

**Summary of Consolidated Financial Results for the First Quarter
of the Fiscal Year Ending March 31, 2020 (Three Months Ended June 30, 2019)**

[Japanese GAAP]

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Securities code: 3252
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Scheduled date of filing of Quarterly Report: August 14, 2019
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, 2019 (April 1, 2019 – June 30, 2019)

(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, 2019	8,615	(51.1)	475	(76.0)	308	(85.7)	205	(86.6)
Three months ended Jun. 30, 2018	17,635	408.8	1,982	782.3	2,156	683.2	1,533	734.1

Note: Comprehensive income (million yen) Three months ended Jun. 30, 2019: 272 (down 71.2%)
Three months ended Jun. 30, 2018: 947 (up 447.9%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended Jun. 30, 2019	11.41	11.38
Three months ended Jun. 30, 2018	85.65	84.96

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Jun. 30, 2019	96,874	20,903	21.6
As of Mar. 31, 2019	99,597	21,611	21.7

Reference: Shareholders' equity (million yen) As of Jun. 30, 2019: 20,897 As of Mar. 31, 2019: 21,591

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2019	-	0.00	-	55.00	55.00
Fiscal year ending Mar. 31, 2020	-	-	-	-	-
Fiscal year ending Mar. 31, 2020 (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, 2020 (April 1, 2019 – March 31, 2020)

(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	50,000	25.5	5,000	12.4	4,000	(7.6)	2,700	0.6	149.62

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: None

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, 2019:	18,060,200 shares	As of Mar. 31, 2019:	18,039,200 shares
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2) Number of treasury shares at the end of the period

As of Jun. 30, 2019:	141 shares	As of Mar. 31, 2019:	141 shares
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3) Average number of shares outstanding during the period

Three months ended Jun. 30, 2019:	18,046,213 shares	Three months ended Jun. 30, 2018:	17,905,938 shares
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The current quarterly financial report is not subject to quarterly review by an auditing firm.

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, 2020 (hereinafter, “the period under review”), the Japanese economy remained on a modest recovery trend as personal spending picked up moderately amid resilient, high corporate earnings and an improving employment and income environment. However, the outlook of the Japanese economy remains unclear due to heightened uncertainties over its monetary and fiscal policies as well as the trends of the global economy along with concern about the prolonged trade friction between the U.S. and China.

Against a backdrop of continued strength in the inbound market, the Japanese real estate and real estate finance industries remained steady with a very active commercial land market backed by a rise in demand and a low vacancy rate of office buildings in the business areas of Japan’s three major metropolitan cities.

Under these economic circumstances, the Nippon Commercial Development Group (hereinafter, “the Group”) focused on the purchase of real estate for sale to further expand the market for “JINUSHI business.” Consequently, real estate for sale at the end of the period under review amounted to 69,144 million yen, reflecting a steady increase in the purchase of real estate that will generate earnings in the future.

As a result, the Group reported net sales for the period under review of 8,615 million yen (down 51.1% year on year), operating profit of 475 million yen (down 76.0% year on year), ordinary profit of 308 million yen (down 85.7% year on year), and profit attributable to owners of parent of 205 million yen (down 86.6% year on year).

The year-on-year decreases in net sales and profits were primarily due to absence of sale of large-scale projects by the Real Estate Investment Business as contrasted to the situation during the same period a year ago where we sold large-scale projects located in Minato-ku, Tokyo; Chuo-ku, Kobe city; and Koga city, Fukuoka prefecture. It is noted that, for the current fiscal year, the Group plans to sell properties mainly to JINUSHI Private REIT Investment Corporation (hereinafter “JINUSHI REIT”) and such sales to JINUSHI REIT will be concentrated in the fourth quarter.

Results by business segment were as follows:

From the period under review, the Group has changed the reportable segment classification. Accordingly, the prior-year figures have been reclassified into the new segments for comparison purposes.

i) Real Estate Investment Business

The segment reported sales of 8,493 million yen (down 50.7% year on year) with segment operating profit of 1,194 million yen (down 51.6% year on year).

ii) Subleasing, Leasing and Fund Fee Business

The segment reported sales of 122 million yen (up 12.0% year on year) with segment operating profit of 59 million yen (up 34.5% year on year).

iii) Planning and Brokerage Business

The segment reported sales of 138 thousand yen (down 99.9% year on year) with segment operating profit of 138 thousand yen (down 99.9% year on year).

The Group has reviewed the classification method of the reportable segment presented previously as “Other Businesses” and reclassified it into “Other (*)” as it is deemed immaterial.

(*) The “Other” segment represents the overseas PFI business.

(2) Explanation of Financial Position

Total assets decreased 2,723 million yen from the end of the previous fiscal year to 96,874 million yen at the end of the period under review. This decrease was attributable mainly to a decrease of 2,465 million yen in cash and deposits as a result of paying income taxes and dividends.

Total liabilities decreased 2,015 million yen from the end of the previous fiscal year to 75,970 million yen. This decrease was attributable mainly to a decrease of 1,366 million yen in long-term borrowings (including the current portion).

Net assets decreased 707 million yen from the end of the previous fiscal year to 20,903 million yen. This decrease was attributable mainly to the booking of profit attributable to owners of parent of 205 million yen, which was more than offset by the distribution of dividends of surplus of 992 million yen. Consequently, the equity ratio at the end of the period under review was 21.6%.

(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, 2020 (April 1, 2019 to March 31, 2020)” in Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2019 [Japanese GAAP] that was announced on May 14, 2019. For these reasons, there are no revisions to the above consolidated forecast.

Although the Group sold properties to firms other than JINUSHI REIT during the period under review, our earnings forecast assumes that properties will be sold primarily to JINUSHI REIT, and sales to JINUSHI REIT will be concentrated in the fourth quarter. For more details, please refer to “Results of Operations for the First Quarter of the Fiscal Year Ending March 31, 2020,” which are the supplementary materials for Summary of Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2020 (available on our website (*)).

(* <https://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)

	FY3/19 (As of Mar. 31, 2019)	First quarter of FY3/20 (As of Jun. 30, 2019)
Assets		
Current assets		
Cash and deposits	18,856,819	16,390,968
Trade accounts receivable	99,399	212,462
Real estate for sale	69,516,193	69,144,757
Advance payments-trade	1,300,963	1,298,486
Prepaid expenses	197,713	159,341
Other	49,279	16,174
Total current assets	90,020,368	87,222,189
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	334,414	269,508
Tools, furniture and fixtures, net	52,256	48,845
Land	3,758	3,758
Leased assets, net	65,505	82,526
Total property, plant and equipment	455,934	404,638
Intangible assets		
Other	9,347	8,685
Total intangible assets	9,347	8,685
Investments and other assets		
Investment securities	1,520,154	1,510,236
Shares of subsidiaries and associates	6,285,426	6,467,940
Investments in capital of subsidiaries and associates	4,000	4,000
Investments in capital	505,161	505,161
Leasehold and guarantee deposits	452,639	463,953
Long-term prepaid expenses	135,107	121,856
Other	421,832	378,140
Allowance for doubtful accounts	(212,582)	(212,540)
Total investments and other assets	9,111,738	9,238,747
Total non-current assets	9,577,020	9,652,071
Total assets	99,597,389	96,874,260

	(Thousands of yen)	
	FY3/19 (As of Mar. 31, 2019)	First quarter of FY3/20 (As of Jun. 30, 2019)
Liabilities		
Current liabilities		
Trade accounts payable	102,436	62,500
Short-term borrowings	4,967,800	5,183,300
Current portion of long-term borrowings	3,519,042	1,667,095
Accounts payable-other	447,211	400,135
Income taxes payable	919,968	103,792
Accrued consumption taxes	43,928	10,840
Advances received	30,648	20,648
Current portion of guarantee deposits received	1,385,877	1,494,949
Other	459,470	513,050
Total current liabilities	11,876,383	9,456,312
Non-current liabilities		
Long-term borrowings	65,207,001	65,692,748
Long-term leasehold and guarantee deposits received	178,055	163,955
Retirement benefit liability	43,367	-
Other	680,721	657,369
Total non-current liabilities	66,109,145	66,514,073
Total liabilities	77,985,528	75,970,385
Net assets		
Shareholders' equity		
Share capital	2,900,258	2,912,886
Capital surplus	4,509,668	4,522,296
Retained earnings	14,810,593	14,024,291
Treasury shares	(79)	(79)
Total shareholders' equity	22,220,441	21,459,395
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(24,217)	(28,708)
Foreign currency translation adjustment	(604,579)	(533,053)
Total accumulated other comprehensive income	(628,797)	(561,761)
Share acquisition rights	20,216	6,241
Total net assets	21,611,860	20,903,875
Total liabilities and net assets	99,597,389	96,874,260

(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 FY3/19 (Apr. 1, 2018 – Jun. 30, 2018)	First three months of FY3/20 (Apr. 1, 2019 – Jun. 30, 2019)
Net sales	17,635,804	8,615,691
Cost of sales	14,799,307	7,313,330
Gross profit	2,836,496	1,302,361
Selling, general and administrative expenses	853,568	826,669
Operating profit	1,982,927	475,691
Non-operating income		
Interest income	4,051	3,069
Interest on securities	1,470	1,482
Share of profit of entities accounted for using equity method	153,112	145,484
Foreign exchange gains	84,440	-
Gain on bad debts recovered	54,086	42
Outsourcing service income	25,824	25,558
Other	19,138	2,526
Total non-operating income	342,125	178,162
Non-operating expenses		
Interest expenses	123,367	196,905
Financing expenses	43,105	84,058
Foreign exchange losses	-	64,296
Other	2,388	418
Total non-operating expenses	168,861	345,678
Ordinary profit	2,156,191	308,175
Extraordinary income		
Gain on reversal of share acquisition rights	-	13,394
Total extraordinary income	-	13,394
Profit before income taxes	2,156,191	321,569
Income taxes-current	588,964	74,527
Income taxes-deferred	33,566	41,196
Total income taxes	622,530	115,723
Profit	1,533,661	205,846
Profit attributable to non-controlling interests	-	-
Profit attributable to owners of parent	1,533,661	205,846

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

(Thousands of yen)

	First three months of FY3/19 (Apr. 1, 2018 – Jun. 30, 2018)	First three months of FY3/20 (Apr. 1, 2019 – Jun. 30, 2019)
Profit	1,533,661	205,846
Other comprehensive income		
Valuation difference on available-for-sale securities	41,756	(4,490)
Foreign currency translation adjustment	(627,839)	71,526
Total other comprehensive income	(586,083)	67,035
Comprehensive income	947,577	272,881
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	947,577	272,881
Comprehensive income attributable to non-controlling interests	-	-

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

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Segment and Other Information

Segment information

I. 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				Other (Note)	Adjustment	Amount shown on the quarterly consolidated statement of income
	Real Estate Investment Business	Subleasing, Leasing and Fund Fee Business	Planning and Brokerage Business	Total			
Net sales							
(1) Sales to external customers	17,216,831	109,238	182,989	17,509,059	126,744	-	17,635,804
(2) Inter-segment sales and transfers	14,000	-	-	14,000	-	(14,000)	-
Total	17,230,831	109,238	182,989	17,523,059	126,744	(14,000)	17,635,804
Segment profit (loss)	2,468,675	44,455	182,949	2,696,080	101,244	(814,396)	1,982,927

Note: The "Other" represents businesses not included in any of the reportable segments and includes the overseas PFI business and entertainment business (golf course management).

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	2,696,080
Other	101,244
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 of the 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 FY3/20 (Apr. 1, 2019 – Jun. 30, 2019)

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

(Thousands of yen)

	Reportable segment				Other (Note 1)	Adjustment (Note 2)	Amount shown on the quarterly consolidated statement of income (Note 3)
	Real Estate Investment Business	Subleasing, Leasing and Fund Fee Business	Planning and Brokerage Business	Total			
Net sales							
(1) Sales to external customers	8,493,151	122,400	138	8,615,691	-	-	8,615,691
(2) Inter-segment sales and transfers	-	-	-	-	-	-	-
Total	8,493,151	122,400	138	8,615,691	-	-	8,615,691
Segment profit (loss)	1,194,623	59,781	138	1,254,543	(353)	(778,498)	475,691

Notes: 1. The “Other” represents businesses not included in any of the reportable segments and includes the overseas PFI business.

2. The adjustment to segment profit includes corporate expenses that mainly consist of selling, general and administrative expenses that cannot be attributed to any reportable segments.

3. Segment profit is adjusted with operating profit shown on the quarterly consolidated statement of income.

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

Not applicable.

3. Changes in reportable segments

From the period under review, the Group has reviewed the classification method of the reportable segment presented previously as “Other Businesses” and reclassified it into “Other” as it is deemed immaterial.

The segment information for the first quarter of the previous fiscal year was prepared based on the classification after the change.

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.