



Closing Announcement of Fiscal Year Ending March 31, 2017 [Japanese Standards] (Consolidated)

May 12, 2017

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 Annual Shareholders' Meeting: June 28, 2017 Scheduled Date of Commencement of Dividend Payment: June 29, 2017
 Scheduled Date of Submitting Annual Report: June 28, 2017
 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 of Fiscal Year Ending March 31, 2017 (From April 1, 2016 to December 31, 2016)

(1) Consolidated Operating Results (% indicates the rate of increase or decrease from the same quarter of the previous term.)

	Sales		Operating profit		Ordinary profit		Net profit attributable to owners of the parent	
	(million yen)	%	(million yen)	%	(million yen)	%	(million yen)	%
Fiscal Year Ending March 31, 2017	14,143	Δ15.4	Δ43	—	516	89.0	488	—
Fiscal Year Ended March 31, 2016	16,724	0.6	386	Δ59.7	273	Δ73.6	7	Δ99.1

(Note) Fiscal Year Ending March 31, 2017: 440 (million yen) (-%) Fiscal Year Ended March 31, 2016: 0 (million yen) 99.9% (Δ)

	Net profit per share	Fully diluted net profit per share	Return on Equity	Return on Assets	Return on Sales
	(yen, sen)	(yen, sen)	%	%	%
Fiscal Year Ending March 31, 2017	2.88	—	4.3	2.0	Δ0.3
Fiscal Year Ended March 31, 2016	0.05	—	0.1	1.2	2.3

(Reference) Equity in net income of affiliates Fiscal Year Ending March 31, 2017: — (million yen) Fiscal Year Ended March 31, 2016: — (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 Ending March 31, 2017	27,368	12,489	42.0	67.77
Fiscal Year Ended March 31, 2016	24,447	12,209	46.2	65.96

(Reference) Net worth: Fiscal Year Ending March 31, 2017: 11,505 (million yen) Fiscal Year Ended March 31, 2016: 11,285 (million yen)

(3) Status of Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of term
	(million yen)	(million yen)	%	(yen, sen)
Fiscal Year Ending March 31, 2017	759	Δ3,165	1,861	5,379
Fiscal Year Ended March 31, 2016	540	Δ4,989	4,481	5,924

2. Status of Dividend

	Annual dividend					Aggregate amount of dividend (total)	Dividend payout ratio (consolidated)	Dividend on equity (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, 2016	-	-	-	1.00	1.00	171	2,000.0	1.5
Fiscal Year Ending March 31, 2017	-	-	-	3.00	3.00	509	104.2	4.5
Fiscal Year Ending March 31, 2018 (Forecast)				3.00	3.00		—	

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

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 in the current term (changes in the specified subsidiaries accompanying changes in the scope of consolidation): None

New: --- (Company Name:) , 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.: Yes

[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 Ending March 31, 2017:	172,556,807	shares	Fiscal Year Ended March 31, 2016:	172,556,807	shares
[2] Number of treasury stocks at the end of term:	Fiscal Year Ending March 31, 2017:	2,773,334	shares	Fiscal Year Ended March 31, 2016:	1,464,220	shares
[3] Average number of shares during the term:	Fiscal Year Ending March 31, 2017:	169,795,822	shares	Fiscal Year Ending March 31, 2016:	158,917,651	shares

(Reference) Outline of Unconsolidated Business Results

1. Unconsolidated Business Results for Fiscal Year ending March 31, 2017 (From April 1, 2016 to March 31, 2017)

(1) Unconsolidated Business Results (% indicates the rate of increase or decrease from the previous term.)

	Sales		Operating profit		ordinary profit		Net profit	
	(million yen)	%	(million yen)	%	(million yen)	%	(million yen)	%
Fiscal Year Ending March 31, 2017	6,565	Δ10.7	Δ96	—	643	353.1	670	656.4
Fiscal Year Ended March 31, 2016	7,351	27.1	77	Δ8.5	142	Δ62.1	88	Δ41.3

	Net profit per share	Fully diluted net profit per share
	(yen, sen)	(yen, sen)
Fiscal Year Ending March 31, 2017	3.95	—
Fiscal Year Ended March 31, 2016	0.56	0.56

(2) Unconsolidated Financial Condition

	Total assets	Net asset	Net worth ratio	Net asset per share
	(million yen)	(million yen)	%	(yen, sen)
Fiscal Year Ending March 31, 2017	15,306	11,493	70.0	63.11
Fiscal Year Ended March 31, 2016	15,155	10,980	67.9	60.11

(Reference) Net worth Fiscal year ending March 31, 2017 10,714 million yen Fiscal year ended March 31, 2016 10,283 million yen

* This closing announcement is not subject to audit procedures

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

(Matters to be noted concerning forward-looking statements)

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 in using the forecast of business results, etc., refer to "1. Summary of Results etc., (4) Future Prospects" on p. 4 of the attached materials.

(How to obtain Supplementary Explanation Materials for the closing)

The Supplementary Explanation Materials for the closing are available on TDnet as of the same date.

○ Table of Contents of Attached Materials	
1. Summary of Results of Operations etc.	2
(1) Summary of Results of Operations for Current Term	2
(2) Summary of Financial Conditions for Current Term	4
(3) Summary of Cash Flow for Current Term	4
(4) Future Prospects	4
(5) Basic Policy Concerning Distribution of Profits; Dividends in Current and Following Terms	4
2. Basic Policy Concerning Election of Accounting Standards	4
3. Consolidated Financial Statements and Primary Notes	5
(1) Consolidated Balance Sheet	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 Statement of Changes in Shareholders' Equity	10
(4) Consolidated Statement of Cash Flow	12
(5) Notes to Consolidated Financial Statements	14
(Notes to Assumptions on Going Concern)	14
(Changes in Accounting Policies)	14
(Information on Segments)	14
(Per Share Information)	17
(Significant Subsequent Events)	17

1. Summary of Results of Operations etc.

(1) Summary of Results of Operations for Current Term

The Japanese economy in the Current Consolidated Fiscal Year has continued to gradually recover in general as shown by improvements in corporate profits and employment thanks to the effects of continued economic and public financial measures taken by the central government as well as financial measures, etc. taken by the Bank of Japan. On the other hand, the economic outlook remained unclear amidst uncertainty surrounding the global economy due to the UK's exit from the EU and the unclear policy trends of the new U.S administration.

In the condominium sales market in the metropolitan area, while demand is propped up by measures that support the purchase of houses and continued low interest rates for home loans, etc., the future is unpredictable because prices are affected by difficulties in acquiring land for condominiums due to a sharp rise in prices and continued high construction costs.

Under such a business environment, holding up the Group's slogan "Challenge & Ambition" and from a long-term perspective, looking at future possibilities, our philosophy is to challenge ourselves to create and maximize new values and to pursue strategies that benefit all stakeholders.

Under this policy, we have strived to grow our areas of business, including sales of custom-made homes, investment advisory business and construction business, etc. in an effort to reduce our dependence on our main, single business of condominium sales whereby consolidating our base of profits. In addition, we are working to enhance the Group's business portfolio by launching a foreign real estate business and a business focused on developing renewable energy such as solar power generation as clean energy.

As a result of the above, the Group's sales for the Current Consolidated Fiscal Year were 14,143 million yen (16,724 million yen in the previous consolidated fiscal year), operating loss was 43 million yen (operating profit of 386 million yen in the previous consolidated fiscal year), ordinary profit was 516 million yen (273 million yen in the previous consolidated fiscal year), and net profit attributable to owners of the parent was 488 million yen (7 million yen in the previous consolidated fiscal year).

Business performance by segment is as follows.

Segment	Previous Consolidated Fiscal Year from April 1, 2015 to March 31, 2016		Current Consolidated Fiscal Year from April 1, 2016 to March 31, 2017	
	Amount	Component ratio	Amount	Component ratio
	thousand yen	%	thousand yen	%
Real Estate Sales Business				
- Condominium Sales	4,850,585	29.0	4,103,413	29.0
- Land & Buildings	2,314,573	13.8	2,264,739	16.0
- Custom-Made Homes	1,767,296	10.6	1,565,891	11.1
Asset Management Business	412,166	2.5	173,455	1.2
Construction Business	7,302,695	43.7	5,722,541	40.5
Solar Business	63,672	0.4	250,401	1.8
Sub-total	16,710,989	100.0	14,080,441	99.6
Other	58,285	0.3	62,629	0.4
Elimination of Inter-Segment Transactions	△45,024	△0.3	—	—
Total	16,724,251	100.0	14,143,071	100.0

(Real Estate Sales Business, Condominium Sales Business)

We mainly sell condominiums for general customers in the metropolitan area.

In the Current Consolidated Fiscal Year, a total of 131 "GRO-BEL" brand condominiums in 3 buildings, including "GRO-BEL Kitatoda Station Arena" (39 condominiums) were completed (81 condominiums in 2 buildings in the previous consolidated fiscal year).

As for sales, we executed new contracts on 141 condominiums at 4,799 million yen in the Current Consolidated Fiscal Year (89 condominiums at 3,555 million yen in the previous consolidated fiscal year), and recorded sales of 115 condominiums for 4,103 million yen and segment profit of 313 million yen (124 condominiums for sales of 4,850 million yen and segment profit of 343 million yen in the previous consolidated fiscal year).

(Real Estate Sales Business, Land and Buildings)

We mainly sell residential land and detached homes as well as individual buildings, etc.

In the Current Consolidated Fiscal Year, we executed 2,139 million yen (2,439 million yen in the previous consolidated fiscal year) worth of new contracts and recorded sales of 2,264 million yen and segment profit of 218 million yen (2,314 million yen in sales and segment profit of 310 million yen in the previous consolidated fiscal year).

(Real Estate Sales Business, Custom-Made Homes)

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

In the Current Consolidated Fiscal Year, we executed new contracts on 40 houses, totaling 1,206 million yen (41 houses of 1,125 million yen in the previous consolidated fiscal year) and delivered 41 houses and recorded 1,565 million yen in sales and a segment profit of 29 million yen (48 houses, 1,767 million yen in sales and segment profit of 30 million yen in the previous consolidated fiscal year) (including renovation work, etc.).

(Asset management Business)

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

In the Current Consolidated Fiscal Year, we recorded 173 million yen in sales and segment loss of 39 million yen (412 million yen in sales and segment profit of 170 million yen in the previous consolidated fiscal year).

(Construction Business)

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

In the Current Consolidated Fiscal Year, we recorded 5,722 million yen in sales and segment profit of 287 million yen (7,302 million yen in sales and segment profit of 403 million yen in the previous consolidated fiscal year).

(Solar Business)

We sell electricity generated by PV to electric power companies.

In the Current Consolidated Fiscal Year, we recorded sales of 250 million yen and segment profit of 73 million yen (sales of 63 million yen and segment loss of 97 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 to general customers.

In the Current Consolidated Fiscal Year, we recorded sales of 62 million yen and segment profit of 28 million yen (sales of 58 million yen and segment profit of 27 million yen in the previous consolidated fiscal year).

(2) Summary of Financial Conditions for Current Term

(Assets)

Total assets at the end of the Current Consolidated Fiscal Year were 27,368 million yen, an increase of 2,920 million yen as compared with the end of the previous consolidated fiscal year. This was mainly due to an increase in inventories in the condominium sales business, an increase in tangible fixed assets related to capital investment in the solar business, etc. and an increase in investments and other assets, etc. due to recording revenues from certain joint investment projects in Hawaii.

(Liabilities)

Liabilities at the end of the Current Consolidated Fiscal Year were 14,878 million yen, an increase of 2,639 million yen as compared with the end of the previous consolidated fiscal year. This was mainly due to an increase in project financing for the condominium sales business and an increase in borrowings for capital investment in the construction and solar businesses, etc.

(Net Assets)

Net assets at the end of the Current Consolidated Fiscal Year were 12,489 million yen, an increase of 280 million yen as compared with the end of the previous consolidated fiscal year. This was mainly due to an increase in the amount of accumulated profit by the recording of net profit attributable to owners of the parent.

(3) Summary of Cash Flow for Current Term

Consolidated "cash and cash equivalents" ("Cash") at the end of the Current Consolidated Fiscal Year was 5,379 million yen.

The cash flow situation and factors contributing thereto in the Current Consolidated Fiscal Year are as follows.

(Cash Flow from Operating Activities)

Cash provided by operating activities increased by 759 million yen (an increase of 540 million yen in the previous consolidated fiscal year). This was mainly due to an increase in notes and accounts receivable of 1,147 million yen, such as completed construction receivable in the construction business and recording of net profit before tax of 433 million yen, etc.

(Cash Flow from Investment Activities)

Cash provided by investment activities decreased by 3,165 million yen (a decrease of 4,989 million yen in the previous consolidated fiscal year). This was mainly due to payment of 2,439 million yen for acquisition of tangible fixed assets such as PV facilities, etc. and investment of 515 million yen in the solar business.

(Cash Flow from Financial Activities)

Cash provided by financial activities increased by 1,861 million yen (an increase of 4,481 million yen in the previous consolidated fiscal year). This was mainly due to new borrowings of 6,683 million yen as project funding in the condominium sales business and capital investment funding in the construction business and the solar business, in spite of repayment of 4,565 million yen of existing borrowings.

(4) Future Prospects

As for future prospects, while economic recovery is expected due to a general improvement in employment and income thanks to various economic policies, it is expected that the future of the economy remains unpredictable due to concern about business results and consumer spending affected by uncertainty in the U.S. economic climate, business recessions in emerging countries and the instability of the EU political situation.

Under such circumstances, based on our philosophy, the M&A project for acquisition of The Prospect Japan Fund Limited is underway. Aiming for continuous enhancement of our base of profits, we, the entire Group, intend to proactively work on business diversification, such as the expansion of our renewable energy businesses including biomass in addition to solar business and continue to maximize our corporate value.

As seen above, negotiations on a large M&A project are currently underway, and the asset management business, one of the important segments, and the real estate business developed overseas, conventionally tend to be significantly affected by changes in domestic and global economic conditions and market environment. Accordingly, it is extremely difficult to forecast future business results. Therefore, while we intend to make timely disclosure of closing business results and a summary of the business to be conducted on a quarterly basis, we adopted a policy not to disclose any sales and profits forecasts for the Fiscal Year ending March 31, 2018.

(5) Basic Policy Concerning Distribution of Profits and Dividends in Current and Following Terms

The Company's basic policy is, while securing undistributed profits necessary for the stable future growth of the Company and measures to cope with changes in management environment, to basically maintain stable and on-going dividends, and to pay dividends by also taking its business results into consideration.

Based on the above basic policy, for the Current Consolidated Fiscal Year, 3 yen per share of the term-end dividend (an increase of 2 yen compared with the previous consolidated fiscal year) will be implemented as announced in the "Notice of Adjustment of Dividend Forecast for the Fiscal Year ending March 31, 2017" which was published December 6, 2016.

A dividend for the following term is expected to be 3 yen per share (the term-end dividend of 3 yen), same as the current term, since receipt of dividend is expected from the business of developing condominiums for sale in Honolulu, Hawaii in the U.S. (KEAUHOU PLACE Project) which will be completed in 2017, and the solar business is performing satisfactorily.

2. Basic Policy Concerning Election of Accounting Standards

The Group prepares its consolidated financial statements based on Japanese standards, taking into consideration burdens, etc. of developing systems for preparing consolidated financial statements based on the international accounting standards.

3. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheet

(Unit: thousand yen)

	Previous Consolidated Fiscal Year (as of March 31, 2016)	Current Consolidated Fiscal Year (as of March 31, 2017)
Assets		
Current Assets		
Cash and deposits	5,954,530	5,409,806
Notes and accounts receivable	395,061	295,664
Accounts receivable for completed construction projects	2,107,925	1,071,410
Accounts receivable for investment advisory fees	22,393	16,397
Securities	466,945	790,188
Real estate for sale	834,429	925,573
Real estate for sale in process	1,797,862	2,451,405
Real estate for development	748,786	476,221
Expenses for uncompleted construction projects	19,293	27,631
Raw materials and stores	17,195	21,088
Deferred tax assets	142,251	376,038
Other	358,142	1,137,521
Allowance for doubtful accounts	-	△49,358
Total Current Assets	12,864,819	12,949,590
Fixed assets		
Tangible fixed assets		
Buildings	2,427,313	2,245,668
Accumulated depreciation	△1,493,847	△1,534,942
Buildings (net)	933,465	710,726
Machinery, equipment and delivery equipment	2,762,018	5,833,543
Accumulated depreciation	△2,368,038	△2,460,911
Machinery, equipment and delivery equipment (net)	393,979	3,372,631
Tools, furniture and fixtures	1,261,659	1,176,785
Accumulated depreciation	△1,186,448	△1,123,691
Tools, furniture and fixtures (net)	75,211	53,093
Land	2,717,932	2,558,513
Leased assets	22,200	-
Accumulated depreciation	△22,200	-
Leased assets (net)	-	-
Construction in progress	1,422,820	891,705
Total tangible fixed assets	5,543,408	7,586,671
Intangible fixed assets		
Goodwill	1,212,950	1,015,260
Software	12,208	17,602
Other	31,338	30,255
Total intangible fixed assets	1,256,497	1,063,118
Investments and other assets		
Investment securities	111,933	114,546
Contribution	1,448,612	2,761,293
Long-term loans	2,833,964	2,445,624
Deferred tax assets	24,772	11,567
Other	576,592	1,076,068
Allowance for doubtful accounts	△212,710	△640,442
Total investments and other assets	4,783,165	5,768,658
Total Fixed Assets	11,583,072	14,418,447
Total Assets	24,447,892	27,368,038

(Unit: thousand yen)

	Previous Consolidated Fiscal Year (as of March 31, 2016)	Current Consolidated Fiscal Year (as of March 31, 2017)
Liabilities		
Current liabilities		
Notes and accounts payable	1,022,963	833,260
Accrued construction payment	1,466,620	1,759,135
Short-term borrowings	10,000	181,400
Bonds to be redeemed within a year	56,400	51,900
Current portion of long-term borrowings	942,186	1,798,503
Corporate income tax, etc., payable	65,386	244,108
Amount received for uncompleted construction projects	276,241	179,947
Reserve for bonuses	56,687	135,026
Reserve for officers' bonuses	10,256	12,420
Allowance for compensation for completed construction projects	8,072	11,375
Allowance for construction project losses	8,700	16,700
Provision for loss on litigation	—	20,000
Other	596,354	655,190
Total Current Liabilities	4,519,869	5,898,968
Fixed Liabilities		
Bonds	198,600	146,700
Long-term borrowings	6,815,803	7,854,349
Deferred tax liabilities	2,097	1,890
Net defined benefit liabilities	119,255	136,674
Directors' retirement allowance	95,232	114,822
Allowance for compensation for completed construction projects	179,905	201,995
Provision for loss on guarantees	—	23,000
Asset retirement obligations	11,172	11,179
Other	296,733	489,024
Total Fixed Liabilities	7,718,800	8,979,636
Total Liabilities	12,238,670	14,878,604
Net Assets		
Shareholders' equity		
Capital	4,257,256	4,257,256
Capital surplus	5,480,641	5,480,641
Retained earnings	1,521,223	1,838,718
Treasury stock	△71,368	△140,020
Total shareholders' equity	11,187,752	11,436,596
Accumulated other comprehensive income		
Foreign currency conversion adjustments	97,624	69,318
Total accumulated other comprehensive income	97,624	69,318
New share subscription rights	696,943	778,640
Non-controlling interest	226,901	204,878
Total Net Assets	12,209,222	12,489,433
Total Liabilities and Net Assets	24,447,892	27,368,038

(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, 2015 to March 31, 2016)	Current Consolidated Fiscal Year (From April 1, 2016 to March 31, 2017)
Sales		
Sales from Real Estate Business	8,926,814	7,928,742
Sales from Construction Business	7,232,391	5,647,669
Sales from Other Businesses	430,814	423,856
Real Estate Leasing Income	134,230	142,802
Gross Sales	16,724,251	14,143,071
Sales Cost		
Sales cost of Real Estate Business	7,391,858	6,478,848
Sales cost of Construction Business	6,667,573	5,194,218
Sales cost of Other Businesses	29,079	131,851
Cost of real estate leasing	74,677	75,117
Total sales cost	14,163,188	11,880,035
Gross Profits on Sales	2,561,062	2,263,035
Selling, General and Administrative Expenses		
Advertisement expenses	232,884	310,136
Remuneration for directors	181,532	185,206
Salaries and wages	450,121	417,339
Provision for accrued bonuses for directors	10,256	12,420
Provision for accrued bonuses	29,590	46,891
Retirement benefit expenses	21,049	19,743
Provision for retirement benefits for directors	40,695	23,073
Commission paid	388,657	476,913
Other	819,813	815,181
Total Selling, General and Administrative Expenses	2,174,600	2,306,904
Operating Profit/Loss	386,461	△43,869
Non-operating Income		
Interest income	205,055	428,683
Dividends income	12,803	86,769
Capital investment gains	—	837,545
Penalties income	500	4,760
Clerical affairs fee received	4,700	3,950
Reversal of selling expenses	3,305	489
Foreign currency exchange profit	—	22,071
Reversal of allowance for doubtful accounts	24,111	—
Other	38,419	32,135
Total Non-operating Income	288,895	1,416,405
Non-operating Expenses		
Interest expenses	157,464	312,659
Loss on valuation of securities	—	293
Borrowing fees	16,539	20,184
Foreign currency exchange loss	201,760	—
Provision for allowance for doubtful accounts	—	469,950
Other	26,341	52,991
Total Non-operating Expenses	402,106	856,078
Ordinary Profits	273,251	516,457

(Unit: thousand yen)

	Previous Consolidated Fiscal Year (From April 1, 2015 to March 31, 2016)	Current Consolidated Fiscal Year (From April 1, 2016 to March 31, 2017)
Extraordinary Profits		
Profit on fixed asset sales	180	1,226
Profit on reversal of stock acquisition rights	4,671	7,593
Total Extraordinary Profits	4,852	8,820
Extraordinary Losses		
Loss on fixed asset sales	888	—
Retirement loss on fixed assets	729	366
Special retirement expenses	22,128	—
Provision for loss on litigation	—	20,000
Provision for warranties for completed construction	161,000	41,622
Provision for loss on guarantees	—	23,000
Loss on Impairment	1,277	—
Total Extraordinary Losses	186,024	84,988
Net profit before dividends distribution from silent partnership, income taxes	92,079	440,288
Dividends distribution from silent partnership	2,416	7,080
Net profit before taxes, etc.	89,663	433,207
Corporate income tax, resident tax and business tax payable	42,176	178,895
Adjustment of corporate income tax, etc.	17,288	△221,470
Total corporate income tax, etc.	59,465	△42,575
Net Profits	30,197	475,783
Net profit attributable to non-controlling interests	22,739	△12,804
Net profit attributable to owners of the parent	7,458	488,588

(Consolidated Statement of Comprehensive Income)

(Unit: thousand yen)

	Previous Consolidated Fiscal Year (From April 1, 2015 to March, 2016)	Current Consolidated Fiscal Year (From April 1, 2016 to March 31, 2017)
Net Profits	30,197	475,783
Other comprehensive income		
Foreign currency conversion adjustments	Δ29,617	Δ34,863
Total other comprehensive income	Δ29,617	Δ34,863
Comprehensive income	580	440,919
(Breakdown)		
Comprehensive income attributable to owners of the parent	10,264	460,282
Comprehensive income attributable to non-controlling interests	Δ9,683	Δ19,362

(3) Consolidated Statement of Changes in Shareholders' Equity

Previous Consolidated Fiscal Year (from April 1, 2015 to March 31, 2016)

(Unit: thousand yen)

	Shareholders' Equity				
	Capital	Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders' Equity
Balance at Beginning of Term	3,240,411	4,506,756	1,651,961	Δ216	9,398,912
Increase/Decrease during Term					
Issue of new shares	1,016,845	1,016,845			2,033,690
Distribution of surplus			Δ138,196		Δ138,196
Net profit attributable to owners of the parent			7,458		7,458
Acquisition of Treasury Stock				Δ71,151	Δ71,151
Increase/decrease of the parent's equity due to transaction with non-controlling shareholders		Δ42,961			Δ42,961
Increase/decrease of item other than shareholders' equity (net)					
Total Increase/Decrease during Term	1,016,845	973,884	Δ130,737	Δ71,151	1,788,840
Balance at End of Term	4,257,256	5,480,641	1,521,223	Δ71,368	11,187,752

	Cumulative Total of Other Comprehensive Income		Stock acquisition rights	Non-controlling shareholders' equity	Total net assets
	Foreign currency translation adjustment	Cumulative total of other comprehensive income			
Balance at Beginning of Term	94,818	94,818	350,058	140,520	9,984,310
Increase/Decrease during Term					
Issue of new shares		—			2,033,690
Distribution of surplus		—			Δ138,196
Net profit attributable to owners of the parent		—			7,458
Acquisition of Treasury Stock		—			Δ71,151
Increase/decrease of the parent's equity due to transaction with non-controlling shareholders		—			Δ42,961
Increase/decrease of item other than shareholders' equity (net)	2,805	2,805	346,884	86,380	436,070
Total Increase/Decrease during Term	2,805	2,805	346,884	86,380	2,224,911
Balance at End of Term	97,624	97,624	696,943	226,901	12,209,222

Current Consolidated Fiscal Year (from April 1, 2016 to March 31, 2017)

(Unit: thousand yen)

	Shareholders' Equity				
	Capital	Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders' Equity
Balance at Beginning of Term	4,257,256	5,480,641	1,521,223	Δ71,368	11,187,752
Increase/Decrease during Term					
Distribution of surplus			Δ171,092		Δ171,092
Net profit attributable to owners of the parent			488,588		488,588
Acquisition of Treasury Stock				Δ68,652	Δ68,652
Increase/decrease of item other than shareholders' equity (net)					
Total Increase/Decrease during Term	—	—	317,495	Δ68,652	248,843
Balance at End of Term	4,257,256	5,480,641	1,838,718	Δ140,020	11,436,596

	Cumulative Total of Other Comprehensive Income		Stock acquisition rights	Non-controlling shareholders' equity	Total net assets
	Foreign currency translation adjustment	Cumulative total of other comprehensive income			
Balance at Beginning of Term	97,624	97,624	696,943	226,901	12,209,222
Increase/Decrease during Term					
Distribution of surplus		—			Δ171,092
Net profit attributable to owners of the parent		—			488,588
Acquisition of Treasury Stock		—			Δ68,652
Increase/decrease of item other than shareholders' equity (net)	Δ28,305	Δ28,305	81,697	Δ22,023	31,368
Total Increase/Decrease during Term	Δ28,305	Δ28,305	81,697	Δ22,023	280,211
Balance at End of Term	69,318	69,318	778,640	204,878	12,489,433

(4) Consolidated Statement of Cash Flow

(Unit: thousand yen)

	Previous Consolidated Fiscal Year (From April 1, 2015 to March, 2016)	Current Consolidated Fiscal Year (From April 1, 2016 to March 31, 2017)
Cash flow from operating activities		
Net income before tax	89,663	433,207
Depreciation	165,072	221,835
Stock compensation cost	89,426	89,291
Goodwill amortization	197,041	197,690
Impairment loss	1,277	—
Increase/decrease in doubtful account allowance	△24,127	477,091
Increase/decrease in bonus allowance	△78,986	78,339
Increase/decrease in directors' bonus allowance	△99,844	2,164
Increase/decrease in provision for warranties for completed construction	183,926	25,391
Increase/decrease in provision for loss on guarantees	—	23,000
Increase/decrease in provision for construction contract loss	△2,200	8,000
Increase/decrease in provision for loss on litigation	—	20,000
Increase/decrease in liabilities for retirement benefits	△636	17,418
Increase/decrease in accrued retirement benefits for directors	40,695	19,590
Interest and dividend income	△217,859	△515,453
Gain on reversal of share acquisition rights	△4,671	△7,593
Gain/loss on investment in silent partner	4,450	37,556
Interest paid	157,464	312,659
Fund operation gain/loss	—	△837,545
Foreign exchange gain/loss	201,760	△22,071
Fixed asset sale gain/loss	707	2,406
Silent partner gain/loss distribution	—	△2,455
Increase/decrease in accounts receivable	870,643	1,147,825
Increase/decrease in advances received	△608,425	5,074
Increase/decrease in inventory assets	1,085,577	50,479
Increase/decrease in accounts payable	△847,623	△302,139
Increase/decrease in operating investment securities	△188,608	△305,733
Increase/decrease in pre-paid costs	△55,211	△221,748
Increase/decrease in accounts receivable	△90,327	△62,978
Others	△94,433	137,415
Sub-total	774,751	1,028,718
Interest and dividend received	48,636	98,305
Interest paid	△180,749	△312,672
Corporation tax payment	△102,436	△54,577
Cash flow from operating activities	540,202	759,773

(Unit: thousand yen)

	Previous Consolidated Fiscal Year (From April 1, 2015 to March, 2016)	Current Consolidated Fiscal Year (From April 1, 2016 to March 31, 2017)
Cash flow from investment activities		
Tangible fixed asset purchase expenditure	Δ2,169,121	Δ2,439,549
Tangible fixed asset sale proceeds	6,646	—
Intangible fixed asset purchase expenditure	Δ31,567	Δ12,760
Investment securities purchase expenditure	—	Δ2,661
Investment securities redemption proceeds	131	47
Investment real estate sale proceeds	—	5,269
Time deposit depositing expenditure	Δ330,000	—
Time deposit withdrawal proceeds	370,000	—
Investment expenditure	Δ680,515	Δ515,538
Purchase of investments in subsidiaries resulting in change in scope of consolidation	Δ3,000	—
Proceeds from sale of investments in subsidiaries resulting in change in scope of consolidation	349,379	—
Investment recovery proceeds	—	490
Loan expenditure	Δ2,935,481	Δ201,117
Loan recovery proceeds	434,083	404
Cash flow from investment activities	Δ4,989,445	Δ3,165,413
Cash flow from financing activities		
Short-term borrowing proceeds	240,000	938,000
Short-term borrowing repayment expenditure	Δ305,704	Δ766,600
Instalment obligation repayment expenditure	Δ10,231	Δ5,305
Long-term borrowing proceeds	7,371,619	5,745,500
Long-term borrowing repayment expenditure	Δ3,478,284	Δ3,799,136
Bond redemption expenditure	Δ56,400	Δ56,400
Proceeds from issuance of shares upon exercise of share acquisition rights	507,820	—
Proceeds from issuance of share acquisition rights	279,440	—
Treasury stock acquisition expenditure	Δ71,151	Δ68,652
Lease obligation repayment expenditure	Δ4,056	—
Dividend payment	Δ136,269	Δ168,700
Payment of dividend to non-controlling shareholders	—	Δ2,660
Proceeds paid in by non-controlling shareholders	26,607	—
Proceeds paid in by silent partner	118,000	45,600
Cash flow from financing activities	4,481,389	1,861,644
Cash and cash equivalents exchange rate translation difference	Δ22,727	Δ728
Increase/decrease in cash and cash equivalents	9,419	Δ544,724
Cash and cash equivalents at beginning of term	5,915,111	5,924,530
Cash and cash equivalents at end of term	5,924,530	5,379,806

(5) Notes to Consolidated Financial Statements

(Notes to Assumptions on Going Concern)

No applicable matter.

(Changes in Accounting Policies)

(Application of Practical Handling Concerning Changes in Depreciation Method Related to Amendment of Taxation System in 2016)

In connection with amendment of the Corporation Tax Act, the Company and subsidiaries in Japan have applied the “Practical Handling Concerning Changes in Depreciation Method Related to Amendment of Taxation System in 2016” (Practice Response Report No. 32, June 17, 2016) starting from the Current Consolidated Fiscal Year, and changed the depreciation method of the facilities annexed to the building and structures, which are to be acquired on or after April 1, 2016, from the fixed percentage method to the straight-line method.

In this regard, there is no impact on the Consolidated Financial Statements.

(Segment information, etc.)

【Segment information】

1. Outline of reported segment

(1) Reported segment decision method

Separate financial information is obtainable for each of the Company Group reportable segments, with the board of directors periodically reviewing reportable segments to decide the allocation of corporate resources and evaluate earnings.

The head office of the Company Group formulates a comprehensive strategy and business activity development of each segment.

Therefore, the Company Group comprises segments based on its businesses, with the six reportable segments of Real Estate Sales Business, Condominium Sales, Real Estate Sales Business, Land & Building, Real Estate Sales Business, Custom-made Homes, Asset Management Business, Construction Business and Solar Business.

(2) Type of business in each reported segment

The "Real Estate Sales Business, Condominium Sales" conducts the sale of condominiums to general customers mainly in the metropolitan area. The "Real Estate Sales Business, Land & Building" conducts sales of residential land, detached houses and buildings. The "Real Estate Sales Business, Custom-made Homes" conducts building contracts and renovations for detached housing. The "Asset Management Business" conducts the management of real estate and Japanese stock-related securities. The "Construction Business" conducts propulsion work and pre-stressed concrete (PC) work. The "Solar Business" conducts the sale of energy from solar energy cells to power companies.

2. Method of calculation of the amount of sales, profit/loss, assets, liabilities and other items of each reported segment

The accounting treatment of each reported segment is in line with the “Accounting Policies for the Preparation of Consolidated Financial Statements.” Reported segment profit is on an operating profit basis. Intersegment sales and transfers are based on market prices.

3. Information concerning the amount of sales, profit/loss, assets, liabilities and other items by reported segment
Previous Consolidated Fiscal Year (from April 1, 2015 to March 31, 2016)

(Unit: thousand yen)

	Reportable Segment							Others (Note)	Total
	Real Estate Sales Business, Condomi- nium Sales	Real Estate Sales Business, Land & Buildings	Real Estate Sales Business, Custom-Mad e Homes	Asset Manage-men t Business	Construction Business	Solar Business	Sub-total		
Sales									
Sales to external customers	4,850,585	2,314,573	1,767,296	367,142	7,302,695	63,672	16,665,965	58,285	16,724,251
Intersegment sales and transfers	—	—	—	45,024	—	—	45,024	—	45,024
Total	4,850,585	2,314,573	1,767,296	412,166	7,302,695	63,672	16,710,989	58,285	16,769,275
Segment profit/loss	343,244	310,271	30,181	170,064	403,111	△97,082	1,159,789	27,748	1,187,538
Segment assets	3,222,618	193,494	851,232	3,105,462	5,453,070	3,787,373	16,613,251	1,351,855	17,965,107
Other categories									
Depreciation	4,444	—	26,390	4,200	98,518	16,946	150,500	7,720	158,221
Increase in tangible and intangible fixed assets	—	—	48,320	1,102	106,455	1,647,119	1,802,998	687,137	2,490,135

(Note) "Others" are business segments that are not included as reported segments, and includes the real estate leasing business and other ancillary businesses.

Current Consolidated Fiscal Year (from April 1, 2016 to March 31, 2017)

(Unit: thousand yen)

	Reportable Segment							Other (Note)	Total
	Real Estate Sales Business, Condomi- nium Sales	Real Estate Sales Business, Land & Buildings	Real Estate Sales Business, Custom-Mad e Homes	Asset Manage-men t Business	Construction Business	Solar Business	Sub-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 profit/loss	313,204	218,025	29,043	△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 categories									
Depreciation	3,532	—	27,883	3,011	73,942	97,055	205,425	10,734	216,159
Increase in tangible and intangible fixed assets	—	—	—	248	5,907	2,832,381	2,838,537	—	2,838,537

(Note) "Others" are business segments that are not included as reported segments, and includes the real estate leasing business and other ancillary businesses.

4. Differences between the total in the reported segments and the totals in the consolidated financial statement, and major breakdown of such differences

(Unit: thousand yen)

Sales	Previous Consolidated Fiscal Year	Current Consolidated Fiscal Year
Reported segment total	16,710,989	14,080,441
“Others” sales	58,285	62,629
Elimination of transactions within segments	Δ45,024	—
Consolidated financial statement sales	16,724,251	14,143,071

(Unit: thousand yen)

Profit	Previous Consolidated Fiscal Year	Current Consolidated Fiscal Year
Reported Segment total	1,159,789	881,691
“Others” profit	27,748	28,308
Elimination of transactions within segments	Δ45,024	—
Goodwill amortization	Δ197,041	Δ197,690
Overall company costs (note)	Δ559,010	Δ756,179
Consolidated financial statement operating profit	386,461	Δ43,869

(Note) Overall company costs are mainly general administrative costs that do not belong to any specific reported segment.

(Unit: thousand yen)

Assets	Previous Consolidated Fiscal Year	Current Consolidated Fiscal Year
Reportable Segment sub-total	16,613,251	21,999,985
“Others” assets	1,351,855	797,355
Goodwill	1,212,950	1,015,260
Overall company costs (note)	5,269,834	3,555,436
Consolidated financial statement asset total	24,447,892	27,368,038

(Note) Overall company assets are mainly managed surplus funds (cash, deposits), long-term investment funds and head office management department assets that do not belong to any specific reported segment.

(Unit: thousand yen)

Other categories	Reportable Segment sub-total		Others		Adjustments (Note 1)		Consolidated financial statement amount	
	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	150,500	205,425	7,720	10,734	6,851	5,675	165,072	221,835
Increase in tangible and intangible fixed assets	1,802,998	2,838,537	687,137	—	366,814	1,000	2,856,949	2,839,537

(Note 1) “Adjustments” in depreciation is depreciation of head office assets, etc.

(Per Share Information)

	Previous Consolidated Fiscal Year (From April 1, 2015 to March, 2016)	Current Consolidated Fiscal Year (From April 1, 2016 to March 31, 2017)
Net asset per share	65.96 yen	67.77 yen
Net profit per share	0.05 yen	2.88 yen

(Note) 1. The fully diluted net profit per share for the Current Consolidated Fiscal Year is not reported due to the absence of residual equity with a dilutive effect.

2. The basis of calculation of net profit per share is as follows.

Category	Previous Consolidated Fiscal Year (From April 1, 2015 to March, 2016)	Current Consolidated Fiscal Year (From April 1, 2016 to March 31, 2017)
Net profit attributable to owners of the parent (thousand yen)	7,458	488,588
Non-common stocks (thousand yen)	—	—
Net profit attributable to parent company shareholders (thousand yen)	7,458	488,588
Average number of shares of Common stock during the term (shares)	158,917,651	169,795,822
Outline of fully diluted shares not included in net profit per share after adjustment for residual equity due to the absence of residual equity with a dilutive effect	5 classes of share acquisition right (14,407,049 share acquisition right) Common stock: 174,178,372 shares	4 classes of share acquisition right (14,186,636 share acquisition right) Common stock: 159,138,323 shares

(Significant Subsequent Events)

No applicable matter.

Closing of Fiscal Year Ending March 31, 2017: Supplementary Explanation Material

[Closing Overview]

While sales in the solar business (in which 5 projects commenced operations) improved on the previous fiscal year, the entire Group recorded sales of JPY14,143 million, which was down from the previous year, mainly due to a decline in properties turnover in the real estate sales business (condominium sales and custom-made homes), fewer orders in the construction business as a result of rejecting unprofitable construction projects, decreased commission income in the asset management business and other reasons.

As for operating profit, since the entire Group's selling, general and administrative expenses not attributable to any specific reported segment amounted to JPY756 million, loss of JPY43 million was recorded.

However, net profit attributable to owners of the parent company was up from the previous fiscal year with an amount of JPY488 million being recorded for the Current Consolidated Fiscal Year, mainly due to revenues from the joint investment project in Hawaii and foreign currency exchange profit from assets in foreign currencies being recorded in non-operating income.

1. Consolidated Business Results

(Unit: million yen)

	Consolidated Cumulative Fiscal Year Ended March 31, 2013	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 Ending March 31, 2017	Rate of increase or decrease from the previous year (%)
Sales	10,915	11,699	16,621	16,724	14,143	Δ 15.4
Operating profit	321	419	958	386	Δ 43	-
Ordinary profit	162	376	1,033	273	516	89.0
Net profit attributable to owners of the parent	188	606	816	7	488	-
Net profit per share	2.85	6.72	7.11	0.05	2.88	

(Individual Business Results)

(Unit: million yen)

	Cumulative Fiscal Year Ended March 31, 2016	Cumulative Fiscal Year Ending March 31, 2017	Rate of increase or decrease from the previous year (%)
Sales	7,351	6,565	Δ 10.7
Operating profit	77	Δ 96	-
Ordinary profit	142	643	353.1
Net profit (for the year)	88	670	656.4
Net profit per share	0.56	3.95	

2. Business Results by Reported Segment

(1) Sales

(Unit: million yen)

	Consolidated Cumulative Fiscal Year Ended March 31, 2013	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 Ending March 31, 2017	Rate of increase or decrease from the previous year (%)
Real estate sales business						
Condominium sales	10,259	8,981	4,937	4,850	4,103	Δ 15.4
Land and building	-	-	304	2,314	2,264	Δ 2.2
Custom-made homes	618	2,413	1,837	1,767	1,565	Δ 11.4
Asset management business	-	282	1,881	412	173	Δ 57.9
Construction business	-	-	8,229	7,302	5,722	Δ 21.6
Solar business	-	-	0	63	250	293.3
Total	10,878	11,677	17,191	16,710	14,080	Δ 15.7
Other	36	39	62	58	62	7.5
Elimination of intersegment transactions	-	Δ 18	Δ 632	Δ 45	-	-
Total	10,915	11,699	16,621	16,724	14,143	Δ 15.4

(2) Operating profit

(Unit: million yen)

	Consolidated Cumulative Fiscal Year Ended March 31, 2013	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 Ending March 31, 2017	The rate of increase or decrease from the previous year (%)
Real estate sales business						
Condominium sales	620	715	267	343	313	Δ 8.8
Land and building	-	-	27	310	218	Δ 29.7
Custom-made homes	38	153	47	30	29	Δ 3.8
Asset management business	-	75	845	125	Δ 39	-
Construction business	-	-	554	403	287	Δ 28.7
Solar business	-	-	Δ 1	Δ 97	73	-
Total	659	944	1,740	1,114	881	Δ 20.9
Other	22	22	34	27	28	2.0
Depreciation of negative goodwill	Δ 14	Δ 116	Δ 189	Δ 197	Δ 197	-
Expenses of entire company	Δ 345	Δ 431	Δ 627	Δ 559	Δ 756	-
Total	321	419	958	386	Δ 43	Δ 111.4