

**Summary of Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2016  
(Three Months Ended June 30, 2015)**

[Japanese GAAP]

Company name: Nippon Commercial Development Co., Ltd. Listing: TSE/NSE, First Sections  
Securities code: 3252 URL: <http://www.ncd-jp.com>  
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Scheduled date of filing of Quarterly Report: August 12, 2015

Scheduled date of payment of dividend: -

Preparation of supplementary materials for quarterly financial results: None

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, 2015 (April 1, 2015 – June 30, 2015)**

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended Jun. 30, 2015	11,927	-	5,769	-	5,661	-	3,781	-
Three months ended Jun. 30, 2014	151	1.2	(141)	-	(269)	-	(173)	-

Note: Comprehensive income (million yen) Three months ended Jun. 30, 2015: 3,781 (- %)

Three months ended Jun. 30, 2014: (173) (- %)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended Jun. 30, 2015	223.34	196.40
Three months ended Jun. 30, 2014	(12.21)	-

Note: The Company conducted a 3-for-1 stock split on September 1, 2014 under the August 11, 2014 Board of Directors' resolution. Net income per share has been calculated as if this stock split had taken place at the beginning of the fiscal year ended March 31, 2014.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Jun. 30, 2015	24,406	11,756	47.9
As of Mar. 31, 2015	24,104	8,510	34.9

Reference: Shareholders' equity (million yen) As of Jun. 30, 2015: 11,679 As of Mar. 31, 2015: 8,405

**2. Dividends**

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2015	-	0.00	-	30.00	30.00
Fiscal year ending Mar. 31, 2016	-	-	-	-	-
Fiscal year ending Mar. 31, 2016 (forecasts)	-	0.00	-	35.00	35.00

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

Breakdown of dividends for the fiscal year ended Mar. 31, 2015: Ordinary dividends: 27 yen; Commemorative dividends: 3 yen

**3. Consolidated Forecast for the Fiscal Year Ending March 31, 2016 (April 1, 2015 – March 31, 2016)**

(Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	16,500	1.5	4,780	34.7	3,900	30.6	2,500	34.1	147.65

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

**\* Notes**

(1) Changes in significant subsidiaries during the period (changes in 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-based 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-based estimates: None

4) Restatements: None

Note: Please refer to "2. Matters Related to Summary Information (Notes), (2) Changes in Accounting Policies and Accounting-based Estimates, and Restatements" on page 3 of the attachments for further information.

(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, 2015:	16,931,600 shares	As of Mar. 31, 2015:	16,931,600 shares
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2) Number of treasury shares at the end of the period

As of Jun. 30, 2015:	141 shares	As of Mar. 31, 2015:	141 shares
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3) Average number of shares outstanding during the period

Three months ended Jun. 30, 2015:	16,931,459 shares	Three months ended Jun. 30, 2014:	14,213,859 shares
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Note: The Company conducted a 3-for-1 stock split on September 1, 2014 under the August 11, 2014 Board of Directors' resolution. Number of outstanding shares (common shares) has been calculated as if this stock split had taken place at the beginning of the fiscal year ended March 31, 2014.

\*Information regarding the implementation of quarterly review procedures

The current quarterly financial summary is exempted from quarterly review procedures based on the Financial Instruments and Exchange Act. At the time of disclosure, the review procedures for the quarterly financial statements have not been completed.

\*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.

Stock split

The Company conducted a 3-for-1 stock split on September 1, 2014 under the August 11, 2014 Board of Directors' resolution. Net income per share and number of outstanding shares (common shares) have been calculated as if this stock split had taken place at the beginning of the fiscal year ended March 31, 2014.

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## 1. Qualitative Information on Quarterly Consolidated Financial Performance

### (1) Explanation of Results of Operations

The Japanese economy continued to recover slowly during the first quarter of the fiscal year ending in March 2016. Overseas, the U.S. economy remained strong despite concerns about the outlook for the global economy due to the Greek debt crisis, slowing economic growth in China and other events.

In the Japanese real estate and real estate finance industries, the yen's decline has made Japanese real estate prices attractive to foreign investors. The result is large inflows of investments from overseas. Real estate investments within Japan are also strong because of massive monetary easing by the Bank of Japan. In this environment, some categories of real estate investments appear to be becoming overheated.

The Nippon Commercial Development Group is continuing to concentrate on purchasing high-quality properties. In addition, the sale of the Jingumae 5-Chome Project in Tokyo's Shibuya-ku, one of the prime real estate projects in Tokyo, made a big contribution to the growth in sales and earnings for the first quarter.

In the first quarter, net sales increased from 151,655 thousand yen one year earlier to 11,927,394 thousand yen. Operating income improved from a loss of 141,062 thousand yen one year earlier to income of 5,769,531 thousand yen and there was ordinary income of 5,661,205 thousand yen compared with a loss of 269,673 thousand yen one year earlier. Profit attributable to owners of parent was 3,781,410 thousand yen compared with a 173,593 thousand yen loss one year earlier.

Results by business segment were as follows:

In the real estate investment business segment, sales increased from 73,469 thousand yen one year earlier to 11,852,500 thousand yen and the segment profit increased from 23,506 thousand yen to 6,047,165 thousand yen.

In the subleasing, leasing and fund fee business segment, sales increased 4.5% from one year earlier to 74,755 thousand yen and the segment profit was up 72.2% to 17,345 thousand yen.

In the planning and brokerage business segment, sales fell 97.9% to 138 thousand yen and the segment profit fell 97.4% to 138 thousand yen.

### (2) Explanation of Financial Position

Total assets increased 302,345 thousand yen from the end of the previous fiscal year to 24,406,514 thousand yen at the end of the first quarter. This was mainly due to a 3,813,094 thousand yen decrease in real estate for sale and corresponding 3,828,703 thousand yen increase in cash and deposits. Real estate for sale decreased because of strong sales of properties as more investors became aware of the consistent earnings generated by real estate investments in the JINUSHI Business. Total liabilities decreased 2,943,211 thousand yen from the end of the previous fiscal year to 12,650,336 thousand yen at the end of the first quarter. To fund purchases of real estate for sale, there were increases of 1,126,000 thousand yen in short-term loans payable and 662,867 thousand yen in long-term loans payable. There was also a 1,111,950 thousand yen increase in income taxes payable. But liabilities decreased mainly because of a 5,539,975 thousand yen decrease in the current portion of long-term loans payable that was funded by proceeds from the sale of real estate for sale. Net assets were 11,756,178 thousand yen, 3,245,557 thousand yen more than at the end of the previous fiscal year. This was primarily due to the first quarter profit attributable to owners of parent of 3,781,410 thousand yen and a dividend payment from retained earnings of 535,943 thousand yen. Consequently, the equity ratio was 47.9%.

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

In the first quarter, the Jingumae 5-Chome Project in Shibuya-ku was sold with a substantial profit margin as expected. During the remainder of this fiscal year, we anticipate that growth in selling, general and administrative expenses will be achieved as planned. In addition, we expect financial expenses to increase because we are currently increasing the pace of real estate purchases. For these reasons, there are no revisions to 3. Consolidated Forecast for the Fiscal Year Ending March 31, 2016 (April 1, 2015 – March 31, 2016) that was announced on May 11, 2015 with Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2015.

## **2. Matters Related to Summary Information (Notes)**

### **(1) Changes in Significant Subsidiaries during the Period**

Not applicable.

### **(2) Changes in Accounting Policies and Accounting-based Estimates, and Restatements**

Application of the Accounting Standard for Business Combinations, etc.

The Company has applied the “Accounting Standard for Business Combinations” (Accounting Standards Board of Japan (ASBJ) Statement No. 21, September 13, 2013), “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, September 13, 2013), “Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, September 13, 2013), etc. from the first quarter of the current fiscal year. Accordingly, difference arising from changes in the Company’s ownership interests in subsidiaries in cases where control is retained is recognized in capital surplus, and the acquisition costs in connection with business combinations are recognized as expenses in the fiscal year in which they arise. Regarding business combinations that take place on or after the beginning of the first quarter of the current fiscal year, the Company has revised the method to reflect reviewed allocation of the acquisition costs arising from determination of the provisional accounting treatment on the quarterly consolidated financial statements to which the date of the business combination belongs. In addition, the presentation of net income and other items has been revised, and the minority interests item has been renamed non-controlling interests. For consistency with these changes, the consolidated financial statements for the first quarter of the previous fiscal year and the previous fiscal year have been revised.

The Company has adopted these accounting standards, etc. from the beginning of the first quarter of the current fiscal year, in accordance with the transitional accounting treatments set forth in Article 58-2 (4) of the Accounting Standard for Business Combinations, Article 44-5 (4) of the Accounting Standard for Consolidated Financial Statements, and Article 57-4 (4) of the Accounting Standard for Business Divestitures.

The application of these standards does not have a material effect on income.

**3. Quarterly Consolidated Financial Statements****(1) Quarterly Consolidated Balance Sheet**

(Thousands of yen)

	FY3/15 (As of Mar. 31, 2015)	First quarter of FY3/16 (As of Jun. 30, 2015)
<b>Assets</b>		
Current assets		
Cash and deposits	10,404,331	14,233,035
Operating accounts receivable	531	44,489
Real estate for sale	12,640,797	8,827,703
Advance payments-trade	207,337	175,000
Prepaid expenses	81,189	35,820
Other	89,588	324,581
Total current assets	23,423,776	23,640,630
Non-current assets		
Property, plant and equipment		
Buildings, net	17,534	16,843
Tools, furniture and fixtures, net	5,710	5,439
Land	3,758	3,758
Leased assets, net	32,413	30,149
Total property, plant and equipment	59,416	56,190
Intangible assets		
Other	1,161	1,090
Total intangible assets	1,161	1,090
Investments and other assets		
Investment securities	307,837	338,193
Investments in capital	4,461	4,461
Lease and guarantee deposits	179,327	236,986
Long-term prepaid expenses	77,880	79,872
Other	50,934	49,389
Allowance for doubtful accounts	(625)	(300)
Total investments and other assets	619,815	708,602
Total non-current assets	680,393	765,884
Total assets	24,104,169	24,406,514
<b>Liabilities</b>		
Current liabilities		
Operating accounts payable	32,572	26,658
Short-term loans payable	191,000	1,317,000
Current portion of long-term loans payable	5,791,518	251,542
Accounts payable-other	182,807	151,970
Income taxes payable	1,041,841	2,153,791
Accrued consumption taxes	16,305	292
Current portion of guarantee deposits received	542,387	240,787
Other	92,224	145,610
Total current liabilities	7,890,657	4,287,653

	(Thousands of yen)	
	FY3/15 (As of Mar. 31, 2015)	First quarter of FY3/16 (As of Jun. 30, 2015)
Non-current liabilities		
Long-term loans payable	7,512,568	8,175,436
Long-term lease and guarantee deposited	165,455	168,055
Other	24,867	19,191
Total non-current liabilities	7,702,891	8,362,682
Total liabilities	15,593,548	12,650,336
Net assets		
Shareholders' equity		
Capital stock	2,524,080	2,524,080
Capital surplus	2,502,525	2,502,525
Retained earnings	3,383,907	6,657,373
Treasury shares	(79)	(79)
Total shareholders' equity	8,410,432	11,683,899
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(5,154)	(4,215)
Total accumulated other comprehensive income	(5,154)	(4,215)
Subscription rights to shares	18,900	18,900
Non-controlling interests	86,442	57,593
Total net assets	8,510,620	11,756,178
Total liabilities and net assets	24,104,169	24,406,514

**(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 FY3/15 (Apr. 1, 2014 – Jun. 30, 2014)	First three months of FY3/16 (Apr. 1, 2015 – Jun. 30, 2015)
Net sales	151,655	11,927,394
Cost of sales	112,440	5,762,745
Gross profit	39,215	6,164,649
Selling, general and administrative expenses	180,277	395,118
Operating income (loss)	(141,062)	5,769,531
Non-operating income		
Interest income	53	58
Gain on investments in partnership	306	-
Interest on securities	-	1,627
Other	118	696
Total non-operating income	477	2,382
Non-operating expenses		
Interest expenses	72,026	69,605
Financing expenses	57,062	41,102
Total non-operating expenses	129,088	110,708
Ordinary income (loss)	(269,673)	5,661,205
Income (loss) before income taxes and minority interests	(269,673)	5,661,205
Income taxes-current	373	2,102,158
Income taxes-deferred	(95,264)	(221,514)
Total income taxes	(94,891)	1,880,644
Profit (loss)	(174,782)	3,780,561
Loss attributable to non-controlling interests	(1,188)	(848)
Profit (loss) attributable to owners of parent	(173,593)	3,781,410



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

(Thousands of yen)

	First three months of FY3/15 (Apr. 1, 2014 – Jun. 30, 2014)	First three months of FY3/16 (Apr. 1, 2015 – Jun. 30, 2015)
Profit (loss)	(174,782)	3,780,561
Other comprehensive income		
Valuation difference on available-for-sale securities	792	939
Total other comprehensive income	792	939
Comprehensive income	(173,989)	3,781,500
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(172,800)	3,782,349
Comprehensive income attributable to non-controlling interests	(1,188)	(848)

**(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 FY3/15 (Apr. 1, 2014 – Jun. 30, 2014)

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

(Thousands of yen)

	Reportable segment				Adjustments	Amounts shown on 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	73,469	71,547	6,638	151,655	-	151,655
(2) Inter-segment sales and transfers	-	-	-	-	-	-
Total	73,469	71,547	6,638	151,655	-	151,655
Segment profit (loss)	23,506	10,070	5,363	38,940	(180,002)	(141,062)

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	38,940
Corporate expenses (Note)	(180,002)
Operating income (loss) of quarterly consolidated statement of income	(141,062)

Note: Corporate expenses mainly include selling, general and administrative expenses that cannot be attributed to 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 FY3/16 (Apr. 1, 2015 – Jun. 30, 2015)

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

(Thousands of yen)

	Reportable segment				Adjustments	Amounts shown on 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	11,852,500	74,755	138	11,927,394	-	11,927,394
(2) Inter-segment sales and transfers	-	-	-	-	-	-
Total	11,852,500	74,755	138	11,927,394	-	11,927,394
Segment profit (loss)	6,047,165	17,345	138	6,064,649	(295,118)	5,769,531

## 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	6,064,649
Corporate expenses (Note)	(295,118)
Operating income (loss) of quarterly consolidated statement of income	5,769,531

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

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

Not applicable.

**Material Subsequent Events**

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.*