

# Translation

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## Summary of Consolidated Financial Results for the Six Months Ended September 30, 2019 (Based on Japanese GAAP)

November 12, 2019

Company name: Nippon Commercial Development Co., Ltd.  
 Stock exchange listing: Tokyo, Nagoya  
 Stock code: 3252 URL <https://www.ncd-jp.com>  
 Representative: Chief Executive Officer Tetsuya Matsuoka  
 Inquiries: Chief Financial Officer Kenji Irie TEL 06-4706-7501  
 Scheduled date to file Quarterly Securities Report: November 13, 2019  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

### 1. Consolidated financial results for the six months ended September 30, 2019 (from April 1, 2019 to September 30, 2019)

#### (1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2019	16,039	(14.3)	917	(42.3)	559	(67.6)	496	(60.9)
Six months ended September 30, 2018	18,705	244.1	1,590	703.5	1,728	–	1,271	–

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2019	27.42	27.39
Six months ended September 30, 2018	70.84	70.27

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2019	102,931	21,230	20.6
As of March 31, 2019	99,597	21,611	21.7

### 2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2019	–	0.00	–	55.00	55.00
Year ending March 31, 2020	–	0.00			
Year ending March 31, 2020 (Forecast)			–	55.00	55.00

### 3. Forecast of consolidated financial results for the year ending March 31, 2020 (from April 1, 2019 to March 31, 2020)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	74,000	85.8	5,100	14.7	4,400	1.7	3,100	15.5	171.13

#### 4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2019  
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: No
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

#### (4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2019	18,285,800 shares	As of March 31, 2019	18,039,200 shares
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Number of treasury shares at the end of the period

As of September 30, 2019	141 shares	As of March 31, 2019	141 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2019	18,114,649 shares	Six months ended September 30, 2018	17,947,748 shares
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## Quarterly consolidated financial statements

### Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2019	As of September 30, 2019
Assets		
Current assets		
Cash and deposits	18,856,819	18,294,278
Operating accounts receivable	99,399	214,052
Real estate for sale	69,516,193	75,453,556
Advance payments - trade	1,300,963	796,554
Prepaid expenses	197,713	132,671
Other	49,279	21,281
Total current assets	90,020,368	94,912,395
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	334,414	264,869
Tools, furniture and fixtures, net	52,256	45,715
Land	3,758	3,758
Leased assets, net	65,505	89,291
Total property, plant and equipment	455,934	403,633
Intangible assets		
Other	9,347	8,934
Total intangible assets	9,347	8,934
Investments and other assets		
Investment securities	1,520,154	303,602
Shares of subsidiaries and associates	6,285,426	6,086,825
Investments in capital of subsidiaries and associates	4,000	4,000
Investments in capital	505,161	505,161
Leasehold and guarantee deposits	452,639	464,879
Long-term prepaid expenses	135,107	144,187
Other	421,832	299,388
Allowance for doubtful accounts	(212,582)	(201,959)
Total investments and other assets	9,111,738	7,606,083
Total non-current assets	9,577,020	8,018,652
Total assets	99,597,389	102,931,047

(Thousands of yen)

	As of March 31, 2019	As of September 30, 2019
Liabilities		
Current liabilities		
Trade accounts payable	102,436	66,283
Short-term borrowings	4,967,800	3,087,000
Current portion of long-term borrowings	3,519,042	1,767,104
Accounts payable - other	447,211	290,134
Income taxes payable	919,968	166,927
Accrued consumption taxes	43,928	8,377
Advances received	30,648	—
Current portion of guarantee deposits received	1,385,877	1,595,477
Other	459,470	339,570
Total current liabilities	11,876,383	7,320,875
Non-current liabilities		
Long-term borrowings	65,207,001	73,569,105
Long-term leasehold and guarantee deposits received	178,055	163,955
Retirement benefit liability	43,367	—
Other	680,721	646,741
Total non-current liabilities	66,109,145	74,379,801
Total liabilities	77,985,528	81,700,677
Net assets		
Shareholders' equity		
Share capital	2,900,258	3,048,547
Capital surplus	4,509,668	4,657,957
Retained earnings	14,810,593	14,315,099
Treasury shares	(79)	(79)
Total shareholders' equity	22,220,441	22,021,525
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(24,217)	(27,184)
Foreign currency translation adjustment	(604,579)	(763,970)
Total accumulated other comprehensive income	(628,797)	(791,155)
Share acquisition rights	20,216	—
Total net assets	21,611,860	21,230,370
Total liabilities and net assets	99,597,389	102,931,047

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

**Consolidated statements of income (cumulative)**

(Thousands of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Net sales	18,705,399	16,039,067
Cost of sales	15,398,148	13,466,268
Gross profit	3,307,250	2,572,799
Selling, general and administrative expenses	1,716,326	1,655,001
Operating profit	1,590,923	917,797
Non-operating income		
Interest income	5,849	4,810
Interest on securities	3,004	2,929
Share of profit of entities accounted for using equity method	152,175	139,656
Foreign exchange gains	133,697	—
Gain on bad debts recovered	88,086	22,623
Outsourcing service income	51,333	49,068
Other	24,562	2,963
Total non-operating income	458,709	222,051
Non-operating expenses		
Interest expenses	270,846	393,105
Financing expenses	47,958	125,202
Foreign exchange losses	—	57,894
Other	2,310	4,244
Total non-operating expenses	321,115	580,446
Ordinary profit	1,728,517	559,402
Extraordinary income		
Gain on sales of investment securities	—	114,077
Gain on reversal of share acquisition rights	—	13,394
Total extraordinary income	—	127,471
Profit before income taxes	1,728,517	686,874
Income taxes - current	527,432	111,022
Income taxes - deferred	(70,365)	79,197
Total income taxes	457,066	190,219
Profit	1,271,450	496,654
Profit attributable to non-controlling interests	—	—
Profit attributable to owners of parent	1,271,450	496,654

**Consolidated statements of comprehensive income (cumulative)**

(Thousands of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Profit	1,271,450	496,654
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,621)	(2,967)
Foreign currency translation adjustment	(563,093)	(159,390)
Total other comprehensive income	(564,714)	(162,357)
Comprehensive income	706,736	334,296
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	706,736	334,296
Comprehensive income attributable to non-controlling interests	—	—