

**Summary of Consolidated Financial Results for the First Quarter  
of the Fiscal Year Ending March 31, 2019 (Three Months Ended June 30, 2018)**

[Japanese GAAP]

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Scheduled date of filing of Quarterly Report: August 13, 2018  
Scheduled date of payment of dividend: -  
Preparation of supplementary materials for quarterly financial results: Yes  
Holding of quarterly financial results meeting: None

*(All amounts are rounded down to the nearest million yen)*

**1. Consolidated Financial Results for the Three Months Ended June 30, 2018 (April 1, 2018 – June 30, 2018)**

(1) Consolidated results of operations (Percentages represent year-on-year changes)

|                                  | Net sales   |        | Operating profit |       | Ordinary profit |       | Profit attributable to owners of parent |        |
|----------------------------------|-------------|--------|------------------|-------|-----------------|-------|---|--------|
|                                  | Million yen | %      | Million yen      | %     | Million yen     | %     | Million yen                             | %      |
| Three months ended Jun. 30, 2018 | 17,635      | 408.8  | 1,982            | 782.3 | 2,156           | 683.2 | 1,533                                   | 734.1  |
| Three months ended Jun. 30, 2017 | 3,466       | (11.0) | 224              | 27.9  | 275             | (4.2) | 183                                     | (93.8) |

Note: Comprehensive income (million yen) Three months ended Jun. 30, 2018: 947 (up 447.9%)  
Three months ended Jun. 30, 2017: 172 (down 93.9%)

|                                  | Net income per share |  | Diluted net income per share |  |
|----------------------------------|----------------------|--|------------------------------|--|
|                                  | Yen                  |  | Yen                          |  |
| Three months ended Jun. 30, 2018 | 85.65                |  | 84.96                        |  |
| Three months ended Jun. 30, 2017 | 10.29                |  | 10.21                        |  |

(2) Consolidated financial position

|                     | Total assets | Net assets  | Equity ratio |
|---------------------|--------------|-------------|--------------|
|                     | Million yen  | Million yen | %            |
| As of Jun. 30, 2018 | 64,446       | 20,410      | 31.6         |
| As of Mar. 31, 2018 | 67,251       | 20,304      | 30.2         |

Reference: Shareholders' equity (million yen) As of Jun. 30, 2018: 20,388 As of Mar. 31, 2018: 20,278

**2. Dividends**

|  | Dividend per share |        |        |          |       |
|--|--------------------|--------|--------|----------|-------|
|  | 1Q-end             | 2Q-end | 3Q-end | Year-end | Total |
|  | Yen                | Yen    | Yen    | Yen      | Yen   |
| Fiscal year ended Mar. 31, 2018              | -                  | 0.00   | -      | 55.00    | 55.00 |
| Fiscal year ending Mar. 31, 2019             | -                  |        |        |          |       |
| Fiscal year ending Mar. 31, 2019 (forecasts) |                    | 0.00   | -      | 55.00    | 55.00 |

Note: Revisions to the most recently announced dividend forecast: None

**3. Consolidated Forecast for the Fiscal Year Ending March 31, 2019 (April 1, 2018 – March 31, 2019)**

(Percentages represent year-on-year changes)

|           | Net sales   |     | Operating profit |     | Ordinary profit |     | Profit attributable to owners of parent |      | Net income per share |
|-----------|-------------|-----|------------------|-----|-----------------|-----|---|------|----------------------|
|           | Million yen | %   | Million yen      | %   | Million yen     | %   | Million yen                             | %    | Yen                  |
| Full year | 32,500      | 4.0 | 3,740            | 1.5 | 3,240           | 6.4 | 2,160                                   | 10.3 | 120.63               |

Note: Revisions to the most recently announced consolidated forecast: None

**\* Notes**

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

Newly added: -

Excluded: -

(2) Application of special accounting methods for presenting quarterly consolidated financial statements: None

(3) Changes in accounting policies and accounting estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: Yes

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting estimates: None

4) Restatements: None

(4) Number of outstanding shares (common shares)

1) Number of shares outstanding at the end of the period (including treasury shares)

|                      |                   |                      |                   |
|----------------------|-------------------|----------------------|-------------------|
| As of Jun. 30, 2018: | 17,985,200 shares | As of Mar. 31, 2018: | 17,865,200 shares |
|----------------------|-------------------|----------------------|-------------------|

2) Number of treasury shares at the end of the period

|                      |            |                      |            |
|----------------------|------------|----------------------|------------|
| As of Jun. 30, 2018: | 141 shares | As of Mar. 31, 2018: | 141 shares |
|----------------------|------------|----------------------|------------|

3) Average number of shares outstanding during the period

|                                   |                   |                                   |                   |
|-----------------------------------|-------------------|-----------------------------------|-------------------|
| Three months ended Jun. 30, 2018: | 17,905,938 shares | Three months ended Jun. 30, 2017: | 17,863,477 shares |
|-----------------------------------|-------------------|-----------------------------------|-------------------|

The current quarterly financial report is not subject to quarterly review by certified public accountants or auditing firms.

Cautionary statement with respect to forward-looking statements, and other special items

Earnings forecasts regarding future performance in this material are based on assumptions judged to be valid and information currently available to the Company. Actual results may differ significantly from these forecasts for a number of factors. Please refer to "1. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Consolidated Forecast and Other Forward-looking Statements" on page 3 of the attachments for assumptions for forecasts and notes of caution for usage.

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## 1. Qualitative Information on Quarterly Consolidated Financial Performance

### (1) Explanation of Results of Operations

In the first quarter of the fiscal year ending March 31, 2019 (hereinafter, “the period under review”), the Japanese economy remained on a modest recovery trend reflecting the uptrend in corporate earnings and improvements in employment and personal income, despite a lack in robust consumer spending due to factors such as higher crude oil prices. Looking at overseas economies, the outlook remained uncertain due to concerns over the U.S. trade policy and uncertainty over the political situation in Europe as well as rising geopolitical risks in the Middle East and Asian regions.

The Japanese real estate and real estate finance industries remained strong with the real estate market in commercial land remaining resilient and the further reduced vacancy rate of office buildings in business areas of the three metropolitan cities against a backdrop of the inbound market that continued to be strong.

Under these economic circumstances, the Nippon Commercial Development Group (hereinafter, “the Group”) sold its retail properties (located in Minato-ku, Tokyo; Chuo-ku, Kobe city; Koga city, Fukuoka prefecture, etc.) and concentrated its effort on purchasing high-quality properties to further expand the market for “JINUSHI business” during the period under review.

As a result, the Group reported net sales for the period under review of 17,635 million yen (up 408.8% year on year) with operating profit of 1,982 million yen (up 782.3% year on year), ordinary profit of 2,156 million yen (up 683.2% year on year), and profit attributable to owners of parent of 1,533 million yen (up 734.1% year on year).

The main reasons for the year-on-year increases in net sales and profits are summarized as follows:

- i) Net sales increased substantially during the period under review thanks to the progress in sales of properties located in Minato-ku, Tokyo; Chuo-ku, Kobe city; Koga city, Fukuoka prefecture, etc. in the Real Estate Investment Business.
- ii) Operating profit, ordinary profit, and profit attributable to owners of parent also increased substantially as a result of improved profitability along with the progress in sales in the Real Estate Investment Business.

Results by business segment were as follows:

#### Real Estate Investment Business

The segment reported sales of 17,230 million yen (up 428.7% year on year) with segment operating profit of 2,468 million yen (up 213.6% year on year).

#### Subleasing, Leasing and Fund Fee Business

The segment reported sales of 109 million yen (up 12.4% year on year) with segment operating profit of 44 million yen (up 37.7% year on year).

#### Planning and Brokerage Business

The segment reported sales of 182 million yen (compared with no sales in the same period of the previous fiscal year) with segment operating profit of 182 million yen (compared with no profit in the same period of the previous fiscal year).

#### Other Businesses

The segment (\*) reported sales of 126 million yen (up 2.3% year on year) with segment operating profit of 101 million yen (up 2.0% year on year).

\*In the Other Businesses segment, we are engaged in the overseas PFI business and entertainment business (golf course management).

## **(2) Explanation of Financial Position**

Total assets decreased 2,804 million yen from the end of the previous fiscal year to 64,446 million yen at the end of the period under review. This decrease was attributable mainly to a decrease of 2,169 million yen in real estate for sale as a result of the progress in sales of properties and also a decrease of 1,174 million yen in cash and deposits primarily as a result of payment of dividends.

Total liabilities decreased 2,910 million yen from the end of the previous fiscal year to 44,036 million yen. This decrease was attributable mainly to a decrease of 2,968 million yen in long-term borrowings (including current portion of long-term loans payable).

Net assets increased 105 million yen from the end of the previous fiscal year to 20,410 million yen. This increase was attributable mainly to the booking of profit attributable to owners of parent of 1,533 million yen, which was partly offset by the distribution of dividends of surplus of 982 million yen. Consequently, the equity ratio at the end of the period under review was 31.6%.

## **(3) Explanation of Consolidated Forecast and Other Forward-looking Statements**

Both of net sales and profits for the period under review have progressed as planned. We forecast that net sales and profits will remain at the same level presented in “3. Consolidated Forecast for the Fiscal Year Ending March 31, 2019 (April 1, 2018 - March 31, 2019)” in Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2018 [Japanese GAAP] that was announced on May 11, 2018. For these reasons, there are no revisions to the above consolidated forecast.

While we sold properties to operating companies during the period under review, we forecast earnings on the assumption that properties are sold primarily to JINUSHI Private REIT Investment Corporation and these sales are recognized in the fourth quarter. Please refer to “Results of Operations for Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2019,” which are the supplementary materials for Summary of Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2019 (available on our website (\*)).

\* <http://www.ncd-jp.com/> (IR Information, IR News) (Japanese version only)

## 2. Quarterly Consolidated Financial Statements and Notes

### (1) Quarterly Consolidated Balance Sheet

|   | (Thousands of yen)              |  |
|---|---------------------------------|--|
|   | FY3/18<br>(As of Mar. 31, 2018) | First quarter of FY3/19<br>(As of Jun. 30, 2018) |
| <b>Assets</b>   |                                 |  |
| Current assets  |                                 |  |
| Cash and deposits                                     | 14,521,977                      | 13,347,058                                       |
| Operating accounts receivable                         | 193,652                         | 85,424   |
| Real estate for sale                                  | 41,049,532                      | 38,879,727                                       |
| Advance payments-trade                                | 553,732                         | 1,621,019  |
| Prepaid expenses                                      | 81,123                          | 69,671   |
| Other   | 75,396                          | 99,728   |
| Total current assets                                  | 56,475,414                      | 54,102,629                                       |
| Non-current assets                                    |                                 |  |
| Property, plant and equipment                         |                                 |  |
| Buildings and structures, net                         | 104,228                         | 120,185  |
| Tools, furniture and fixtures, net                    | 13,345                          | 13,640   |
| Land  | 3,758                           | 3,758  |
| Leased assets, net                                    | 66,556                          | 62,817   |
| Total property, plant and equipment                   | 187,888                         | 200,401  |
| Intangible assets                                     |                                 |  |
| Other   | 12,128                          | 12,437   |
| Total intangible assets                               | 12,128                          | 12,437   |
| Investments and other assets                          |                                 |  |
| Investment securities                                 | 2,423,951                       | 2,375,966  |
| Shares of subsidiaries and associates                 | 7,088,432                       | 6,711,050  |
| Investments in capital of subsidiaries and associates | 4,000                           | 4,000  |
| Investments in capital                                | 505,161                         | 505,161  |
| Lease and guarantee deposits                          | 282,292                         | 284,351  |
| Long-term prepaid expenses                            | 76,510                          | 79,849   |
| Other   | 556,168                         | 530,507  |
| Allowance for doubtful accounts                       | (360,757)                       | (360,134)  |
| Total investments and other assets                    | 10,575,759                      | 10,130,752                                       |
| Total non-current assets                              | 10,775,777                      | 10,343,591                                       |
| Total assets  | 67,251,191                      | 64,446,220                                       |
| <b>Liabilities</b>                                    |                                 |  |
| Current liabilities                                   |                                 |  |
| Operating accounts payable                            | 139,789                         | 90,482   |
| Short-term loans payable                              | 3,328,800                       | 5,006,800  |
| Current portion of long-term loans payable            | 764,215                         | 2,389,942  |
| Accounts payable-other                                | 818,887                         | 323,353  |
| Income taxes payable                                  | 1,061,170                       | 639,197  |
| Accrued consumption taxes                             | 8,111                           | 18,041   |
| Advances received                                     | 1,145,000                       | -  |
| Current portion of guarantee deposits received        | 904,206                         | 1,116,738  |
| Provision for bonuses                                 | 14,760                          | 21,629   |
| Other   | 777,302                         | 1,015,571  |
| Total current liabilities                             | 8,962,242                       | 10,621,755                                       |

|   | (Thousands of yen)              |  |
|---|---------------------------------|--|
|   | FY3/18<br>(As of Mar. 31, 2018) | First quarter of FY3/19<br>(As of Jun. 30, 2018) |
| Non-current liabilities                               |                                 |  |
| Long-term loans payable                               | 36,900,557                      | 32,306,233                                       |
| Long-term lease and guarantee deposited               | 179,555                         | 178,055  |
| Net defined benefit liability                         | 69,247                          | 68,777   |
| Other   | 835,568                         | 861,377  |
| Total non-current liabilities                         | 37,984,928                      | 33,414,444                                       |
| Total liabilities                                     | 46,947,170                      | 44,036,200                                       |
| Net assets  |                                 |  |
| Shareholders' equity                                  |                                 |  |
| Capital stock   | 2,795,626                       | 2,867,786  |
| Capital surplus                                       | 4,405,036                       | 4,477,196  |
| Retained earnings                                     | 13,108,175                      | 13,659,258                                       |
| Treasury shares                                       | (79)                            | (79)   |
| Total shareholders' equity                            | 20,308,759                      | 21,004,162                                       |
| Accumulated other comprehensive income                |                                 |  |
| Valuation difference on available-for-sale securities | (19,922)                        | 21,833   |
| Foreign currency translation adjustment               | (9,845)                         | (637,685)  |
| Total accumulated other comprehensive income          | (29,768)                        | (615,852)  |
| Share acquisition rights                              | 25,030                          | 21,710   |
| Total net assets                                      | 20,304,021                      | 20,410,020                                       |
| Total liabilities and net assets                      | 67,251,191                      | 64,446,220                                       |

**(2) Quarterly Consolidated Statements of Income and Comprehensive Income****Quarterly Consolidated Statement of Income****(For the Three-month Period)**

(Thousands of yen)

|   | First three months of FY3/18<br>(Apr. 1, 2017 – Jun. 30, 2017) | First three months of FY3/19<br>(Apr. 1, 2018 – Jun. 30, 2018) |
|---|--|--|
| Net sales   | 3,466,414  | 17,635,804   |
| Cost of sales   | 2,561,686  | 14,799,307   |
| Gross profit  | 904,728  | 2,836,496  |
| Selling, general and administrative expenses                  | 679,984  | 853,568  |
| Operating profit  | 224,743  | 1,982,927  |
| Non-operating income  |  |  |
| Interest income   | 1,756  | 4,051  |
| Interest on securities  | 1,495  | 1,470  |
| Share of profit of entities accounted for using equity method | 167,388  | 153,112  |
| Foreign exchange gains  | 3,373  | 84,440   |
| Gain on bad debts recovered                                   | 1,600  | 54,086   |
| Fiduciary obligation fee                                      | 26,610   | 25,824   |
| Other   | 12,153   | 19,138   |
| Total non-operating income                                    | 214,377  | 342,125  |
| Non-operating expenses  |  |  |
| Interest expenses   | 126,517  | 123,367  |
| Financing expenses  | 28,277   | 43,105   |
| Other   | 9,026  | 2,388  |
| Total non-operating expenses                                  | 163,821  | 168,861  |
| Ordinary profit   | 275,299  | 2,156,191  |
| Profit before income taxes                                    | 275,299  | 2,156,191  |
| Income taxes-current  | 3,428  | 588,964  |
| Income taxes-deferred   | 61,441   | 33,566   |
| Total income taxes  | 64,870   | 622,530  |
| Profit  | 210,429  | 1,533,661  |
| Profit attributable to non-controlling interests              | 26,557   | -  |
| Profit attributable to owners of parent                       | 183,872  | 1,533,661  |



**Quarterly Consolidated Statement of Comprehensive Income****(For the Three-month Period)**

(Thousands of yen)

|  | First three months of FY3/18<br>(Apr. 1, 2017 – Jun. 30, 2017) | First three months of FY3/19<br>(Apr. 1, 2018 – Jun. 30, 2018) |
|--|--|--|
| Profit   | 210,429  | 1,533,661  |
| Other comprehensive income                                     |  |  |
| Valuation difference on available-for-sale securities          | 51,383   | 41,756   |
| Foreign currency translation adjustment                        | (88,863)   | (627,839)  |
| Total other comprehensive income                               | (37,480)   | (586,083)  |
| Comprehensive income   | 172,949  | 947,577  |
| Comprehensive income attributable to:                          |  |  |
| Comprehensive income attributable to owners of parent          | 157,494  | 947,577  |
| Comprehensive income attributable to non-controlling interests | 15,454   | -  |

**(3) Notes to Quarterly Consolidated Financial Statements****Going Concern Assumption**

Not applicable.

**Changes in Accounting Policies**

(Application of Practical Solution on Transactions Granting Employees and Others Share Acquisition Rights, which Involve Considerations, with Vesting Conditions, etc.)

Effective from April 1, 2018, the Company applied “Practical Solution on Transactions Granting Employees and Others Share Acquisition Rights, which Involve Considerations, with Vesting Conditions” (Practical Issues Task Force No. 36, January 12, 2018; hereinafter, “PITF No. 36”) and other related pronouncements. Accordingly, the Company account for transactions granting employees and others share acquisition rights, which involve considerations, with vesting conditions in accordance with “Accounting Standards for Share-based Payment” (Accounting Standards Board of Japan (ASBJ) No. 8, December 27, 2005) and other related pronouncements.

However, in respect of the application of PITF No. 36, pursuant to the provisional treatment stipulated in PITF No. 36, paragraph 10 (3), we will continue to apply the same accounting treatment as before for transactions granting employees and others share acquisition rights, which involve considerations, with vesting conditions that were entered into prior to the effective date of PITF No. 36.

**Significant Changes in Shareholders' Equity**

Not applicable.

**Segment and Other Information**

Segment information

I. First three months of FY3/18 (Apr. 1, 2017 – Jun. 30, 2017)

1. Information related to net sales and profit or loss for each reportable segment

(Thousands of yen)

|                                       | Reportable segment              |   |                                 |                  |           | Adjustments | Amounts shown on the quarterly consolidated statement of income |
|---------------------------------------|---------------------------------|---|---------------------------------|------------------|-----------|-------------|---|
|                                       | Real Estate Investment Business | Subleasing, Leasing and Fund Fee Business | Planning and Brokerage Business | Other Businesses | Total     |             |   |
| Net sales                             |                                 |   |                                 |                  |           |             |   |
| (1) Sales to external customers       | 3,245,301                       | 97,185                                    | -                               | 123,926          | 3,466,414 | -           | 3,466,414   |
| (2) Inter-segment sales and transfers | 14,000                          | -   | -                               | -                | 14,000    | (14,000)    | -   |
| Total                                 | 3,259,301                       | 97,185                                    | -                               | 123,926          | 3,480,414 | (14,000)    | 3,466,414   |
| Segment profit (loss)                 | 787,153                         | 32,285                                    | -                               | 99,289           | 918,728   | (693,984)   | 224,743   |

2. Reconciliation of reported quarterly consolidated statement of income with total profit or loss for reportable segments  
(Thousands of yen)

| Profit   | Amounts   |
|--|-----------|
| Total reportable segment   | 918,728   |
| Elimination of inter-segment transactions                          | (14,000)  |
| Corporate expenses (Note)  | (679,984) |
| Operating profit in the quarterly consolidated statement of income | 224,743   |

Note: Corporate expenses mainly include selling, general and administrative expenses that cannot be attributed to any reportable segments.

3. Information related to impairment losses on non-current assets or goodwill, etc. for each reportable segment

Not applicable.

## II. First three months of FY3/19 (Apr. 1, 2018 – Jun. 30, 2018)

## 1. Information related to net sales and profit or loss for each reportable segment

(Thousands of yen)

|                                       | Reportable segment              |   |                                 |                  |            | Adjustments | Amounts shown on the quarterly consolidated statement of income |
|---------------------------------------|---------------------------------|---|---------------------------------|------------------|------------|-------------|---|
|                                       | Real Estate Investment Business | Subleasing, Leasing and Fund Fee Business | Planning and Brokerage Business | Other Businesses | Total      |             |   |
| Net sales                             |                                 |   |                                 |                  |            |             |   |
| (1) Sales to external customers       | 17,216,831                      | 109,238                                   | 182,989                         | 126,744          | 17,635,804 | -           | 17,635,804  |
| (2) Inter-segment sales and transfers | 14,000                          | -   | -                               | -                | 14,000     | (14,000)    | -   |
| Total                                 | 17,230,831                      | 109,238                                   | 182,989                         | 126,744          | 17,649,804 | (14,000)    | 17,635,804  |
| Segment profit (loss)                 | 2,468,675                       | 44,455                                    | 182,949                         | 101,244          | 2,797,324  | (814,396)   | 1,982,927   |

## 2. Reconciliation of reported quarterly consolidated statement of income with total profit or loss for reportable segments

(Thousands of yen)

| Profit   | Amounts   |
|--|-----------|
| Total reportable segment   | 2,797,324 |
| Elimination of inter-segment transactions                          | (14,000)  |
| Corporate expenses (Note)  | (800,396) |
| Operating profit in the quarterly consolidated statement of income | 1,982,927 |

Note: Corporate expenses mainly include selling, general and administrative expenses that cannot be attributed to any reportable segments.

## 3. Information related to impairment losses on non-current assets or goodwill, etc. for each reportable segment

Not applicable.

*This financial report is solely a translation of "Kessan Tanshin" (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.*