

Summary of Business Results for the Second Quarter Ended June 30 2019

[Japan GAAP] (Consolidated)

August 9, 2019

Company **Sansei Landic Co.,Ltd** Listed on the TSE
 Stock Code 3277 URL: <https://www.sansei-l.co.jp>
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 Expected date of filing of quarterly report: August 9, 2019 Expected starting date of dividend payment: -
 Preparation of quarterly supplementary financial document: Yes
 Quarterly results briefing: Yes (for institutional investors and analysts)

(Rounded down to million yen)

1. Consolidated business results for the six months ended June 30, 2019 (January 1, 2019 through June 30, 2019)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended Jun. 2019	7,701	12.7	790	-3.3	750	0.7	473	8.9
Six months ended Jun. 2018	6,834	23.1	817	66.8	745	62.9	434	66.5

(Note) Comprehensive income

Six months ended June 2019: 473 million yen (8.9%)

Six months ended June 2018: 434 million yen (66.5 %)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Jun. 2019	56.04	55.94
Six months ended Jun. 2018	51.82	51.56

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
As of Jun. 2019	16,802	9,203	54.8
As of Dec. 2018	16,777	8,907	53.1

(Reference) Shareholders' equity:

As of June 2019: 9,199 million yen

As of December 2018: 8,903 million yen

2. Dividends

	Annual dividend				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended Dec. 2018	-	0.00	-	21.00	21.00
Year ending Dec. 2019	-	0.00	-	-	-
Year ending Dec. 2019(forecast)	-	-	-	23.00	23.00

(Note) Revisions to dividend forecast for the current quarter: None

3. Forecast of consolidated business results for the fiscal year ending December 2019 (January 1, 2019 through December 31, 2019)

(% change from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Year ending Dec. 2019	18,220	8.2	1,666	-5.6	1,544	-6.0	1,032	2.5	122.17

(Note) Revisions to business forecast for the current quarter: None

***Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries accompanying changes in the scope of consolidation): None
- (2) Applications of simplified accounting procedures and accounting procedures unique to the preparation of quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, accounting estimates and restatement
- | | |
|--|--------|
| ① Changes in accounting policies associated with revision of accounting standards: | : Yes |
| ② Changes in accounting policies other than ① | : None |
| ③ Changes in accounting estimates | : None |
| ④ Restatement | : None |
- (4) Shares outstanding (common stock)
- | | |
|---|------------------|
| ① Number of shares outstanding at the end of period (treasury stock included) | |
| As of June 2019 | 8,447,800 shares |
| As of December 2018 | 8,447,800 shares |
| ② Treasury stock at the end of period | |
| As of June 2019 | 242 shares |
| As of December 2018 | 242 shares |
| ③ Average number of stock during period (quarterly cumulative period) | |
| Six months ended June 2019 | 8,447,558 shares |
| Six months ended June 2018 | 8,390,468 shares |

***Quarterly financial summary is not subject to the quarterly review procedure by certified public accountants or auditing firms.**

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

Forecasts regarding future performance in this material are based on information currently available to the company and certain assumptions that the company deems to be reasonable at the time this report was prepared. Actual results may differ significantly from the forecasts due to various factors.

1. Qualitative Information on Results for the Current Quarter

(1) Results of Operations

In the second quarter of the current fiscal year, net sales were 7,701 million (up by 12.7% YoY), operating income was 790 million yen (down by 3.3% YoY), ordinary income was 750 million yen (up by 0.7% YoY), and a net income attributable to owners of parent was 473 million yen (up by 8.9% YoY).

Results by business segment are as follows.

① Real Estate Sales Business

In the Real Estate Sales Business, the segment recorded net sales of 6,972 million yen (up by 6.0% YoY) and segment income of 1,360 million yen (down by 3.2% YoY).

Sales and purchase results for the second quarter of the current fiscal year are as follows.

i Sales Results

Classification	Number of transactions	YoY (%)	Sales (million yen)	YoY (%)
Leasehold land	172	+19.4	2,632	-11.1
Old unutilized properties	26	-3.7%	4,008	+116.7
Freehold	3	-76.9	116	-92.5
Other Real Estate Sales Business	-	-	214	-3.0
Total	201	+9.2	6,972	+6.0

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

2. Inter-segment transactions have been eliminated.

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

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

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

With regard to sales, although sales of leasehold land and freehold decreased, sales of old unutilized properties increased, as sales of large-scale properties, which were scheduled to be sold in the second half, were moved up to the first half. As a result, net sales increased YoY.

ii Purchase Results

Classification	Numbers of lots	YoY (%)	Purchase amount (million yen)	YoY (%)
Leasehold land	200	-37.1	1,723	-46.1
Old unutilized properties	46	+39.4	2,739	-5.4
Freehold	7	+40.0	844	+108.1
Total	253	-28.9	5,307	-18.3

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

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

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

Although there was steady progress in the purchases of old unutilized properties and freehold, purchase of leasehold land decreased due to the purchase of large-scale properties in the same period of the previous fiscal year. As a result, the amount of purchases decreased YoY.

② Construction Business

In the Construction Business, the segment recorded net sales of 729 million yen (up 182.6% YoY) and segment loss of 73 million yen (segment loss of 111 million yen in the same period of the previous fiscal year).

Sales and orders in the second quarter of the current fiscal year are as follows.

i Sales Results

Number of contracts	YoY (%)	Sales (million yen)	YoY (%)
73	+37.7	729	+182.6

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

Sales increased significantly YoY, generally in line with the plan.

ii Order Results

Orders Received (million yen)	YoY (%)	Order backlog (million yen)	YoY (%)
1,365	+175.7	1,256	+236.1

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

As for orders, both orders received and order backlog increased significantly, due in part to a rush in demand prior to the consumption tax hike.

(2) Financial Position

① Assets, liabilities and net assets

(Current assets)

Current assets increased by 1 million yen from the end of the previous fiscal year to 15,596 million yen at the end of the second quarter of the current fiscal year. This was mainly due to a decrease of 749 million yen in cash and deposits and an increase of 611 million yen in real estate for sale.

(Fixed assets)

Fixed assets increased by 24 million yen from the end of the previous fiscal year to 1,206 million yen at the end of the second quarter of the current fiscal year. This was mainly due to an increase of 12 million yen in property, plant and equipment and an increase of 10 million yen in investments and other assets.

(Current liabilities)

Current liabilities increased by 836 million yen from the end of the previous fiscal year to 6,996 million yen at the end of the second quarter of the current fiscal year. This was mainly due to an increase of 770 million yen in short-term loans payable.

(Fixed liabilities)

Fixed liabilities decreased by 1,107 million yen from the end of the previous fiscal year to 602 million yen at the end of the second quarter of the current fiscal year. This was mainly due to a decrease of 1,097 million yen in long-term loans payable.

(Net assets)

Net assets increased by 296 million yen from the end of the previous fiscal year to 9,203 million yen at the end of the second quarter of the current fiscal year. This was mainly due to an increase of 296 million yen in retained earnings.

② Cash Flows

Cash and cash equivalents (hereinafter “cash”) at the end of the second quarter of the current fiscal year decreased by 760 million yen from the end of the previous fiscal year to 2,704 million yen.

The status of each cash flow and its factors for the second quarter are as follows.

(Cash flows from operating activities)

Net cash used in operating activities was 286 million yen (down by 1,209 million yen YoY).

The main inflows were profit before income taxes and minority interests of 750 million yen. The main outflows were an increase in inventories of 666 million yen, income taxes paid of 223 million yen, an increase in other assets of 79 million yen, and a decrease in notes and accounts payable-trade of 45 million yen.

(Cash flows from investing activities)

Net cash used in investing activities was 27 million yen (down by 0 million yen YoY).

The main inflows were proceeds from withdrawal of time deposits of 17 million yen and proceeds from collection of guarantee deposits of 17 million yen. The main outflows were payments for time deposits of 30 million yen, payments for purchase of property, plant and equipment of 21 million yen, and payments for purchase of intangible assets of 11 million yen.

(Cash flows from financing activities)

Net cash used in financing activities was 446 million yen (compared with 816 million yen provided in the same period of the previous fiscal year).

The main inflows were an increase in short-term loans payable of 770 million yen and proceeds from long-term loans payable of 142 million yen. The main outflows were repayments of long-term loans payable of 1,182 million yen and cash dividends paid of 176 million yen.

(3) Consolidated Earnings Forecasts and Other Forward-Looking Information

There are no changes to the financial forecast announced on February 14, 2019.