

Consolidated Financial Statements for the Fiscal Year Ended March 31, 2019 [J-GAAP]

May 8, 2019

NIPPON KANZAI Co., Ltd.

Listed exchanges: Tokyo Stock Exchange, First Section
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 Date of annual general meeting of shareholders: June 14, 2019
 Filing date of annual report: June 14, 2019
 Date to start dividends distribution: June 17, 2019
 Supplementary materials for results: Yes
 Results briefing meeting held: Yes (for institutional investors and analysts)

*Amounts below one million yen have been rounded down.

1. Consolidated results for the fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)

(1) Consolidated business results

(Percentage figures indicate the rate of change from the previous fiscal year.)

	Net Sales		Operating Income		Ordinary Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2019	97,929	1.5	6,363	10.2	6,760	6.0
Fiscal year ended March 31, 2018	96,478	4.3	5,772	4.5	6,379	7.0

(Note) Comprehensive income: Fiscal year ended March 31, 2019: ¥2,320 million [-58.5%]
 Fiscal year ended March 31, 2018: ¥5,597 million [38.7%]

	Profit Attributable to Owners of Parent		Profit per Share	Diluted Profit per Share
	Millions of yen	%	Yen	Yen
Fiscal year ended March 31, 2019	4,313	(3.0)	125.11	124.83
Fiscal year ended March 31, 2018	4,446	5.2	129.33	—

	Return on Equity	Ordinary Income to Total Assets	Operating Income to Net Sales
	%	%	%
Fiscal year ended March 31, 2019	9.5	9.6	6.5
Fiscal year ended March 31, 2018	10.6	9.7	6.0

(Reference) Share of profit of entities accounted for using equity method:
 Fiscal year ended March 31, 2019: ¥149 million
 Fiscal year ended March 31, 2018: ¥367 million

(2) Consolidated financial position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2019	72,670	47,487	63.6	1,315.18
As of March 31, 2018	68,588	45,203	64.4	1,285.05

(Reference) Equity: As of March 31, 2019: ¥46,193 million
 As of March 31, 2018: ¥44,184 million

(3) Consolidated cash flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended March 31, 2019	2,027	464	1,331	25,572
Fiscal year ended March 31, 2018	3,034	(703)	(1,870)	21,757

2. Dividends

	Annual dividends					Total Dividends Paid (full year)	Dividend Payout Ratio (consolidated)	Dividends to Net Assets (consolidated)
	First Quarter-end	Second Quarter-end	Third Quarter-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2018	—	21.00	—	21.00	42.00	1,444	32.5	3.4
Fiscal year ended March 31, 2019	—	25.00	—	25.00	50.00	1,737	40.0	3.8
Fiscal year ending March 31, 2020 (forecast)	—	25.00	—	25.00	50.00		37.5	

3. Consolidated business forecasts for the fiscal year ending March 31, 2020 (April 1, 2019 to March 31, 2020)

(Percentage figures for the full year indicate the rate of change from the previous fiscal year.

Percentage figures for the first six months indicate the rate of change from the same period of the previous fiscal year.)

	Net Sales		Operating Income		Ordinary Income		Profit Attributable to Owners of Parent		Profit per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	49,100	6.1	3,100	7.5	3,200	5.2	2,000	5.5	58.01
Full year	100,000	2.1	6,800	6.9	7,200	6.5	4,600	6.7	133.43

* Notes

(1) Changes of significant subsidiaries during the period (changes in specific subsidiaries associated with changes in scope of consolidation): Yes

Newly included: Two (Company name: Silent partnership whose proprietor is Amairo LLC; Silent partnership whose proprietor is Wakakusa LLC)

Removed: None (Company name:)

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

- 1) Changes in accounting policies due to revisions of accounting standards, etc.: None
- 2) Changes in accounting policies other than 1) above: None
- 3) Changes in accounting estimates: None
- 4) Restatement of revisions: None

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

- 1) Number of shares issued and outstanding (including treasury stock)
- 2) Treasury stock (number of shares)
- 3) Average number of shares issued and outstanding

1)	As of March 31, 2019	41,180,306 shares	As of March 31, 2018	41,180,306 shares
2)	As of March 31, 2019	6,056,686 shares	As of March 31, 2018	6,796,762 shares
3)	Fiscal year ended March 31, 2019	34,474,846 shares	Fiscal year ended March 31, 2018	34,383,771 shares

(Reference) Summary of non-consolidated financial results**1. Non-consolidated results for the fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)****(1) Non-consolidated business results**

(Percentage figures indicate the rate of change from the previous fiscal year.)

	Net Sales		Operating Income		Ordinary Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2019	57,611	(1.5)	3,556	9.9	5,374	8.7
Fiscal year ended March 31, 2018	58,471	(2.1)	3,235	3.1	4,942	13.6

	Profit		Profit per Share	Diluted Profit per Share
	Millions of yen	%	Yen	Yen
Fiscal year ended March 31, 2019	4,023	(28.0)	116.70	116.44
Fiscal year ended March 31, 2018	5,587	55.8	162.52	—

(2) Non-consolidated financial position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2019	48,393	34,861	72.0	991.90
As of March 31, 2018	46,699	32,456	69.5	943.97

(Reference) Equity: As of March 31, 2019: ¥34,839 million
As of March 31, 2018: ¥32,456 million

2. Non-consolidated business forecasts for the fiscal year ending March 31, 2020 (April 1, 2019 to March 31, 2020)

(Percentage figures for the full year indicate the rate of change from the previous fiscal year.)

Percentage figures for the first six months indicate the rate of change from the same period of the previous fiscal year.)

	Net Sales		Ordinary Income		Profit		Profit per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	30,680	11.6	3,330	1.7	2,680	1.2	77.74
Full year	63,000	9.4	5,700	6.1	4,200	4.4	121.83

* **This financial report is not audited by certified public accountants or audit corporations.***** Explanation regarding the appropriate use of business forecasts and other notes**

(Notes to forward-looking statements)

The business forecasts reported herein were prepared based on information the Company had in its possession as of the time this report was prepared and on certain assumptions judged to be reasonable. Actual results may differ significantly from forecasts due to various factors. Please refer to the disclaimers, provided under “1. Overview of business results, etc.; (4) Future outlook” on page 3 of the Attached Document of this financial report, regarding assumptions upon which forecasts are based and the use of forecasts.

(How to obtain supplementary materials on financial results)

The Company plans to hold a presentation on its financial results for institutional investors and analysts on Wednesday, May 29, 2019. Presentation materials will be posted on its website after the presentation.

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1. Overview of business results, etc.

(1) Overview of business results for the period

1) Business results for the fiscal year ended March 31, 2019

During the current fiscal year (fiscal year ended March 31, 2019), the Japanese economy remained on a moderate recovery trend, as seen in the improvements in the employment and income environments and an increase in capital investment. However, the outlook continues to be unpredictable in the face of concerns over global economic trends such as the trade friction between the U.S. and China as well as the impact of fluctuations in the financial and capital markets.

In the real estate service industry, the vacancy rates of office and retail facilities improved centering on major urban areas and the number of reconstruction projects of multi-purpose buildings has been on the rise, suggesting future expansion of the market targeted by the Company.

In such a business environment, NIPPON KANZAI Group (hereinafter “the Group”) has continued to pursue “optimal building management” through its advanced technologies and responsiveness in order to continuously provide high-quality services that effectively match customer needs, and endeavored to achieve enhanced asset value and profitability from the perspective of optimizing the life cycle costs of buildings.

Moreover, the Group has proactively developed business areas, including expansion of business operations into overseas markets by utilizing our know-how, as well as private finance initiatives (PFI) and public facility management.

Consolidated net sales for the current fiscal year increased by 1.5% year on year to 97,929 million yen due to an increase in fixed-term contracts involving fee renewals and sales of assets under management in the Real Estate Fund Management Business, among other factors.

In terms of profit, thorough cost management including continuous cost reviews resulted in operating income increasing by 10.2% year on year to 6,363 million yen and ordinary income increasing by 6.0% year on year to 6,760 million yen. However, profit attributable to owners of parent decreased by 3.0% year on year to 4,313 million yen due to recording of extraordinary losses in accordance with a partial institutional transition of the retirement benefit system, among other factors.

2) Business by segment

The following are the business results by segment.

Segment income (loss) has been adjusted to operating income described in the consolidated statements of income. In addition, the Residential Management and Operation Business, which had been included in the Building Management and Operation Business, was made into a new reportable segment in the current fiscal year.

(Building Management and Operation Business)

In the Building Management and Operation Business, our core business that focuses on building management and security services, net sales for the current fiscal year increased by 1.3% year on year to 67,873 million yen due to steady progress in contract renewals for existing management projects.

In terms of profit, endeavors to revise fees including changes in scope of work and improving work efficiency resulted in segment income of 8,296 million yen, up 11.2% year on year.

(Residential Management and Operation Business)

In the Residential Management and Operation Business, which mainly comprises the management of apartments and condominiums to own as well as public housing, net sales for the segment for the current fiscal year was 16,257 million yen, down 4.3% year on year, as a result of contract renewals with downward revision of fees in accordance with changes in scope of work with some clients for public housing management, although we steadily won new contracts.

In terms of profit, re-examination of construction-related work with a high cost ratio and thorough cost management resulted in segment income of 1,472 million yen, up 1.9% year on year.

(Environmental Facility Management Business)

In the Environmental Facility Management Business, which mainly comprises the management of water treatment, sewage disposal and other public facilities related to the overall living environment, although we failed to win more orders for construction-related work, we steadily won new management contracts and renewed existing contracts. As a result, net sales for the segment for the current fiscal year increased by 0.7% year on year to 9,828 million yen. We consider that the segment has a potentially large market as local governments, the main customers for this segment, still remain financially strained, so the private sector’s know-how can be largely useful for them to meet their tight budgets.

In terms of profit, segment income increased by 3.2% year on year to 1,170 million yen due to steady contract renewals as well as our efforts in cost reduction centering on re-examination of procurement costs and realignment of personnel assignments.

(Real Estate Fund Management Business)

In the Real Estate Fund Management Business, which mainly comprises asset management (i.e. arrangement and asset management of real estate funds) and handling investments in silent partnership, net sales for the segment for the current fiscal year increased significantly from the previous fiscal year, up 227.0% to 1,514 million yen as a result of selling assets under management and winning orders of master lease agreements.

In terms of profit, segment income decreased by 2.5% year on year to 82 million yen due to an increase in costs related to sale of assets under management and related to a master lease agreement as well as recording of loss on valuation of real estate for sale.

(Other Businesses)

In Other Businesses, which consist mainly of event planning and management, printing and design, successful winning of highly profitable contracts resulted in net sales for the segment for the current fiscal year increasing by 7.6% year on year to 2,456 million yen and segment income increasing by 17.4% year on year to 403 million yen.

(2) Overview of financial position for the period

Total assets at the end of the current fiscal year increased by 4,082 million yen, or 6.0%, from the previous fiscal year-end to 72,670 million yen.

Current assets increased by 6,645 million yen, or 17.1%, from the previous fiscal year-end to 45,508 million yen. Non-current assets decreased by 2,562 million yen, or 8.6%, from the previous fiscal year-end to 27,161 million yen.

The increase was mainly due to disposal of treasury stock through exercise of share acquisition rights and an increase in cash and deposits through sales of investment securities (a year-on-year increase of 3,815 million yen).

Total liabilities at the end of the current fiscal year increased by 1,798 million yen, or 7.7%, from the end of the previous fiscal year to 25,182 million yen due to an increase in non-recourse loans payable (a year-on-year increase of 1,939 million yen) associated with the acquisition of the for-sale real estate for establishing a real estate fund.

Total net assets at the end of the current fiscal year increased by 2,284 million yen, or 5.1%, from the end of the previous fiscal year to 47,487 million yen.

The main factor for the increase includes recording of profit attributable to owners of parent.

As a result, the equity ratio at the end of the current fiscal year decreased by 0.8 percentage points from 64.4% at the end of the previous fiscal year to 63.6%.

The Group's financial policy is to secure the liquidity necessary for management and to maintain a sound balance sheet.

Furthermore, the Company applied the Partial Amendments to Accounting Standard for Tax Effect Accounting (The Accounting Standards Board of Japan Statement No. 28 issued on February 16, 2018) from the beginning of the current fiscal year, and the comparison of the financial position is based on the figures at the end of the previous fiscal year after the Amendments were applied retroactively.

(3) Overview of cash flows for the period

Cash and cash equivalents (hereinafter "cash") at the end of the current fiscal year increased by 3,815 million yen, or 17.5%, from the previous fiscal year-end to 25,572 million yen.

The status and main factors of cash flows for the current fiscal year were as follows:

(Cash flows from operating activities)

Net cash provided by operating activities for the current fiscal year was 2,027 million yen, down 1,007 million yen year on year.

This was mainly due to a decrease in notes and accounts payable – trade (a larger outflow by 2,413 million yen year on year).

(Cash flows from investing activities)

Net cash provided by investing activities for the current fiscal year was 464 million yen, a larger inflow by 1,168 million yen from the previous fiscal year.

This was mainly due to a decrease in purchase of investment securities (a smaller outflow by 904 million yen year on year).

(Cash flows from financing activities)

Net cash provided by financing activities for the current fiscal year was 1,331 million yen, a larger inflow by 3,201 million yen year on year.

This resulted mainly from an increase in net cash due to borrowings and repayments of loans payable (a larger inflow by 1,349 million yen year on year) and an increase in proceeds from disposal of treasury stock through exercise of share acquisition rights (a larger inflow by 1,301 million yen year on year).

(4) Future outlook

With regards to the future outlook, although corporate earnings and the employment and income environments have been improving, uncertainty is expected to linger going forward given general concerns surrounding the downturn in international economy. In the real estate service industry, as clients remain highly conscious of management cost reduction, the market environment is expected to remain severe and highly competitive.

The Group will endeavor to enhance customer satisfaction and profitability by way of continuously improving its service quality as well as proactively making proposals that are highly value-adding. Setting our project proposal capabilities as our main focus, the Group will endeavor to further expand such business operations as PFI and public facilities management, as well as proactively pursue M&A projects of related businesses in Japan and abroad.

In addition, the Group will continue working on thorough compliance and appropriate operations of the internal control system in an effort to further enhance corporate value.

The business forecasts for the next fiscal year (April 1, 2019 to March 31, 2020) are as follows: consolidated net sales increasing by 2.1% year on year to 100,000 million yen; consolidated operating income increasing by 6.9% year on year to 6,800 million yen; consolidated ordinary income increasing by 6.5% year on year to 7,200 million yen; and profit attributable to owners of parent increasing by 6.7% year on year to 4,600 million yen.

2. Basic policy regarding selection of accounting standard

The Group has a policy to prepare financial statements based on the Japanese GAAP, considering the comparability of consolidated financial statements over time and between Japanese companies.

As for the International Financial Reporting Standards, the Group will appropriately consider it, based on the overall situation in Japan and overseas in the future.

3. Consolidated financial statements and key notes**(1) Consolidated balance sheets**

(Thousands of yen)

	Fiscal year ended March 31, 2018 (As of March 31, 2018)	Fiscal year ended March 31, 2019 (As of March 31, 2019)
ASSETS		
Current assets		
Cash and deposits	22,002,218	25,817,496
Notes and accounts receivable—trade	14,097,157	13,461,584
Investments in silent partnership for business purposes	27,949	60,351
Supplies	121,457	132,496
Real estate for sale	1,476,174	4,372,819
Income taxes receivable	139,995	73,648
Other	1,007,139	1,597,427
Allowance for doubtful accounts	(8,301)	(6,954)
Total current assets	38,863,788	45,508,867
Non-current assets		
Property, plant and equipment		
Buildings and structures	6,607,065	6,769,667
Accumulated depreciation	(3,318,567)	(3,513,287)
Buildings and structures, net	3,288,498	3,256,380
Machinery, equipment and vehicles	179,640	172,227
Accumulated depreciation	(129,674)	(107,934)
Machinery, equipment and vehicles, net	49,966	64,293
Tools, furniture and fixtures	1,293,616	1,371,718
Accumulated depreciation	(843,086)	(934,681)
Tools, furniture and fixtures, net	450,530	437,037
Land	1,154,050	1,167,664
Leased assets	1,156,169	1,070,821
Accumulated depreciation	(855,677)	(838,181)
Leased assets, net	300,492	232,640
Construction in progress	7,830	33,950
Total property, plant and equipment	5,251,366	5,191,964
Intangible assets		
Telephone subscription right	46,526	46,526
Software	309,263	262,183
Goodwill	1,971,427	1,822,307
Leased assets	9,329	7,246
Software in progress	88,971	125,540
Total intangible assets	2,425,516	2,263,802
Investments and other assets		
Investment securities	16,143,074	13,390,147
Long-term loans receivable	542,950	569,007
Long-term prepaid expenses	35,642	65,053
Lease and guarantee deposits	3,523,816	3,788,490
Membership	393,136	391,763
Net defined benefit asset	746,883	680,228
Deferred tax assets	370,033	517,490
Other	354,964	361,654
Allowance for doubtful accounts	(63,115)	(57,993)
Total investments and other assets	22,047,383	19,705,839
Total non-current assets	29,724,265	27,161,605
TOTAL ASSETS	68,588,053	72,670,472

*English translation of some items has been changed to correspond with EDINET taxonomy published by FSA.

	(Thousands of yen)	
	Fiscal year ended March 31, 2018 (As of March 31, 2018)	Fiscal year ended March 31, 2019 (As of March 31, 2019)
LIABILITIES		
Current liabilities		
Notes and accounts payable—trade	8,607,085	7,594,213
Current portion of long-term loans payable	2,350,000	375,000
Current portion of long-term non-recourse loans payable	13,900	25,330
Lease obligations	107,293	95,135
Accrued expenses	2,685,542	2,478,274
Income taxes payable	949,574	1,621,661
Accrued consumption taxes	768,043	754,745
Deposits received	614,827	628,237
Advances received	169,530	893,141
Provision for bonuses	642,062	726,419
Asset retirement obligations	-	5,870
Other	17,417	11,569
Total current liabilities	16,925,273	15,209,593
Non-current liabilities		
Long-term loans payable	-	1,500,000
Long-term non-recourse loans payable	1,051,100	2,979,300
Lease obligations	209,068	162,610
Deferred tax liabilities	1,277,979	528,890
Net defined benefit liability	432,279	1,102,475
Long-term guarantee deposited	2,517,391	2,739,718
Asset retirement obligations	264,295	271,275
Liabilities from application of equity method	4,552	-
Other	702,732	689,017
Total non-current liabilities	6,459,396	9,973,285
TOTAL LIABILITIES	23,384,669	25,182,878
NET ASSETS		
Shareholders' equity		
Capital stock	3,000,000	3,000,000
Capital surplus	646,943	1,415,920
Retained earnings	42,567,483	45,298,936
Treasury shares	(4,962,993)	(4,422,738)
Total shareholders' equity	41,251,433	45,292,118
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,724,532	2,340,429
Foreign currency translation adjustment	(540,087)	(1,117,245)
Remeasurements of defined benefit plans	(251,285)	(321,554)
Total accumulated other comprehensive income	2,933,160	901,630
Share acquisition rights	-	22,826
Non-controlling interests	1,018,791	1,271,020
TOTAL NET ASSETS	45,203,384	47,487,594
TOTAL LIABILITIES AND NET ASSETS	68,588,053	72,670,472

*English translation of some items has been changed to correspond with EDINET taxonomy published by FSA.

(2) Consolidated statements of income and consolidated statements of comprehensive income**Consolidated statements of income**

(Thousands of yen)

	Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)
Net sales	96,478,696	97,929,447
Cost of sales	77,645,614	78,054,604
Gross profit	18,833,082	19,874,843
Selling, general and administrative expenses		
Selling expenses	304,304	340,871
Personnel expenses	7,470,279	7,687,193
Provision for bonuses	300,231	362,384
Retirement benefit expenses	139,362	96,370
Transportation and communication expenses	1,004,295	1,067,656
Supplies expenses	403,642	440,184
Rent expenses	958,700	954,296
Insurance expenses	491,389	477,748
Depreciation	384,392	379,305
Taxes and dues	91,300	107,476
Enterprise tax	247,886	307,088
Provision of allowance for doubtful accounts	(2,322)	(2,456)
Amortization of goodwill	139,761	149,120
Other	1,127,784	1,144,296
Total selling, general and administrative expenses	13,061,003	13,511,531
Operating income	5,772,079	6,363,312
Non-operating income		
Interest and dividend income	189,702	233,206
Rent income	54,364	54,297
Share of profit of entities accounted for using equity method	367,588	149,762
Dividend income of insurance	38,389	40,585
Foreign exchange gains	25,211	-
Other	83,364	91,981
Total non-operating income	758,618	569,831
Non-operating expenses		
Interest expenses	27,923	29,124
Rent expenses	44,398	47,438
Loss on sales and retirement of non-current assets	50,412	37,992
Foreign exchange losses	-	1,967
Other	28,554	55,884
Total non-operating expenses	151,287	172,405
Ordinary income	6,379,410	6,760,738

*English translation of some items has been changed to correspond with EDINET taxonomy published by FSA.

(Thousands of yen)

	Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)
Extraordinary income		
Gain on sales of investment securities	226,200	769,654
Total extraordinary income	226,200	769,654
Extraordinary losses		
Loss on transfer from business divestitures	30,389	-
Loss on revision of retirement benefit program	-	835,891
Total extraordinary losses	30,389	835,891
Profit before income taxes	6,575,221	6,694,501
Income taxes – current	1,965,691	2,613,276
Income taxes – deferred	75,120	(272,229)
Total income taxes	2,040,811	2,341,047
Profit	4,534,410	4,353,454
Profit attributable to non-controlling interests	87,581	40,358
Profit attributable to owners of parent	4,446,829	4,313,096

*English translation of some items has been changed to correspond with EDINET taxonomy published by FSA.

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)
Profit	4,534,410	4,353,454
Other comprehensive income		
Valuation difference on available-for-sale securities	893,396	(1,385,784)
Foreign currency translation adjustment	4,880	(9,572)
Remeasurements of defined benefit plans, net of tax	(19,840)	(69,616)
Share of other comprehensive income of entities accounted for using equity method	184,454	(567,587)
Total other comprehensive income	1,062,890	(2,032,559)
Comprehensive income	5,597,300	2,320,895
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,505,441	2,281,566
Comprehensive income attributable to non-controlling interests	91,859	39,329

*English translation of some items has been changed to correspond with EDINET taxonomy published by FSA.

(3) Consolidated statements of changes in equity

Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current period	3,000,000	618,090	39,564,783	(4,961,570)	38,221,303
Changes of items during period					
Dividends of surplus [year-end]			(722,070)		(722,070)
Dividends of surplus [interim]			(722,059)		(722,059)
Profit attributable to owners of parent			4,446,829		4,446,829
Purchase of treasury stock				(1,423)	(1,423)
Change in ownership interest of parent due to transactions with non-controlling interests		28,853			28,853
Net changes of items other than shareholders' equity					
Total changes of items during period	—	28,853	3,002,700	(1,423)	3,030,130
Balance at end of current period	3,000,000	646,943	42,567,483	(4,962,993)	41,251,433

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	2,834,553	(729,421)	(230,617)	1,874,515	1,368,719	41,464,537
Changes of items during period						
Dividends of surplus [year-end]						(722,070)
Dividends of surplus [interim]						(722,059)
Profit attributable to owners of parent						4,446,829
Purchase of treasury stock						(1,423)
Change in ownership interest of parent due to transactions with non-controlling interests						28,853
Net changes of items other than shareholders' equity	889,979	189,334	(20,668)	1,058,645	(349,928)	708,717
Total changes of items during period	889,979	189,334	(20,668)	1,058,645	(349,928)	3,738,847
Balance at end of current period	3,724,532	(540,087)	(251,285)	2,933,160	1,018,791	45,203,384

Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current period	3,000,000	646,943	42,567,483	(4,962,993)	41,251,433
Changes of items during period					
Dividends of surplus [year-end]			(722,054)		(722,054)
Dividends of surplus [interim]			(859,588)		(859,588)
Profit attributable to owners of parent			4,313,096		4,313,096
Disposal of treasury stock		768,976		540,255	1,309,232
Net changes of items other than shareholders' equity					
Total changes of items during period	—	768,976	2,731,453	540,255	4,040,685
Balance at end of current period	3,000,000	1,415,920	45,298,936	(4,422,738)	45,292,118

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income				
Balance at beginning of current period	3,724,532	(540,087)	(251,285)	2,933,160	—	1,018,791	45,203,384	
Changes of items during period								
Dividends of surplus [year-end]							(722,054)	
Dividends of surplus [interim]							(859,588)	
Profit attributable to owners of parent							4,313,096	
Disposal of treasury stock							1,309,232	
Net changes of items other than shareholders' equity	(1,384,103)	(577,158)	(70,269)	(2,031,530)	22,826	252,229	(1,756,475)	
Total changes of items during period	(1,384,103)	(577,158)	(70,269)	(2,031,530)	22,826	252,229	2,284,210	
Balance at end of current period	2,340,429	(1,117,245)	(321,554)	901,630	22,826	1,271,020	47,487,594	

(4) Consolidated statements of cash flows

	(Thousands of yen)	
	Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)
Cash flows from operating activities		
Profit before income taxes	6,575,221	6,694,501
Depreciation	604,957	572,670
Amortization of goodwill	139,761	149,120
Increase (decrease) in provision for bonuses	(4,476)	84,356
Increase (decrease) in net defined benefit (asset) liability	(174,438)	636,779
Increase (decrease) in allowance for doubtful accounts	(18,922)	(6,468)
Share of (profit) loss of entities accounted for using equity method	(367,588)	(149,762)
Interest and dividend income	(189,702)	(233,206)
Interest expenses	27,923	29,124
Foreign exchange losses (gains)	(25,895)	1,355
Loss (gain) on sales and retirement of non-current assets	49,855	36,520
Loss (gain) on valuation of investment securities	(226,200)	(769,654)
Loss (gain) on transfer from business divestitures	30,389	-
Decrease (increase) in notes and accounts receivable – trade	(2,355,705)	1,361,094
Decrease (increase) in investments in silent partnership for business purposes	225,712	(32,402)
Decrease (increase) in inventories	(1,004,883)	(2,907,684)
Decrease (increase) in other assets	(59,110)	(545,158)
Increase (decrease) in notes and accounts payable – trade	1,411,241	(1,001,949)
Increase (decrease) in accrued consumption taxes	143,192	(4,672)
Increase (decrease) in other liabilities	297,592	45,660
Other, net	(65,606)	(57,728)
Subtotal	5,013,318	3,902,496
Interest and dividend income received	361,149	267,027
Interest expenses paid	(27,923)	(29,124)
Income taxes paid	(2,311,744)	(2,112,844)
Net cash provided by (used in) operating activities	3,034,800	2,027,555

*English translation of some items has been changed to correspond with EDINET taxonomy published by FSA.

(Thousands of yen)

	Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)
Cash flows from investing activities		
Payments into time deposits	(145,000)	(245,000)
Proceeds from withdrawal of time deposits	395,000	245,000
Purchase of property, plant and equipment and intangible assets	(409,686)	(493,360)
Proceeds from sales of property, plant and equipment and intangible assets	557	5,165
Purchase of investment securities	(1,061,273)	(157,074)
Proceeds from sales of investment securities	369,098	1,150,497
Proceeds from redemption of securities	100,000	-
Proceeds from business divestitures	6,452	-
Payments of loans receivable	(79,650)	(43,585)
Collection of loans receivable	31,434	30,909
Payments for lease and guarantee deposits	(1,094,656)	(788,196)
Proceeds from collection of lease and guarantee deposits	272,295	504,709
Proceeds from guarantee deposits received	830,680	581,394
Repayments of guarantee deposits received	(3,289)	(359,068)
Other, net	84,044	33,330
Net cash provided by (used in) investing activities	(703,994)	464,721
Cash flows from financing activities		
Increase in short-term loans payable	1,850,000	4,700,000
Decrease in short-term loans payable	(1,850,000)	(4,700,000)
Proceeds from long-term loans payable	-	1,875,000
Repayments of long-term loans payable	(575,000)	(2,350,000)
Proceeds from long-term non-recourse loans payable	700,000	2,312,000
Repayments of long-term non-recourse loans payable	(10,000)	(372,370)
Repayments of lease obligations	(127,496)	(97,542)
Proceeds from issuance of share acquisition rights	-	30,300
Proceeds from disposal of treasury shares	-	148
Purchase of treasury shares	(1,423)	-
Proceeds from disposal of treasury shares through exercise of share acquisition rights	-	1,301,610
Proceeds from share issuance to non-controlling shareholders	58,000	347,550
Cash dividends paid	(1,443,404)	(1,580,750)
Dividends paid to non-controlling interests	(298,934)	(134,650)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(172,000)	-
Net cash provided by (used in) financing activities	(1,870,257)	1,331,296
Effect of exchange rate change on cash and cash equivalents	32,952	(8,294)
Net increase (decrease) in cash and cash equivalents	493,501	3,815,278
Cash and cash equivalents at beginning of period	21,188,169	21,757,218
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	75,548	-
Cash and cash equivalents at end of period	21,757,218	25,572,496

*English translation of some items has been changed to correspond with EDINET taxonomy published by FSA.

(5) Notes to consolidated financial statements

(Notes on the going concern assumption)

Not applicable.

(Segment information, etc.)

[Segment information]

1. Overview of reportable segments

The Company's reportable segments are organizational units for which separate financial information can be gathered. These reportable segments are subject to the Board of Directors' periodical review to make decisions of business resource allocation and to evaluate performance.

The Company has five reportable segments that are classified by the characteristics and similarity in services provided by the Group companies: Building Management and Operation Business, Residential Management and Operation Business, Environmental Facility Management Business, Real Estate Fund Management Business and Other Businesses.

The Building Management and Operation Business focuses on building management and security services. The Residential Management and Operation Business mainly comprises the management of apartments and condominiums to own, and public housing. The Environmental Facility Management Business mainly comprises the management of water treatment, sewage disposal, and other public facilities. The Real Estate Fund Management Business mainly comprises asset management (i.e. arrangement and asset management of real estate funds) and handling investments in silent partnership. Other Businesses include mainly event planning and management, printing, and design.

2. Calculation methods of net sales, income or losses, assets, liabilities and other items for each reportable segment

The accounting methods used for reportable segments are basically the same as those used for consolidated financial statements.

3. Matters regarding the change in reportable segments

Starting from the beginning of the current fiscal year, the Company changed the reportable segments so that the Residential Management and Operation Business, which had been included in the Building Management and Operation Business, was made into a new reportable segment in order to better clarify its business descriptions and earnings structure in consideration of its specialty and the business size.

Furthermore, segment information for the previous fiscal year has been prepared in accordance with the segments after the change.

4. Information on net sales, income or losses, assets, liabilities and other items for each reportable segment
Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)

(Thousands of yen)

	Reportable segment						Adjustments (Note)	Amount recorded on consolidated financial statements
	Building Management and Operation Business	Residential Management and Operation Business	Environmental Facility Management Business	Real Estate Fund Management Business	Other Businesses	Total		
Net sales								
Net sales to external customers	66,988,180	16,987,039	9,757,950	463,083	2,282,444	96,478,696	—	96,478,696
Inter-segment net sales and transfer	—	—	—	—	—	—	—	—
Total	66,988,180	16,987,039	9,757,950	463,083	2,282,444	96,478,696	—	96,478,696
Segment income	7,457,883	1,444,561	1,134,399	84,559	343,365	10,464,767	(4,692,688)	5,772,079
Segment assets	24,108,608	11,641,917	3,440,083	3,034,110	1,457,848	43,682,566	24,905,487	68,588,053
Other items								
Depreciation	221,896	78,625	14,039	15,197	5,754	335,511	281,461	616,972
Investments in entities accounted for using equity method	841,156	5,458,712	55,714	27,949	—	6,383,531	—	6,383,531
Increase in property, plant and equipment and intangible assets	265,591	115,491	22,200	8,215	392	411,889	229,681	641,570

(Notes) 1. Adjustments are as follows:

(1) Adjustments of -4,692,688 thousand yen for segment income are unallocated general administrative expenses.

(2) Adjustments of 24,905,487 thousand yen for segment assets are corporate assets that are not allocated to any of the reportable segments. They are mainly cash, time deposits, investment securities and the assets of the administration departments of the Company.

(3) Adjustments of 229,681 thousand yen for increase in property, plant and equipment and intangible assets are due to renovation work of offices, etc. and system repair, etc.

2. Segment income has been adjusted to operating income described in consolidated statements of income.

Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)

(Thousands of yen)

	Reportable segment						Adjustments (Note)	Amount recorded on consolidated financial statements
	Building Management and Operation Business	Residential Management and Operation Business	Environmental Facility Management Business	Real Estate Fund Management Business	Other Businesses	Total		
Net sales								
Net sales to external customers	67,873,258	16,257,169	9,828,288	1,514,153	2,456,579	97,929,447	—	97,929,447
Inter-segment net sales and transfer	—	—	—	—	—	—	—	—
Total	67,873,258	16,257,169	9,828,288	1,514,153	2,456,579	97,929,447	—	97,929,447
Segment income	8,296,387	1,472,109	1,170,962	82,454	403,055	11,424,967	(5,061,655)	6,363,312
Segment assets	24,539,216	11,228,145	3,623,135	5,546,092	1,629,936	46,566,524	26,103,948	72,670,472
Other items								
Depreciation	187,715	70,671	16,230	49,330	5,297	329,243	287,930	617,173
Investments in entities accounted for using equity method	932,708	4,862,768	57,909	27,351	—	5,880,736	—	5,880,736
Increase in property, plant and equipment and intangible assets	134,443	57,473	13,452	66,052	53,176	324,596	216,344	540,940

(Notes) 1. Adjustments are as follows:

- (1) Adjustments of -5,061,655 thousand yen for segment income are unallocated general administrative expenses.
- (2) Adjustments of 26,103,948 thousand yen for segment assets are corporate assets that are not allocated to any of the reportable segments. They are mainly cash, time deposits, investment securities and the assets of the administration departments of the Company.
- (3) Adjustments of 216,344 thousand yen for increase in property, plant and equipment and intangible assets are due to renovation work of offices, etc. and system repair, etc.

2. Segment income has been adjusted to operating income described in consolidated statements of income.

[Related information]

Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)

1. Information related to product and service

Please refer to "Segment information."

2. Information related to geographic region

(1) Net sales

Not applicable because there are no net sales to external customers outside of Japan.

(2) Property, plant and equipment

Not applicable because there is no property, plant and equipment outside of Japan.

3. Information related to major customer

There is nothing to report because there is no external customer accounting for 10% or more of net sales reported in the consolidated statements of income.

Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)

1. Information related to product and service

Please refer to "Segment information."

2. Information related to geographic region

(1) Net sales

Not applicable because there are no net sales to external customers outside of Japan.

(2) Property, plant and equipment

Not applicable because there is no property, plant and equipment outside of Japan.

3. Information related to major customer

There is nothing to report because there is no external customer accounting for 10% or more of net sales reported in the consolidated statements of income.

[Information on impairment loss on non-current assets by reportable segment]

Not applicable.

[Information on amortization of goodwill and unamortized balance of goodwill by reportable segment]

Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)

(Thousands of yen)

	Reportable segment						Elimination or Corporate	Total
	Building Management and Operation Business	Residential Management and Operation Business	Environmental Facility Management Business	Real Estate Fund Management Business	Other Businesses	Subtotal		
Amortization for the current period	16,297	119,304	—	4,160	—	139,761	—	139,761
Unamortized balance at the end of current year	138,528	1,819,381	—	13,518	—	1,971,427	—	1,971,427

Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)

(Thousands of yen)

	Reportable segment						Elimination or Corporate	Total
	Building Management and Operation Business	Residential Management and Operation Business	Environmental Facility Management Business	Real Estate Fund Management Business	Other Businesses	Subtotal		
Amortization for the current period	16,297	119,304	—	13,518	—	149,120	—	149,120
Unamortized balance at the end of current year	122,230	1,700,077	—	—	—	1,822,307	—	1,822,307

[Information on gain on bargain purchase by reportable segment]

Not applicable.

(Per share information)

	Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)
Net assets per share	1,285.05 yen	1,315.18 yen
Profit per share	129.33 yen	125.11 yen
Diluted profit per share	—	124.83 yen

Note: 1. No diluted profit per share is presented for the previous fiscal year, as there were no potentially dilutive securities.

2. The basis of calculations of profit per share and diluted profit per share for the current fiscal period is as follows.

	Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)
Profit per share		
Profit attributable to owners of parent (thousands of yen)	4,446,829	4,313,096
Amount not attributable to owners of common stock (thousands of yen)	—	—
Profit attributable to owners of parent associated with common stock (thousands of yen)	4,446,829	4,313,096
Average number of shares of common stock during period (shares)	34,383,771	34,474,846
Diluted profit per share		
Adjusted profit attributable to owners of parent (thousands of yen)	—	4,313,096
Increase in the number of shares of common stock (shares)	—	76,721
Potential shares not included in the calculation of diluted profit per share as they have no dilution effect		—

3. The basis of calculations of net assets per share is as follows.

	Fiscal year ended March 31, 2018 (as of March 31, 2018)	Fiscal year ended March 31, 2019 (as of March 31, 2019)
Total net assets (thousands of yen)	45,203,384	47,487,594
Amount deducted from total net assets (thousands of yen)	1,018,791	1,293,846
Of which, share acquisition rights (thousands of yen)	—	22,826
Of which, non-controlling interests (thousands of yen)	1,018,791	1,271,020
Net assets associated with common stock at the end of fiscal year (thousands of yen)	44,184,593	46,193,748
Number of shares of common stock issued and outstanding (shares)	41,180,306	41,180,306
Number of shares of common stock as treasury stock (shares)	6,796,762	6,056,686
Number of shares of common stock at end of fiscal year used in the calculation of net assets per share	34,383,544	35,123,620

(Significant subsequent events)

Not applicable.

4. Non-consolidated financial statements and key notes**(1) Non-consolidated balance sheets**

(Thousands of yen)

	Fiscal year ended March 31, 2018 (As of March 31, 2018)	Fiscal year ended March 31, 2019 (As of March 31, 2019)
ASSETS		
Current assets		
Cash and deposits	10,929,086	14,327,612
Notes receivable—trade	34,161	26,356
Accounts receivable—trade	8,640,356	8,509,938
Supplies	45,895	47,186
Prepaid expenses	264,201	296,400
Accounts receivable—other	27,097	108,522
Short-term loans receivable	1,849,289	2,185,637
Advances paid	224,500	488,151
Other	36,940	33,995
Allowance for doubtful accounts	(1,380)	(100)
Total current assets	22,050,149	26,023,702
Non-current assets		
Property, plant and equipment		
Buildings	4,905,639	4,913,414
Accumulated depreciation	(2,861,504)	(2,990,001)
Buildings, net	2,044,134	1,923,413
Structures	233,244	242,421
Accumulated depreciation	(84,153)	(91,121)
Structures, net	149,091	151,299
Machinery and equipment	8,734	8,734
Accumulated depreciation	(7,750)	(7,947)
Machinery and equipment, net	984	787
Vehicles	69,311	75,153
Accumulated depreciation	(58,351)	(35,078)
Vehicles, net	10,959	40,075
Tools, furniture and fixtures	838,958	876,139
Accumulated depreciation	(541,057)	(586,110)
Tools, furniture and fixtures, net	297,901	290,029
Land	988,496	988,496
Leased assets	807,875	655,018
Accumulated depreciation	(646,070)	(548,438)
Leased assets, net	161,805	106,579
Construction in progress	-	33,949
Total property, plant and equipment	3,653,373	3,534,631
Intangible assets		
Telephone subscription right	19,547	19,547
Software	229,875	156,125
Leased assets	8,650	2,287
Software in progress	43,810	123,189
Total intangible assets	301,883	301,150

*English translation of some items has been changed to correspond with EDINET taxonomy published by FSA.

(Thousands of yen)

	Fiscal year ended March 31, 2018 (As of March 31, 2018)	Fiscal year ended March 31, 2019 (As of March 31, 2019)
Investments and other assets		
Investment securities	9,228,739	7,002,932
Shares of subsidiaries and associates	8,913,545	8,958,845
Long-term loans receivable	25,961	26,778
Long-term loans receivable from subsidiaries and associates	371,717	397,003
Long-term prepaid expenses	688	504
Prepaid pension cost	751,200	729,960
Lease and guarantee deposits	875,063	883,813
Membership	350,620	349,440
Claims provable in bankruptcy, claims provable in rehabilitation and other	22,216	22,272
Buildings for rent	107,470	107,470
Accumulated depreciation	(43,504)	(45,548)
Buildings for rent, net	63,966	61,922
Land for rent	53,739	53,739
Other	91,302	98,954
Allowance for doubtful accounts	(54,583)	(52,427)
Total investments and other assets	20,694,176	18,533,739
Total non-current assets	24,649,434	22,369,520
TOTAL ASSETS	46,699,584	48,393,222

*English translation of some items has been changed to correspond with EDINET taxonomy published by FSA.

(Thousands of yen)

	Fiscal year ended March 31, 2018 (As of March 31, 2018)	Fiscal year ended March 31, 2019 (As of March 31, 2019)
LIABILITIES		
Current liabilities		
Notes payable—trade	24,586	6,293
Accounts payable—trade	5,691,307	5,156,408
Current portion of long-term loans payable	2,350,000	375,000
Lease obligations	50,799	40,375
Accounts payable—other	446,747	168,833
Income taxes payable	424,046	1,013,821
Accrued consumption taxes	282,938	397,435
Accrued salaries	581,328	604,913
Accrued social insurance	423,552	446,835
Deposits received	329,691	335,530
Deposits received from subsidiaries and associates	800,000	800,000
Advances received	85,390	155,125
Provision for bonuses	300,334	334,507
Asset retirement obligations	-	5,870
Other	16,636	708
Total current liabilities	11,807,359	9,841,659
Non-current liabilities		
Long-term loans payable	-	1,500,000
Lease obligations	123,093	78,406
Deferred tax liabilities	1,159,980	409,520
Provision for retirement benefits	-	574,488
Long-term guarantee deposited	338,263	339,153
Asset retirement obligations	119,790	112,314
Other	694,202	675,823
Total non-current liabilities	2,435,330	3,689,706
TOTAL LIABILITIES	14,242,689	13,531,365
NET ASSETS		
Shareholders' equity		
Capital stock	3,000,000	3,000,000
Capital surplus		
Legal capital surplus	498,800	498,800
Other capital surplus	119,290	888,267
Total capital surpluses	618,090	1,387,067
Retained earnings		
Legal retained earnings	251,200	251,200
Other retained earnings		
General reserve	12,310,000	12,310,000
Retained earnings brought forward	17,622,749	20,064,456
Total retained earnings	30,183,949	32,625,656
Treasury shares	(4,962,993)	(4,422,737)
Total shareholders' equity	28,839,046	32,589,986
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	3,617,847	2,249,044
Total valuation and translation adjustments	3,617,847	2,249,044
Share acquisition rights	-	22,826
TOTAL NET ASSETS	32,456,894	34,861,857
TOTAL LIABILITIES AND NET ASSETS	46,699,584	48,393,222

*English translation of some items has been changed to correspond with EDINET taxonomy published by FSA.

(2) Non-consolidated statements of income

(Thousands of yen)

	Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)
Net sales		
Service revenue	58,059,259	57,182,630
Net sales of goods	412,148	429,181
Total net sales	58,471,408	57,611,812
Cost of sales		
Cost of service sales	47,736,570	46,179,483
Cost of goods sold	324,804	332,126
Total cost of sales	48,061,375	46,511,610
Gross profit	10,410,032	11,100,201
Selling, general and administrative expenses		
Promotion expenses	10,866	11,515
Advertising expenses	269,041	281,161
Directors' compensations	494,090	534,357
Salaries and allowances	2,357,009	2,460,459
Bonuses	351,126	378,754
Provision for bonuses	121,584	125,307
Retirement benefit expenses	34,291	21,952
Legal welfare expenses	473,917	497,865
Welfare expenses	25,479	24,408
Training expenses	17,371	18,425
Offering expenses	27,820	25,146
Conference expenses	5,365	5,285
Entertainment expenses	203,224	235,848
Traveling and transportation expenses	325,002	345,073
Vehicle expenses	75,082	77,329
Communication expenses	99,923	115,012
Utilities expenses	43,525	45,311
Supplies expenses	28,371	16,573
Stationery expenses	212,904	222,079
Taxes and dues	65,345	66,986
Enterprise tax	196,921	255,364
Depreciation	291,539	295,741
Repair expenses	5,349	4,521
Insurance expenses	434,651	424,242
Rent expenses	492,055	497,355
Book expenses	7,037	7,552
Membership expenses	17,467	18,550
Commission fee	304,765	378,101
Contribution	19,662	16,702
Provision of allowance for doubtful accounts	(2,684)	(1,232)
Miscellaneous expenses	166,149	138,396
Total selling, general and administrative expenses	7,174,258	7,544,154
Operating income	3,235,774	3,556,047

*English translation of some items has been changed to correspond with EDINET taxonomy published by FSA.

(Thousands of yen)

	Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)
Non-operating income		
Interest income	35,870	56,671
Dividend income	1,575,788	1,704,976
Rent income	54,363	54,297
Dividend income of insurance	28,211	28,735
Consulting fee income	36,000	36,000
Foreign exchange gains	25,210	-
Miscellaneous income	47,886	30,553
Total non-operating income	1,803,330	1,911,233
Non-operating expenses		
Interest expenses	32,300	28,845
Rent expenses	44,398	47,437
Loss on sales and retirement of non-current assets	10,222	6,029
Foreign exchange losses	-	1,966
Miscellaneous loss	9,313	8,265
Total non-operating expenses	96,234	92,544
Ordinary income	4,942,870	5,374,736
Extraordinary income		
Gain on sales of investment securities	204,699	769,654
Gain on extinguishment of tie-in shares	1,508,826	-
Total extraordinary income	1,713,526	769,654
Extraordinary losses		
Loss on revision of retirement benefit plan	-	716,851
Total extraordinary losses	-	716,851
Profit before income taxes	6,656,396	5,427,539
Income taxes—current	1,048,051	1,569,736
Income taxes—deferred	20,452	(165,547)
Total income taxes	1,068,504	1,404,189
Profit	5,587,891	4,023,350

*English translation of some items has been changed to correspond with EDINET taxonomy published by FSA.

(3) Non-consolidated statements of changes in equity

Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)

(Thousands of yen)

	Shareholders' equity							
	Capital stock	Capital surplus			Retained earnings			
		Legal capital surplus	Other capital surplus	Total capital surpluses	Legal retained earnings	Other retained earnings		Total retained earnings
					General reserve	Retained earnings brought forward		
Balance at beginning of current period	3,000,000	498,800	119,290	618,090	251,200	12,310,000	13,478,985	26,040,185
Changes of items during period								
Dividends of surplus [year-end]							(722,069)	(722,069)
Dividends of surplus [interim]							(722,058)	(722,058)
Profit							5,587,891	5,587,891
Purchase of treasury stock								
Net changes of items other than shareholders' equity								
Total changes of items during period	—	—	—	—	—	—	4,143,763	4,143,763
Balance at end of current period	3,000,000	498,800	119,290	618,090	251,200	12,310,000	17,622,749	30,183,949

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of current period	(4,961,569)	24,696,706	2,761,325	2,761,325	27,458,031
Changes of items during period					
Dividends of surplus [year-end]		(722,069)			(722,069)
Dividends of surplus [interim]		(722,058)			(722,058)
Profit		5,587,891			5,587,891
Purchase of treasury stock	(1,423)	(1,423)			(1,423)
Net changes of items other than shareholders' equity			856,522	856,522	856,522
Total changes of items during period	(1,423)	4,142,340	856,522	856,522	4,998,862
Balance at end of current period	(4,962,993)	28,839,046	3,617,847	3,617,847	32,456,894

Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)

(Thousands of yen)

	Shareholders' equity							
	Capital stock	Capital surplus			Retained earnings			
		Legal capital surplus	Other capital surplus	Total capital surpluses	Legal retained earnings	Other retained earnings		Total retained earnings
					General reserve	Retained earnings brought forward		
Balance at beginning of current period	3,000,000	498,800	119,290	618,090	251,200	12,310,000	17,622,749	30,183,949
Changes of items during period								
Dividends of surplus [year-end]							(722,054)	(722,054)
Dividends of surplus [interim]							(859,588)	(859,588)
Profit							4,023,350	4,023,350
Disposal of treasury stock			768,976	768,976				
Net changes of items other than shareholders' equity								
Total changes of items during period	—	—	768,976	768,976	—	—	2,441,707	2,441,707
Balance at end of current period	3,000,000	498,800	888,267	1,387,067	251,200	12,310,000	20,064,456	32,625,656

	Shareholders' equity		Valuation and translation adjustments		Share acquisition rights	Total net assets
	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at beginning of current period	(4,962,993)	28,839,046	3,617,847	3,617,847	—	32,456,894
Changes of items during period						
Dividends of surplus [year-end]		(722,054)				(722,054)
Dividends of surplus [interim]		(859,588)				(859,588)
Profit		4,023,350				4,023,350
Disposal of treasury stock	540,255	1,309,232				1,309,232
Net changes of items other than shareholders' equity			(1,368,803)	(1,368,803)	22,826	(1,345,977)
Total changes of items during period	540,255	3,750,940	(1,368,803)	(1,368,803)	22,826	2,404,963
Balance at end of current period	(4,422,737)	32,589,986	2,249,044	2,249,044	22,826	34,861,857