	419	958	386	△ 43	△ 1,354	-
Ordinary profit	376	1,033	273	516	△ 909	-
Net profit attributable to owners of the parent for the year	606	816	7	488	1,720	252.0
Net profit per share for the year	6.72	7.11	0.05	2.88	5.17	

(Individual Business Results)

(Unit: million yen)

	Consolidated Cumulative Fiscal Year Ended March 31, 2017	Consolidated Cumulative Fiscal Year Ended March 31, 2018	Rate of increase or decrease from the previous year (%)
Sales	6,565	5,103	△ 22.3
Operating profit	△ 96	△ 1,123	-
Ordinary profit	643	△ 299	-
Net profit for the year	670	△ 179	-
Net profit per share for the year	3.95	△ 0.54	

2. Business Results by Reported Segment

(1) Sales

(Unit: million yen)

	Consolidated Cumulative Fiscal Year Ended March 31, 2014	Consolidated Cumulative Fiscal Year Ended March 31, 2015	Consolidated Cumulative Fiscal Year Ended March 31, 2016	Consolidated Cumulative Fiscal Year Ended March 31, 2017	Consolidated Cumulative Fiscal Year Ended March 31, 2018	Rate of increase or decrease from the previous year (%)
Real estate sales business						
Condominium sales	8,981	4,937	4,850	4,103	4,926	20.1
Land and building	-	304	2,314	2,264	-	△ 100.0
Custom-built homes	2,413	1,837	1,767	1,565	1,482	△ 5.3
Asset management business	282	1,881	412	173	396	128.8
Construction business	-	8,229	7,302	5,722	4,615	△ 19.3
Renewable energy business	-	0	63	250	533	113.1
Total	11,677	17,191	16,710	14,080	11,955	△ 15.1
Other	39	62	58	62	50	△ 19.9
Elimination of intersegment transactions	△ 18	△ 632	△ 45	-	△ 78	-
Total	11,699	16,621	16,724	14,143	11,927	△ 15.7

(2) Operating profit

(Unit: million yen)

	Consolidated Cumulative Fiscal Year Ended March 31, 2014	Consolidated Cumulative Fiscal Year Ended March 31, 2015	Consolidated Cumulative Fiscal Year Ended March 31, 2016	Consolidated Cumulative Fiscal Year Ended March 31, 2017	Consolidated Cumulative Fiscal Year Ended March 31, 2018	The rate of increase or decrease from the previous year (%)
Real estate sales business						
Condominium sales	715	267	343	313	602	92.5
Land and building	-	27	310	218	-	△ 100.0
Custom-built homes	153	47	30	29	12	△ 58.4
Asset management business	75	845	125	△ 39	27	-
Construction business	-	554	403	287	242	△ 15.7
Renewable energy business	-	△ 1	△ 97	73	155	111.6
Total	944	1,740	1,114	881	1,040	18.0
Other	22	34	27	28	0	△ 97.2
Depreciation of goodwill	△ 116	△ 189	△ 197	△ 197	△ 182	-
Expenses of entire company	△ 431	△ 627	△ 559	△ 756	△ 2,212	-
Total	419	958	386	△ 43	△ 1,354	-