

August 7, 2018

Consolidated Financial Results for the First Three Months of the Fiscal Year Ending March 31, 2019 <under J-GAAP>

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 Listing: First Section of the Tokyo Stock Exchange
 Tickers code: 3254
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Scheduled date of filing of quarterly securities report: August 9, 2018
 Scheduled starting date for dividend payments: -
 Preparation of supplementary quarterly materials for financial results: Yes
 Holding of quarterly financial results presentation meeting: No

(Values of less than one million rounded down)

1. Consolidated operating results for the first three months of the fiscal year ending March 31, 2019 (from April 1, 2018 to June 30, 2018)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year
changes compared to the same
period of previous FY)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First three months of the fiscal year ending March 31, 2019	81,514	127.7	19,274	182.6	19,158	183.9	13,111	186.6
First three months of the fiscal year ended March 31, 2018	35,799	6.8	6,819	△2.3	6,749	△2.9	4,575	△2.8

Note: Comprehensive income First three months of the fiscal year ending March 31, 2019: 13,156 million yen [187.3%]
 First three months of the fiscal year ended March 31, 2018: 4,579 million yen [△2.7%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
First three months of the fiscal year ending March 31, 2019	215.06	204.49
First three months of the fiscal year ended March 31, 2018	77.80	77.41

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2018	238,649	90,279	37.0
As of March 31, 2018	245,399	75,172	29.8

Reference: Equity

As of June 30, 2018: 88,317 million yen
 As of March 31, 2018: 73,209 million yen

2. Dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Annual total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2018	–	12.50	–	16.90	29.40
Fiscal year ending March 31, 2019	-	-	-		
Fiscal year ending March 31, 2019 (Forecast)	–	17.50	–	17.50	35.00

3. Forecasts of consolidated operating results for the fiscal year ending March 31, 2019 (from April 1, 2018 to March 31, 2019)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Half year	111,573	68.4	22,174	101.8	21,750	102.8	14,829	104.8	247.35
Full year	152,471	13.7	24,541	20.5	23,661	19.2	16,132	17.3	269.09

* Notes

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

- (2) Adoption of specific accounting policies for quarterly consolidated financial statements: Yes

(Corporate Income Tax Calculation Standards)

Regarding taxes, a reasonable estimate of the effective tax rate for the projected full-year pretax income for the current fiscal year, including the actual income figure for the first three months of the fiscal year, has been arrived at using the tax-effect accounting method.

(Additional Information)

(Adoption and application of the Partial Amendment to Accounting Standard for Tax Effect Accounting, etc.)

With the adoption and application of the Partial Amendment to Accounting Standard for Tax Effect Accounting (ASBJ Statement No. 28) from the first three months of the fiscal year, deferred tax asset is now indicated in the segment of total investments and other assets, and deferred tax liabilities is now indicated in Non-current liabilities.

- (3) Changes in accounting policies, changes in accounting estimates, and restatement after error corrections
- Changes in accounting policies due to amendments to accounting standards and other regulations: None
 - Changes in accounting policies due to other reasons than a. above: None
 - Changes in accounting estimates: None
 - Restatement after error corrections: None

- (4) Number of issued shares (common stock)

- a. Number of issued shares at end of period (including treasury shares)

As of June 30, 2018	62,688,185 shares
As of March 31, 2018	62,365,600 shares

- b. Number of treasury shares at end of period

As of June 30, 2018	863,744 shares
As of March 31, 2018	2,412,152 shares

- c. Average number of shares during the period

First three months of the fiscal year ending March 31, 2019	60,968,705 shares
First three months of the fiscal year ended March 31, 2018	58,813,072 shares

Notes:

1. Due to the introduction of the share-based payment type ESOP, certain number of shares of the Company held by the trust account is included in the “Number of treasury shares at end of period” (313,980 shares for the 1st quarter of the fiscal year ending March 31, 2019, and the 313,980 shares for the fiscal year ended March 31,2018). And certain number of shares is included in the treasury shares that were deducted in the calculation of the “Average number of outstanding shares during the period” (313,980 shares -for the 1st quarter of the fiscal year ending March 31, 2019 and 315,300 shares for the 1st quarter of the fiscal year ended March 31,2018).

* Quarterly financial results reports are not required by public accountants or auditing firms

* Explanations about the proper use of financial forecasts and other important notes

Forward-looking statements in this document, including the results forecasts, are based on the information available to the Company at the time of disclosure and on certain assumptions deemed to be reasonable by the Company. These statements do not purport that the Company pledges or ensures to achieve such statements. Actual business and other results may differ substantially due to various factors. For preconditions to the assumptions and other important notes concerning the financial forecasts, please refer to “1. Quarterly Qualitative Information (4) Explanation for the Forecast of Consolidated Financial Results ending March 31, 2019 on page 5 of the attachment.

1. Quarterly Qualitative Information

(1) Business Results

During the first quarter of consolidated fiscal year, the Japanese economy steadily recovered with moderate increase in consumer spending along with improvements of employment, personal income environment and also business surroundings. On the other hand, attention should be given to the effects of situations over the shrink in overseas economies and the effects of fluctuations in the financial and capital markets caused by the movement toward protectionism in the U.S.A.

In the real estate industries, cost of lands for development increased as publicly assessed value of lands continued to rise in three largest cities, Tokyo, Osaka and Nagoya, as well as in other large cities. Cost of constructions also increased because the demand for Tokyo Olympic 2020 requires large scale of constructions. On the other hand, the demand to acquire condominiums remains solid, attracted by low interest rate on housing loans and by the Japanese government's continuous measures to acquire housing. Also, people have been moving into urban area since they tend to make a point of utility of urban life. Consequently, the condominium markets stay sound.

In these business circumstances, with "Dominant" strategy, Pressance Corporation Co, Ltd. (the "Company") is aiming to supply condominiums in the central area of major cities in Kinki, Tokai-Chukyo region as well as local major cities of our main business fields, focusing on acquiring selected lands in demanding locations.

Under such business condition, the Company posted the following consolidated performance for the first three months of the fiscal year ending March 31, 2019, net sales amounted to 81,514 million yen (up 127.7% year on year), operating profit amounted to 19,274 million yen (up 182.6% year on year), ordinary profits amounted to 19,158 million yen (up 183.9% year on year) and profit attributable to shareholders of the parent company amounted to 13,111 million yen (up 186.6% year on year).

An overview of operating results by product segment is as follows:

Real Estate Sale Business

In the Real estate sale business, the sale of family-type condominium "Pressance Legend Biwako" (486 units in total) and studio condominium "Pressance Osaka Fukushima CIEL" (124 units in total) soundly contributed to total sales in the first three months of the fiscal year ending March 2019.

The sales of studio condominium amounted to 24,979 million yen (1,388 units), sale of family-type condominium amounted to 44,857 million yen (1,164 units), sale of condominium building amounted 4,568 million yen (297 units), sale of hotel property amounted to 4,601 million yen (240 units), sale of other type of housing amounted to 236 million yen (20 units), sale of other real estate amounted to 164 million yen, business accompanying real estate sale amounted to 386 million yen. Total sales of real estate sale business posted 79,794 million yen (up 132.3% year on year) and, operating profit amounted to 18,900 million yen (up 193.7% year on year).

Other Business

Sales in Rental housing business and Real estate management fees business amounted to 1,719 million yen (up 18.5% year on year), and operating profit to 706 million yen (up 14.4% year on year) due to an increase in the rents revenue with high occupancy rate of the owned real estates for rent.

(2) Financial Position

With the adoption and application of the Partial Amendment to Accounting Standard for Tax Effect Accounting (ASBJ Statement No. 28) from the first three months of the fiscal year, fiscal conditions are compared with retroactively adjusted numbers of the previous fiscal year end.

Current Assets

Total current assets as of the end of the first three months of the fiscal year amounted to 219,219 million yen (down 3.5%), which represents a decrease of 7,941 million yen compared to the end of the previous fiscal year.

This was mainly due to a decrease in inventories to 18,585 million yen by the steep rise in delivery of condominiums. On the other hand, cash and deposits increased by 12,186 million yen.

Fixed Assets

Total fixed assets as of the end of the first three months of the fiscal year amounted to 19,430 million yen (up 6.5%), which represents an increase of 1,192 million yen compared to the end of the previous fiscal year. This is mainly due to an increase in “real estate for rent” by 944 million yen by the acquisition of company owned property.

Liabilities

Total liabilities as of the end of the first three months of the fiscal year amounted to 148,369 million yen (down 12.8%), which represents a decrease of 21,856 million yen compared to the end of the previous fiscal year. This was mainly due to a decrease in “Loan payable to bank” by 11,009 million yen and a decrease in “Advances received” by 5,555 million yen along with the delivery of the condominiums. Another factor of decrease of liabilities was due to a decrease in “Electronically recorded obligations” by 5,123 million yen along with payment due date.

Net Assets

Total net assets as of the end of the first three months of the fiscal year amounted to 90,279 million yen (up 20.1%), which represents an increase of 15,107 million yen compared to the end of the previous fiscal year. This was principally due to the increase in retained earnings by 12,093 million yen because of the posting of quarterly profit attributable to the shareholders of the parent company.

(3) Analysis on Cash Flows

Cash and cash equivalents as of the end of the first three months of the fiscal year ending March 31, 2019, totaled 41,500 million yen (up 41.6%), which represents an increase of 12,186 million yen compared to the end of the previous fiscal year.

The status and factors in each cash flow for the first period of the fiscal year are as follows:

Cash Flows from Operating Activities

Net cash provided by operating activities came to 24,307 million yen (Compared with 6,068 million yen used in the first quarter of the previous fiscal year).

This was mainly due to the posting of income before income taxes amounting 19,157 million yen and inflows resulted by decrease in inventories amounting 17,619 million yen along with steep rise in delivery of condominiums. On the other hand, cash was used in payment of income taxes amounting 4,029 million yen and a decrease in “Advances received” by 5,575 million yen due to the delivery of condominiums, and a decrease in “Electronically recorded obligations” by 5,552million yen along with payment due date.

Cash Flows from Investment Activities

Net cash used in investment activities came to 239 million yen (Compared with 207 million yen used in the same period of previous fiscal year).

This was principally due to outflows resulted by the investments in the affiliates amounting 185 million yen.

Cash Flows from Financing Activities

Net cash used in financing activities came to 11,941 million yen (Compared with 4,791 million yen provided in the same period of previous fiscal year).

The main reason for this was a decrease in loan payable to bank by 11,009 million yen on a net basis and payment of dividends amounting 1,000 million yen, resulting in a decrease in cash balance.

(4) Explanation for the Forecast of Consolidated Financial Results ending March 31, 2019

Condominium sales, our major business, have a tendency to give an excessive skewness or deformations in a specific quarter results due to the timing of delivery of condominium, since sale of condominium is to be posted on the basis of delivery of the condominium unit.

Our business results in the first quarter of the fiscal year ending March 31, 2019 have been making sound progress and there is no change on our forecast of consolidated financial results in the fiscal year released on May 10, 2018.

Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2018	As of June 30, 2018
Assets		
Current assets		
Cash and deposits	31,374,433	43,560,669
Accounts receivable - trade	79,318	75,349
Real estate for sale	11,275,614	15,549,992
Real estate for sale in process	180,461,550	157,614,591
Raw materials and supplies	207,921	194,694
Other	3,762,667	2,224,236
Total current assets	227,161,506	219,219,534
Non-current assets		
Property, plant and equipment		
Real estate for rent, net	13,935,823	14,880,088
Other, net	557,927	553,791
Total property, plant and equipment	14,493,751	15,433,880
Intangible assets	431,820	406,243
Investments and other assets	3,312,092	3,590,091
Total non-current assets	18,237,664	19,430,215
Total assets	245,399,170	238,649,749

	As of March 31, 2018	As of June 30, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	796,037	69,938
Electronically recorded obligations - operating	5,955,930	832,896
Short-term loans payable	7,965,955	1,464,860
Current portion of long-term loans payable	32,507,172	31,564,972
Income taxes payable	4,190,984	6,300,934
Advances received	12,492,345	6,937,340
Provision for bonuses	170,067	237,655
Other	3,458,537	4,720,175
Total current liabilities	67,537,029	52,128,772
Non-current liabilities		
Bonds with share acquisition rights	6,400,000	3,500,000
Long-term loans payable	95,621,800	92,055,250
Provision for directors' retirement benefits	569,350	582,375
Provision for share-based payment	89,905	89,905
Other	8,393	13,536
Total non-current liabilities	102,689,448	96,241,066
Total liabilities	170,226,478	148,369,838
Net assets		
Shareholders' equity		
Capital stock	1,973,996	2,235,257
Capital surplus	2,113,852	3,237,447
Retained earnings	71,588,931	83,682,102
Treasury shares	(2,471,817)	(887,796)
Total shareholders' equity	73,204,962	88,267,011
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,980	7,552
Foreign currency translation adjustment	(2,840)	42,610
Total accumulated other comprehensive income	4,139	50,162
Subscription rights to shares	180,329	180,329
Non-controlling interests	1,783,260	1,782,406
Total net assets	75,172,692	90,279,911
Total liabilities and net assets	245,399,170	238,649,749

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statements of Income

(Thousands of yen)

	First three months of the fiscal year ended March 31, 2018	First three months of the fiscal year ending March 31, 2019
Net sales	35,799,998	81,514,245
Cost of sales	25,235,139	57,285,194
Gross profit	10,564,858	24,229,050
Selling, general and administrative expenses	3,744,982	4,954,242
Operating profit	6,819,876	19,274,808
Non-operating income		
Interest income	796	92
Dividend income	265	269
Purchase discounts	2,648	-
Foreign exchange gains	-	47,791
Commission fee	22,451	23,452
Penalty income	27,701	13,471
Other	35,736	21,248
Total non-operating income	89,601	106,325
Non-operating expenses		
Interest expenses	131,150	155,568
Share of loss of entities accounted for using equity method	27,125	41,564
Financing expenses	-	25,345
Other	1,968	0
Total non-operating expenses	160,243	222,478
Ordinary profit	6,749,233	19,158,655
Extraordinary losses		
Loss on sales of non-current assets	-	584
Loss on retirement of non-current assets	5,986	833
Total extraordinary losses	5,986	1,418
Profit before income taxes	6,743,247	19,157,237
Income taxes	2,164,784	6,046,400
Net income	4,578,463	13,110,836
Profit attributable to non-controlling interests	2,763	(854)
Profit attributable to owners of parent	4,575,699	13,111,690

Quarterly Consolidated Statements of Comprehensive Income

(Thousands of yen)

	First three months of the fiscal year ended March 31, 2018	First three months of the fiscal year ending March 31, 2019
Net income	4,578,463	13,110,836
Other comprehensive income		
Valuation difference on available-for-sale securities	1,016	572
Foreign currency translation adjustment	-	45,451
Total other comprehensive income	1,016	46,023
Comprehensive income	4,579,480	13,156,859
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,576,716	13,157,714
Comprehensive income attributable to non-controlling interests	2,763	(854)

(3) Quarterly Consolidated Statements of Cash Flows

(Thousands of yen)

	First three months of the fiscal year ended March 31, 2018	First three months of the fiscal year ending March 31, 2019
Cash flows from operating activities		
Income before income taxes	6,743,247	19,157,237
Depreciation	91,540	112,304
Amortization of goodwill	25,053	25,053
Interest and dividend income	(1,062)	(362)
Interest expenses	131,150	155,568
Foreign exchange losses (gains)	(7,277)	(47,105)
Share of (profit) loss of entities accounted for using equity method	27,125	41,564
Decrease (increase) in inventories	(6,561,690)	17,619,673
Increase (decrease) in notes and accounts payable - trade	(3,989,402)	(5,552,452)
Share-based compensation expenses	37,720	-
Increase (decrease) in provision for bonuses	49,369	67,588
Increase (decrease) in provision for directors' retirement benefits	12,625	13,025
Loss (gain) on sales of non-current assets	-	584
Loss on retirement of non-current assets	5,986	833
Increase (decrease) in advances received	(1,124,933)	(5,575,952)
Decrease (increase) in consumption taxes refund receivable	993,392	786,929
Increase (decrease) in accrued consumption taxes	365,730	1,279,625
Other, net	(316,716)	405,585
Subtotal	(3,518,140)	28,489,701
Interest and dividend income received	1,062	362
Interest expenses paid	(134,904)	(153,085)
Income taxes paid	(2,416,333)	(4,029,507)
Net cash provided by (used in) operating activities	(6,068,315)	24,307,470
Cash flows from investing activities		
Purchase of non-current assets	(44,688)	(20,434)
Purchase of investment securities	(299)	(300)
Purchase of shares of subsidiaries and associates	-	(185,554)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(162,993)	-
Other, net	62	(33,514)
Net cash provided by (used in) investing activities	(207,919)	(239,803)

(Thousands of yen)

	First three months of the fiscal year ended March 31, 2018	First three months of the fiscal year ending March 31, 2019
Cash flows from financing activities		
Proceeds from long-term loans payable	12,585,000	23,933,250
Repayments of long-term loans payable	(8,793,949)	(28,441,999)
Proceeds from issuance of common shares	—	22,523
Cash dividends paid	(719,110)	(1,000,367)
Net increase (decrease) in short-term loans payable	1,720,000	(6,501,095)
Proceeds from disposal of treasury shares	—	46,355
Net cash provided by (used in) financing activities	4,791,939	(11,941,333)
Effect of exchange rate change on cash and cash equivalents	4,610	59,902
Net increase (decrease) in cash and cash equivalents	(1,479,684)	12,186,235
Cash and cash equivalents at beginning of period	28,439,078	29,314,433
Cash and cash equivalents at end of period	26,959,393	41,500,669

Others

(1) Orders and sales

a. Actual orders

First three months of the fiscal year ended March 31, 2018 (from April 1, 2017 to June 30, 2017)

Name of segment	Category	Total amount of contracts				Outstanding balance of contracts			
		Number of units	Year on year (%)	Amount (Thousands of yen)	Year on year (%)	Number of units	Year on year (%)	Amount (Thousands of yen)	Year on year (%)
Real estate sale business	Studio condominiums	557	135.2	9,738,950	135.3	372	62.6	6,305,492	62.0
	Family-type condominiums	521	132.2	19,122,910	135.6	2,374	182.8	90,700,700	193.8
	Sale of condominium building	487	209.0	7,133,937	250.3	1,267	157.2	17,662,398	172.2
	Sale of hotel property	-	-	7,277	-	411	570.8	7,415,396	416.4
	Sale of other type of housing	18	90.0	501,071	97.9	21	210.0	606,493	242.3
	Sale of other real estate	-	-	1,991,540	667.5	-	-	-	-
Total amount of reportable segments		1,583	149.5	38,495,687	154.2	4,445	159.8	122,690,480	177.1

First three months of the fiscal year ending March 31, 2019 (from April 1, 2018 to June 30, 2018)

Name of segment	Category	Total amount of contracts				Outstanding balance of contracts			
		Number of units	Year on year (%)	Amount (Thousands of yen)	Year on year (%)	Number of units	Year on year (%)	Amount (Thousands of yen)	Year on year (%)
Real estate sale business	Studio condominiums	790	141.8	15,015,848	154.2	904	243.0	17,139,487	271.8
	Family-type condominiums	417	80.0	15,457,478	80.8	1,397	58.8	51,007,572	56.2
	Sale of condominium building	689	141.5	9,309,306	130.5	1,532	120.9	21,535,838	121.9
	Sale of hotel property	476	-	12,704,927	174,589	1,070	260.3	24,211,759	326.5
	Sale of other type of housing	18	100.0	229,794	45.9	6	28.6	120,251	19.8
	Sale of other real estate	-	-	164,400	8.3	-	-	-	-
Total amount of reportable segments		2,390	151.0	52,881,755	137.4	4,909	110.4	114,014,907	92.9

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Notes:

1. In the table above, “total amount of orders” has been replaced with “total amount of contracts.
2. Consumption taxes are not included in the above amounts.
3. Amounts of additional constructions are included in the above amounts.
4. The sale of condominium building refers to the method of wholesaling the whole or part of each condominium building mainly to condominium dealers.
5. The sale of other type of housing refers to the sale of houses other than newly built condominiums, including used houses and detached houses.
6. The sale of other real estate refers to the sale of real estate other than housing, including commercial stores and sites for development.
7. Amounts of contracts in the first quarter of the previous fiscal year and the same period of the fiscal year refers to lands for development.
8. Amounts of contracts for sale of hotel property in the first quarter of the previous fiscal year corresponds to additional construction and the number of units corresponding to such additional construction is not included in the number of units above. 1,038,565 thousand yen out of the outstanding balance of contracts corresponds to the settled contracts for lands only. As the associated building contracts remain unsettled in these cases, the number of units corresponding to these buildings is not included in the number of units above.
9. Number of units in total amount of contracts and the outstanding balance of contracts may fluctuate due to change of business plan and others.

- ※ The amounts of outstanding balance of contracts in Family-type condominium decreased drastically compared to the first quarter of the previous fiscal year. This was due to steep rise in the number of completion and delivery of family-type condominium including our big project such as “Pressance Legend Biwako” in the first quarter of the fiscal year. As a result, the sales amount of family-type condominium in the first quarter marked steep increase amounting 44,857,112 thousand yen (up 519.7% year on year) as stated in “(b) Actual sales” below.

b. Actual sales

Name of segment	Category	FY ended March 31, 2018 (from April 1, 2017 to June 30, 2017)				FY ending March 31, 2019 (from April 1, 2018 to June 30, 2018)			
		Number of units	Year on year (%)	Amount (Thousands of yen)	Year on year (%)	Number of units	Year on year (%)	Amount (Thousands of yen)	Year on year (%)
Real estate sale business	Studio condominiums	978	127.0	16,855,317	126.3	1,388	141.9	24,979,612	148.2
	Family-type condominiums	203	47.3	7,238,687	52.4	1,164	573.4	44,857,112	619.7
	Sale of condominium building	377	116.7	6,893,824	157.8	297	78.8	4,568,337	66.3
	Sale of hotel property	72	—	1,053,277	—	240	333.3	4,601,917	436.9
	Sale of other type of housing	4	22.2	111,788	21.8	20	500.0	236,539	211.6
	Sale of other real estate	—	—	1,991,540	430.1	—	—	164,400	8.3
	Business accompanying real estate sale	—	—	203,845	191.2	—	—	386,500	189.6
Total amount of reportable segments		1,634	106.1	34,348,281	105.3	3,109	190.3	79,794,418	232.3
Other		—	—	1,451,716	157.2	—	—	1,719,826	118.5
Total		1,634	106.1	35,799,998	106.8	3,109	190.3	81,514,245	227.7

Notes:

1. Consumption taxes are not included in the above amounts.
2. Amounts of additional constructions are included in the above amounts.
3. The sale of condominium building refers to the method of wholesaling the whole or part of each condominium building mainly to condominium dealers.
4. The sale of other type of housing refers to the sale of houses other than newly built condominiums, including used houses and detached houses.
5. The sale of other real estate refers to the sale of real estate other than housing, including commercial stores and lands for development.
6. Business accompanying real estate sale includes agent commission for condominium sale and administrative fee accompanying real estate sale.
7. The net sales for sale of other real estate in the first quarter of the previous fiscal year and the same period of the fiscal year refers to the sale of lands for development.