

This English translation of financial report was prepared for reference purposes only. The financial information contained in this report is delivered from our unaudited financial statements.

Consolidated Financial Report for the Fiscal Year Ended September 30, 2018 (IFRS)

October 22, 2018

Company name: LIFULL Co., Ltd. Listed exchange: Tokyo Stock Exchange
 Stock code: 2120 URL: <https://lifull.com/en/>
 Representative: (Position) President and CEO (Name) Takashi Inoue
 Contact: (Position) Managing Officer, General Manager of Group Company Business Development Department (Name) Kazuhiko Abe (TEL) +81-3-6774-1603
 Scheduled date of Annual General Shareholders Meeting: December 20, 2018
 Scheduled date of start of dividend payments: December 21, 2018
 Scheduled filing date for the annual securities report: December 21, 2018
 Preparation of supporting documentation for earnings: Yes
 Earnings presentations: Yes (For institutional investors and analysts)

(Millions of yen; amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Year Ended September 30, 2018 (October 1, 2017 to September 30, 2018)

(1) Consolidated Operating Results

(Percentages indicate year-on-year change)

	Revenue	Operating income	Profit before income taxes	Net profit	Profit attributable to owners of the parent	Total comprehensive income
	%	%	%	%	%	%
Fiscal year ended September 30, 2018	¥34,564 -	¥4,315 -	¥4,156 -	¥2,799 -	¥2,859 -	¥2,771 -
Fiscal year ended September 30, 2017	¥15,948 -	¥1,016 -	¥957 -	¥483 -	¥489 -	¥1,609 -
	Basic earnings per share	Diluted net income per share	Return on equity	Return on assets	Operating income ratio	
	yen	yen	%	%	%	
Fiscal year ended September 30, 2018	24.09	24.09	13.9	15.0	12.5	
Fiscal year ended September 30, 2017	4.12	4.12	2.6	3.6	6.4	

(Reference) Share of profit (loss) of investments accounted for using the equity method

Fiscal Year ended September 30, 2018: (164 million yen) Fiscal Year ended September 30, 2017: (39 million yen)

EBITDA (operating income before depreciation and amortization)

Fiscal Year ended September 30, 2018: 5,382 million yen Fiscal Year ended September 30, 2017: 1,536 million yen

Note : LIFULL has changed its fiscal-year end from March 31 to September 30, starting from the fiscal year ended September 30, 2017. As a result of this change, the previous consolidated accounting period is a six-month transition period from April 1, 2017 until September 30, 2017. For this reason, year-on-year changes have not been given for the fiscal year ending September 30, 2018.

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to the owners of the parent	Equity attributable to the owners of the parent ratio (%)	Equity attributable to owners of the parent per share (yen)
As of September 30, 2018	¥29,181	¥21,996	¥21,881	75.0	184.32
As of September 30, 2017	¥26,363	¥19,293	¥19,227	72.9	161.96

(3) Consolidated Cash Flows

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents
Fiscal year ended September 30, 2018	¥4,671	(¥1,533)	(¥1,072)	¥7,571
Fiscal year ended September 30, 2017	¥1,909	(¥999)	(¥1,601)	¥5,509

2. Dividends

	Annual dividend					Total dividend payout (total) (million yen)	Payout ratio (consolidated) (%)	Dividend on equity ratio (consolidated) (%)
	First quarter	Second quarter	Third quarter	Fourth quarter	Total			
	(yen)	(yen)	(yen)	(yen)	(yen)			
Fiscal year ended September 30, 2017	-	0.00	-	0.82	0.82	¥97	19.9	0.5
Fiscal year ended September 30, 2018	-	0.00	-	-	-	-	-	-
Fiscal year ending September 30, 2019 (forecast)	-	-	-	-	-		-	

Note: As announced in “Change in payout ratio guideline” on October 22, 2018, LIFULL has raised the consolidated payout ratio from 20% to 25%, which will be applied to the dividend for the fiscal year ended September 30, 2018. And thereafter the Company will announce the dividend for the fiscal year ended September 30, 2018 when it becomes available.

(Millions of yen; amounts are rounded down to the nearest million yen)

3. Forecasts on the Consolidated Results for the Fiscal Year Ending September 2019 (October 1, 2018 to September 30, 2019)

(Percentages indicate year-on-year change)

	Revenue		Operating income		Profit attributable to owners of the parent		Basic earnings per share
	¥	%	¥	%	¥	%	yen
Fiscal year ending September 30, 2019	¥39,022	12.9	¥4,751	10.1	¥3,132	9.5	26.39

(Reference) EBITDA (operating income before depreciation and amortization)
Fiscal Year ended September 30, 2019 (forecast): 5,791 million yen

* Notes

- (1) There have been no changes in material subsidiaries during the term.
- (2) Changes in accounting policies, changes in accounting estimates, restatement
 - [1] There have been no changes in accounting policies required by IFRS.
 - [2] There have been no changes in accounting policies not falling within the scope of [1] above.
 - [3] There have been no changes in accounting estimates.
- (3) Number of shares issued (common stock)
 - [1] Number of shares issued at the end of the period (including treasury stock)

As of September 30, 2018	118,789,100 shares
As of September 30, 2017	118,789,100 shares
 - [2] Treasury shares at the end of the period

As of September 30, 2018	73,736 shares
As of September 30, 2017	73,736 shares
 - [3] Average shares during term

Fiscal year ended September 30, 2018	118,715,364 shares
Fiscal year ended September 30, 2017	118,715,365 shares

*** This consolidated financial report is not subject to quarterly review procedures by a certified public accountant or audit company.**

* Regarding appropriate use of results forecasts and other notes

- Results forecasts and other forward-looking statements found in this document are based on information available to the Company at the time and on assumptions deemed reasonable. Actual results and outcomes may vary significantly due to various factors. For information on terms related to the assumptions used for results forecasts, reminders regarding use of results forecasts, and other related information, please refer to “(4) Outlook” on page 6 of the supplemental documentation.
- The Company plans to hold an earnings briefing for institutional investors and analysts. Scenes from the briefing and presentation content (audio recordings) will be made available on the Company’s website as soon as possible thereafter.
- October 23, 2018 (Tuesday): Earnings presentation for institutional investors and analysts.
- In addition, the Company holds briefings as appropriate for individual investors. Please refer to the LIFULL’s IR website for more details.

(Appendix)

Contents

1. Overview of Operating Results	4
(1) Overview of Operating Results for the Fiscal Year Ended September 30, 2018	4
(2) Overview of Financial Position for the Fiscal Year Ended September 30, 2018	5
(3) Overview of Cash Flows for the Fiscal Year Ended September 30, 2018	6
(4) Outlook	6
2. Basic Approach to Selection of Accounting Standard	7
3. Consolidated Financial Statements and Significant Notes	7
(1) Consolidated Statements of Financial Position	7
(2) Consolidated Statements of Profit or Loss and Consolidated Statements of Comprehensive Income	9
(3) Consolidated Statements of Changes in Equity	11
(4) Consolidated Statements of Cash Flows	12
(5) Notes to the Consolidated Financial Statements	13

1. Overview of Operating Results

(1) Overview of Operating Results for the Fiscal Year Ended September 30, 2018

The LIFULL Group changed its fiscal year-end from March 31 to September 30 as a result of a resolution of the 22 Annual General Shareholders' Meeting held on June 28, 2017. Year-on-year changes from the previous consolidated fiscal year are not given for this fiscal year ended September 30, 2018 as the consolidated fiscal year ended September 30, 2017 comprises the six months from April 1, 2017 to September 30, 2017.

In the fiscal year under review, looking at the environment surrounding the LIFULL group, both employment and personal income have been continuously improving and personal consumption has been recovering backed by the strong corporate earnings in Japan. In the real estate and construction industry, which includes our main customers, prices of newly-built condos in the metropolitan area have still been remaining at a high level, despite the continuous low mortgage loan interest rates following the prolonging monetary ease policy, due to the labor cost hike under the labor shortage environment and major construction material price-hike caused by increased Tokyo Olympics and Paralympics related demands. Amid the decline in the number of newly-built condominiums on sale and new housing starts, average sales price of second-hand condominiums during the fiscal year ended September 30, 2018 increased by 4.5% from the previous fiscal year and the number of new contracts increased by 6.2% (Source: East Japan Real Estate Logistics Mechanisms survey). Looking ahead, the second-hand housing market is expected to gain more attention.

If we look at the advertisement market in Japan (2017), although the total advertisement combining newspaper ad, magazine ad, radio ad and TV media ad decreased by 2.3% from the previous year, advertisement for real estates and housing equipment increased by 8.9%. Moreover, on-line advertisement market, where the LIFULL Group provides most the services, grew by 15.2% to 1.5 trillion yen, achieving double-digit growth for four consecutive years. (Source: Dentsu Inc. "Advertisement Spending in 2017") In this business environment, the LIFULL Group has continuously focused on the priorities as follows following the previous fiscal year: Strengthen the LIFULL HOME'S segment, grow the Overseas segment, and develop and generate profits from new businesses. As for the LIFULL HOME'S Business, which is the Group's core business, the Group has been proactively conducting promotional activities and holding campaigns to raise the LIFULL HOME'S brand awareness and working on optimization to attract more customers on-line. The Group has also optimized its organization structure to strengthen its competitiveness by concentrating the management resource.

As for the Overseas Business, the Group has been working on to enhance its ability to attract more customers to grow the business of its major subsidiary, Trovit Search, S.L. (Trovit). In addition, to gain more competitiveness on a global basis, the Group is now under a procedure to acquire Mitula Group Limited (Mitula), a listed company in Australian Stock Exchange conducting the same business as Trovit, to make the company its subsidiary.

As a result, the LIFULL Group's consolidated financial results for the fiscal year ended September 30, 2018 were as follows. Revenue was ¥34,564,915 thousand (+7.6% YoY), EBITDA was ¥5,382,651 thousand (+37.8% YoY), Profit before income taxes was ¥4,156,511 thousand (+64.9% YoY), net profit was ¥2,799,995 thousand (+75.0% YoY), net profit attributable to owners of the parent was ¥2,859,671 thousand (+81.3% YoY).

LIFULL Group does not disclose forecasts for profit before income taxes and net profit. Reason for the YoY difference in each line is due to one-time expenses associated with company and brand name change and head office relocation in April 2017. Please refer to the earnings presentation for the fiscal year ended September 30, 2018 for more details.

The LIFULL Group focuses on EBITDA as an important economic indicator to measure its cash generating ability. This is reflected by the voluntary adoption of International Financial Reporting Standards (IFRS), the growing impact of overseas subsidiaries on consolidated revenue, and the need for comparison of earnings with overseas peers.

Revenue by segment was as follows:

(Thousands of yen; percentages indicate year-on-year change)

Segment	Revenue		Segment profit and loss	
	Amount	Change %	Amount	Change %
(1) LIFULL HOME'S Business	28,611,453	+6.3	3,864,941	+53.2
(2) Overseas Business	3,954,280	+18.5	490,116	+131.3
(3) Others Business	2,112,517	+10.5	(186,330)	Note 2

Note1: Intersegment transactions have not been eliminated. Note2: Segment loss in the previous term was ¥76,974 thousand.

a. LIFULL HOME'S Business

In the LIFULL HOME'S segment, the Group's core business, the Group is providing services that have a close affinity with both users and realtors and aiming to create a world where LIFULL HOME'S becomes an indispensable service.

The Group has been continuously working on the following initiatives, which are the same as previous fiscal year: full-coverage and visualization of information, improvement of average revenue per agent (ARPA), increase in number of customers, development of strong customer base, etc...

In addition, the Group has strengthened its initiatives to vitalize the real estate distribution market by continuously increasing its investment in advertising and promotional activities aiming to raise LIFULL HOME'S brand awareness, by strengthening development and sales of services providing operational support to realtors in the rental business and by tying up with major foreign

real estate agency in the market of real estate for investment purpose.

As a result, the segment's revenue increased by 6.3% year on year to ¥28,611,453 thousand and segment profit increased by 53.2% year on year to ¥3,864,941 thousand.

Notes: ARPA stands for average revenue per agent.

b. Overseas Business

In the Overseas segment, Trovit operates an aggregation site for real estate/housing, used cars and career-change and recruitment information. Trovit has been strengthening SEO and its sales capabilities to achieve further growth. To further enhance Trovit competitiveness on a global basis, the Group is now under a procedure to acquire Mitula, which runs the same business as Trovit. On the other hand, the Group terminated the overseas services operated by Japan, namely, LIFULL Australia (real estate portal site in Australia) and LIFULL Immofinder (real estate portal site in Germany) services were terminated to concentrate the management resource.

As a result, the segment's revenue increased by 18.5% year on year to ¥3,954,280 thousand and segment profit increased by 131.3% year on year to ¥490,116 thousand.

c. Others Business

The Others segment comprises LIFULL Kaigo (nursing care), a search website for care homes for the elderly and nursing care facilities, LIFULL Insurance, a search and booking website for insurance shops, LIFULL Hikkoshi (move), a website devoted to providing estimates and online bookings for relocation services, LIFULL Trunk Room (self-storage), a search website for rental storage space and information, and LIFULL Interior, an e-commerce website for interior goods and more.

The revenue generated by the segment increased by 10.5% year on year to ¥2,112,517 thousand and the loss was ¥186,330 thousand.

For further details on financial results, including the following items, please refer to LIFULL'S IR website, specifically the "Earnings Presentation for the Fiscal Year Ended September 30, 2018", which was announced on October 22, 2018.

URL: <https://lifull.com/en/ir/ir-data/ird-result/>

<Major items in the earnings presentation materials>

Condensed statements of profit and loss:	Condensed statements of profit and loss (IFRS)
Sales by segment:	Sales by segment (IFRS)
Progress against financial results forecasts:	Condensed statements of profit and loss and sales by segment
Business strategies:	Main activities by segment
Quarterly data:	Condensed statements of profit and loss and segment income and loss
Collection of external statistical data:	Number of condominiums for sale, condominium sales prices, number of new housing starts, number of inter prefectural migrants, and population

(2) Overview of Financial Position for the Fiscal Year Ended September 30, 2018

Analysis of financial position

(Current assets)

Current assets stood at ¥12,900,226 thousand as of September 30, 2018, an increase of ¥2,706,721 thousand from September 30, 2017. The main contributing factors were an increase of ¥2,061,670 thousand in cash and cash equivalents, an increase of ¥347,617 thousand in accounts receivable-trade and other current receivables, and an increase of ¥230,000 thousand in other short-term financial assets.

(Non-current assets)

Non-current assets stood at ¥16,281,738 thousand as of September 30, 2018, an increase of ¥111,708 thousand from the fiscal year-end. The main components of this change were a decrease of ¥115,969 thousand in property, plant and equipment, a decrease of ¥50,791 thousand in goodwill, a decrease of ¥405,166 thousand in intangible assets, an increase of ¥506,663 thousand in investments accounted for using the equity method, an increase of ¥123,443 thousand in other long-term financial assets, and an increase of ¥53,944 thousand in deferred tax asset.

As a result, total assets were ¥29,181,965 thousand as of September 30, 2018, an increase of ¥2,818,430 thousand from the previous fiscal year-end.

(Current liabilities)

Current liabilities stood at ¥6,181,394 thousand as of September 30, 2018, an increase of ¥65,910 thousand from the previous fiscal year-end. The main reasons for this change were a decrease of ¥144,804 thousand in accounts payable and other current payables, a decrease of ¥970,947 thousand in long-term loans, an increase of ¥1,078,730 thousand in accrued corporate income taxes, and an increase of ¥130,591 thousand in other current liabilities.

(Non-current liabilities)

Non-current liabilities stood at ¥1,004,244 thousand as of September 30, 2018, an increase of ¥49,843 thousand from the previous year-end. This was due to an increase of ¥47,076 thousand in deferred tax liabilities.

As a result, total liabilities were ¥7,185,638 thousand, an increase of ¥115,753 thousand from the end of the previous fiscal year.

(Equity)

Total equity stood at ¥21,996,326 thousand, an increase of ¥2,702,676 thousand from the previous fiscal year-end. The main components were an increase of ¥2,859,671 thousand in retained earnings due to the recording of profit attributable to owners of the parent and an increase of ¥48,568 thousand in non-controlling interests due to capital transaction with owners of non-controlling interests, which was partly offset by a decrease of ¥97,346 thousand in retained earnings due to payment of dividends, along with decrease of ¥28,928 thousand in other components of equity.

(3) Overview of Cash Flows for the Fiscal Year Ended September 30, 2018

The LIFULL Group changed its fiscal year-end from March 31 to September 30 as a result of a resolution of the 22 Annual General Shareholders' Meeting held on June 28, 2017. Year-on-year changes from the previous consolidated fiscal year are not given for this fiscal year ended September 30, 2018 as the consolidated fiscal year ended September 30, 2017 comprises the six months from April 1, 2017 to September 30.

In the fiscal year ended September 30, 2018, cash and cash-equivalents (hereafter, "cash") amounted to ¥7,571,312 thousand, an increase of ¥2,061,670 thousand from the previous fiscal year-end.

The main cash flows in the fiscal year ended September 30, 2018 were as follows.

(Cash flows from operating activities)

Net cash provided by operating activities was ¥4,671,452 thousand. The main components were profit before tax ¥4,156,511 thousand, depreciation and amortization of ¥1,091,879 thousand, a decrease of ¥346,065 thousand in accounts receivable-trade and other current liabilities, a increase of ¥157,731 thousand in accounts payable-trade and other current payables and income taxes paid of ¥441,234 thousand.

(Cash flows from investing activities)

Net cash used in investing activities was ¥1,533,639 thousand. This was mainly due to outflows of ¥209,324 thousand for purchase of property, plant and equipment, ¥405,500 thousand for purchase of intangible assets, ¥717,784 thousand for purchase of shares of associates due to the investment in RAKUTEN LIFULL STAY PTE.LTD and KAMARQ HOLDINGS PTE.LTD, ¥135,000 thousand for proceeds from sales of stocks of subsidiaries and affiliates in FLYMEe Inc. and ¥260,000 thousand for Payments of loans receivable.

(Cash flows from financing activities)

Net cash generated by financing activities was ¥1,072,543 thousand. The main factors were outflows of ¥1,000,017 thousand for repayment of long-term loans, ¥98,082 thousand for dividends paid, and ¥41,972 thousand for proceeds from share issuance to non-controlling interests related to establish LIFULL Interior Co., Ltd .

(4) Outlook

Outlook for the Fiscal Year Ending September 30, 2019

(Millions of yen)

	Fiscal year ending September 30, 2018	Forecast for the year ending September 30, 2019	Change	Rate of change (%)
Revenue	34,564	39,022	+4,457	+12.9
LIFULL HOME'S	28,602	31,939	+3,337	+11.7
Overseas	3,861	4,713	+851	+22.1
Others	2,101	2,370	+269	+12.8
EBITDA	5,382	5,791	+408	+7.6
Profit attributable to owners of the parent for the year	2,859	3,132	+272	+9.5

Note: Intersegment transactions have been eliminated.

For further details on forecasts of financial results including forecast of main SG&A expense items, please refer to LIFULL's IR website for the "Earnings Presentation for the Fiscal Year Ended September 30, 2018", which was announced on October 22, 2018.

URL : <https://lifull.com/ir/ir-data/ird-result/>

The above forecasts of financial results are based on information currently available to the Company and assumptions about uncertainties that could impact financial results in the future. Actual results could differ from the above forecasts due to a variety of factors.

2. Basic Approach to Selection of Accounting Standard

In order to improve the international comparability and convenience of financial information in the capital markets, the LIFULL Group has applied International Financial Reporting Standards (IFRS) from the first quarter of the fiscal year ended March 31, 2016.

3. Consolidated Financial Statements and Significant Notes

(1) Consolidated Statements of Financial Position

(Thousands of yen)

	As of September 30, 2017	As of September 30, 2018
Assets		
Current assets		
Cash and cash equivalents	5,509,642	7,571,312
Accounts receivable-trade and other current receivables	4,229,575	4,577,193
Other short-term financial assets	-	230,000
Other current assets	454,287	521,720
Total current assets	10,193,505	12,900,226
Non-current assets		
Property, plant and equipment	1,926,679	1,810,709
Goodwill	9,857,104	9,806,312
Intangible assets	2,423,479	2,018,313
Investments accounted for using the equity method	278,483	785,146
Other long-term financial assets	1,170,265	1,293,708
Deferred tax assets	509,888	563,833
Other non-current assets	4,129	3,714
Total non-current assets	16,170,029	16,281,738
Total assets	26,363,535	29,181,965

(Thousands of yen)

	As of September 30, 2017	As of September 30, 2018
Liabilities and equity		
Liabilities		
Current liabilities		
Accounts payable and other current payables	2,936,348	2,791,544
Short-term loans	970,947	-
Lease obligations	3,400	4,205
Accrued corporate income taxes	277,637	1,356,368
Other short-term financial liabilities	28,465	-
Other current liabilities	1,898,684	2,029,275
Total current liabilities	6,115,483	6,181,394
Non-current liabilities		
Lease obligations	84,805	80,600
Provisions	518,680	533,662
Deferred tax liabilities	317,240	364,316
Other non-current liabilities	33,675	25,664
Total non-current liabilities	954,401	1,004,244
Total liabilities	7,069,884	7,185,638
Equity		
Attributable to the owners of the parent		
Capital stock	3,999,578	3,999,578
Capital surplus	4,336,231	4,256,942
Retained earnings	11,632,596	14,394,920
Treasury shares	(8,694)	(8,694)
Other components of equity	(732,517)	(761,446)
Attributable to the owners of the parent	19,227,194	21,881,301
Attributable to non-controlling interests	66,456	115,025
Total equity	19,293,650	21,996,326
Total liabilities and equity	26,363,535	29,181,965

(2) Consolidated Statements of Profit or Loss and Consolidated Statements of Comprehensive Income

Consolidated Statements of Profit or Loss

	(Thousands of yen)	
	Year ended September 30, 2017 (April 1, 2017 to September 30, 2017)	Year ended September 30, 2018 (October 1, 2017 to September 30, 2018)
Revenue	15,948,686	34,564,915
Cost of revenue	1,862,470	3,879,270
Gross profit	14,086,215	30,685,645
Selling, general and administrative expenses	12,966,824	26,421,772
Other income	96,276	257,069
Other expense	199,089	205,567
Operating income	1,016,579	4,315,374
Financial revenue	71	25,907
Financial expenses	20,243	19,806
Share of profit (loss) of investments accounted for using the equity method	(39,193)	(164,964)
Profit before taxes	957,214	4,156,511
Income tax expenses	473,716	1,356,515
Profit for the period	483,497	2,799,995
Profit for the period attributable to:		
Owners of the parent	489,042	2,859,671
Non-controlling interests	(5,544)	(59,675)
Total	483,497	2,799,995
	(yen)	(yen)
Profit for the period per share attributable to owners of the parent		
Basic profit for the period per share	4.12	24.09
Diluted profit for the period per share	4.12	24.09

Consolidated Statements of Comprehensive Income

	(Thousands of yen)	
	Year ended September 30, 2017 (April 1, 2017 to September 30, 2017)	Year ended September 30, 2018 (October 1, 2017 to September 30, 2018)
Profit for the period	483,497	2,799,995
Other comprehensive income		
Items that may be reclassified to profit or loss, net of tax:		
Available-for-sale financial assets	1,108	34,062
Exchange differences on translation of foreign operations	1,127,554	(61,267)
Cash flow hedges	(74)	(451)
Share of other comprehensive income of investments accounted for using the equity method	(2,303)	(1,270)
Other comprehensive income, after tax	1,126,285	(28,927)
Total comprehensive income for the period	1,609,783	2,771,067
Comprehensive income for the period attributable to:		
Owners of the parent	1,615,453	2,830,742
Non-controlling interests	(5,669)	(59,674)
Total	1,609,783	2,771,067

(3) Consolidated Statements of Changes in Equity

For the fiscal year ended September 30, 2017 (April 1, 2017 to September 30, 2017)

(Thousands of yen)

	Capital stock	Capital surplus	Retained earnings	Treasury shares	Other components of equity	Equity attributable to the owners of the parent	Non-controlling interests	Total shareholders' equity
Balance as of April 1, 2017	3,999,578	4,523,690	11,815,482	(8,644)	(1,858,928)	18,471,178	344,789	18,815,968
Profit for the period	-	-	489,042	-	-	489,042	(5,544)	483,497
Other comprehensive income	-	-	-	-	1,126,410	1,126,410	(124)	1,126,285
Total comprehensive income for the period	-	-	489,042	-	1,126,410	1,615,453	(5,669)	1,609,783
Dividends of surplus	-	-	(671,929)	-	-	(671,929)	(37,506)	(709,435)
Purchase of treasury shares	-	-	-	(49)	-	(49)	-	(49)
Capital transaction with owners of non-controlling interests	-	(187,459)	-	-	-	(187,459)	(235,346)	(422,805)
Increase due to business combinations	-	-	-	-	-	-	189	189
Total transactions with owners	-	(187,459)	(671,929)	(49)	-	(859,438)	(272,663)	(1,132,101)
Balance as of September 30, 2017	3,999,578	4,336,231	11,632,596	(8,694)	(732,517)	19,227,194	66,456	19,293,650

For the fiscal year ended September 30, 2018 (October 1, 2017 to September 30, 2018)

(Thousands of yen)

	Capital stock	Capital surplus	Retained earnings	Treasury shares	Other components of equity	Equity attributable to the owners of the parent	Non-controlling interests	Total shareholders' equity
Balance as of October 1, 2017	3,999,578	4,336,231	11,632,596	(8,694)	(732,517)	19,227,194	66,456	19,293,650
Profit for the period	-	-	2,859,671	-	-	2,859,671	(59,675)	2,799,995
Other comprehensive income	-	-	-	-	(28,928)	(28,928)	1	(28,927)
Total comprehensive income for the period	-	-	2,859,671	-	(28,928)	2,830,742	(59,674)	2,771,067
Dividends of surplus	-	-	(97,346)	-	-	(97,346)	(1,577)	(98,924)
Purchase of treasury shares	-	-	-	-	-	-	-	-
Capital transaction with owners of non-controlling interests	-	(79,288)	-	-	-	(79,288)	81,820	2,532
Increase due to business combinations	-	-	-	-	-	-	28,000	28,000
Total transactions with owners	-	(79,288)	(97,346)	-	-	(176,635)	108,243	(68,391)
Balance as of September 30, 2018	3,999,578	4,256,942	14,394,920	(8,694)	(761,446)	21,881,301	115,025	21,996,326

(4) Consolidated Statements of Cash Flows

(Thousands of yen)

	Year ended September 30, 2017 (April 1, 2017 to September 30, 2017)	Year ended September 30, 2018 (October 1, 2017 to September 30, 2018)
Cash flow from operating activities		
Profit for the period before tax	957,214	4,156,511
Depreciation and amortization	528,852	1,091,879
Financial revenue	(71)	(25,907)
Financial expenses	20,243	19,806
Decrease (increase) in accounts receivable-trade and other current receivables	525,137	(346,065)
Increase (decrease) in accounts payable-trade and other current payables	259,390	(157,731)
Others	249,420	392,700
Subtotal	2,540,187	5,131,192
Interest and dividends received	1,969	96
Interest paid	(9,843)	(18,602)
Income taxes paid	(622,319)	(441,234)
Net cash from operating activities	1,909,994	4,671,452
Cash flow from investing activities		
Purchase of available-for-sale financial assets	(45,968)	(75,672)
Proceeds from sale of available-for-sale financial assets	4,213	23,748
Purchase of property, plant and equipment	(926,272)	(209,324)
Proceeds from sale of property, plant and equipment	1,318	864
Purchase of intangible assets	(145,305)	(405,500)
Proceeds from sale intangible assets	7,303	-
Purchase of subsidiaries	(88,655)	-
Payments for lease and guarantee deposits	(6,992)	(57,862)
Proceeds from refund of leasehold deposits and guarantee deposits	439,915	2,892
Purchase of shares of associates	(239,124)	(717,784)
Proceeds from sales of stocks of subsidiaries and affiliates	-	135,000
Payments of loans receivable	-	(260,000)
Collection of loans receivable	-	30,000
Net cash from investing activities	(999,566)	(1,533,639)
Cash flow from financing activities		
Repayment of long-term loans	(499,995)	(1,000,017)
Dividends paid	(671,929)	(98,082)
Repayment of lease obligations	(1,447)	(3,400)
Dividends paid for non-controlling interest	(37,506)	(1,577)
Purchase of shares in subsidiaries	(391,391)	(11,438)
Proceeds from share issuance to non-controlling interests	714	41,972
Purchase of treasury shares	(49)	-
Net cash from financing activities	(1,601,605)	(1,072,543)
Effect of exchange rate changes on cash and cash equivalents	153,875	(3,599)
Net increase (decrease) in cash and cash equivalents	(537,302)	2,061,670
Cash and cash equivalents at beginning of period	6,046,944	5,509,642
Cash and cash equivalents at end of period	5,509,642	7,571,312

(5) Notes to the Consolidated Financial Statements

(Note Regarding Going Concern Assumption)

Not applicable.

(Segment Information)

(1) Overview of Reportable Segments

The Group’s reportable segments are components of the Group for which discrete financial information is available, and that are reviewed regularly by the Board of Directors to decide on the allocation of corporate resources and assess business performance.

The business segments of the Company and its subsidiaries have been classified as two reportable segments: the LIFULL HOME’S segment and the Overseas segment. The classification is primarily based on the content of services provided and the components of business earnings management.

The service categories of each reportable segment are as follows:

Reportable segment	Service category
LIFULL HOME’S Services	Operation of the real estate and housing information website “LIFULL HOME’S,” ancillary businesses related to this service (advertising agency business, systems development and website production business, among other businesses), the “renters.net” business support CRM service for real estate companies, business support DMP service for real estate developers, and Internet marketing for realtors, among other services
Overseas	Operation of the Trovit aggregation site, along with overseas real estate and housing information listing sites, among other services

(2) Revenue, profit or loss and other items by reportable segment

The accounting policies of the reportable segments are the same as the Group’s accounting policies.

The amounts of inter-reportable segment revenue are based on market prices.

Revenue, profit or loss and other items by reportable segment are as follows:

For the fiscal year ended September 30, 2017 (April 1, 2017 to September 30, 2017)

(Thousands of yen)

	Reportable segment		Others ²	Total
	LIFULL HOME'S Services	Overseas		
Revenue				
Customers	13,288,669	1,718,600	941,416	15,948,686
Intersegment	1,297	-	41,838	43,136
Total	13,289,967	1,718,600	983,255	15,991,822
Segment profit (loss) ¹	1,067,684	131,682	(120,997)	1,078,369
Other income (expense)				
Operating income				
Financial revenue and expenses(net)				
Share of profit (loss) of investments accounted for using the equity method				
Profit before taxes				
Other items				
Depreciation and amortization	374,792	125,439	19,719	519,951

	Reconciliation ³	Consolidated
Revenue		
Customers	-	15,948,686
Intersegment	(43,136)	-
Total	(43,136)	15,948,686
Segment profit (loss) ¹	41,021	1,119,391
Other income (expense)		(102,812)
Operating income		1,016,579
Financial revenue and expenses(net)		(20,171)
Share of profit (loss) of investments accounted for using the equity method		(39,193)
Profit before taxes		957,214
Other items		
Depreciation and amortization	-	519,951

Notes:

1. Segment profit (loss) is revenue less cost of revenue and selling, general and administrative expenses.
2. The Others business segment comprises businesses that are not included in the reportable segments. These include LIFULL Kaigo (nursing care), a search website for care homes for the elderly and nursing care facilities; LIFULL Insurance, a search and booking website for insurance shops; LIFULL Hikkoshi (move), a website providing comprehensive estimates and online bookings for relocation services; a property and casualty insurance agency; LIFULL Interior, an e-commerce website for furniture and interior goods; and other new businesses.
3. Adjustments to segment profit include elimination of intersegment transactions.

For the fiscal year ended September 30, 2018 (October 1, 2017 to September 30, 2018)

(Thousands of yen)

	Reportable segment		Others ²	Total
	LIFULL HOME'S Services	Overseas		
Revenue				
Customers	28,602,177	3,861,345	2,101,393	34,564,915
Intersegment	9,276	92,935	11,124	113,335
Total	28,611,453	3,954,280	2,112,517	34,678,251
Segment profit (loss) ¹	3,864,941	490,116	(186,330)	4,168,728
Other income (expense)				
Operating income				
Financial revenue and expenses(net)				
Share of profit (loss) of investments accounted for using the equity method				
Profit before taxes				
Other items				
Depreciation and amortization	765,114	250,146	52,016	1,067,276

	Reconciliation ³	Consolidated
Revenue		
Customers	-	34,564,915
Intersegment	(113,335)	-
Total	(113,335)	34,564,915
Segment profit (loss) ¹	95,144	4,263,872
Other income (expense)		51,501
Operating income		4,315,374
Financial revenue and expenses(net)		6,101
Share of profit (loss) of investments accounted for using the equity method		(164,964)
Profit before taxes		4,156,511
Other items		
Depreciation and amortization	-	1,067,276

Notes:

1. Segment profit (loss) is revenue less cost of revenue and selling, general and administrative expenses.
2. The Others business segment comprises businesses that are not included in the reportable segments. These include LIFULL Kaigo (nursing care), a search website for care homes for the elderly and nursing care facilities; LIFULL Insurance, a search and booking website for insurance shops; LIFULL Hikkoshi (move), a website providing comprehensive estimates and online bookings for relocation services; a property and casualty insurance agency; LIFULL Interior, an e-commerce website for furniture and interior goods; and other new businesses.
3. Adjustments to segment profit include elimination of intersegment transactions.

(Per share information)

The basis for calculating profit for the period per share attributable to owners of the parent is as follows:

	Fiscal Year ended September 30, 2017 (April 1, 2017 to September 30, 2017)	Fiscal Year ended September 30, 2018 (October 1, 2017 to September 30, 2018)
Profit attributable to owners of the parent	489,042	2,859,671
Average number of basic common shares during the period	118,715,365	118,715,364
Profit for the period per share attributable to owners of the parent (yen)		
Basic profit for the period per share	4.12	24.09
Diluted net income per share	4.12	24.09

Disclosure of diluted profit for the period per share is omitted as there were no dilutive shares.

(Important subsequent events)

Not applicable