

**Summary of Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2016  
(Six Months Ended September 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>  
Representative: Tetsuya Matsuoka, President  
Contact: Kenji Irie, Director, General Manager of Finance and Accounting Division  
Tel: +81-(0) 6-4706-7501  
Scheduled date of filing of Quarterly Report: November 11, 2015  
Scheduled date of payment of dividend: -  
Preparation of supplementary materials for quarterly financial results: Yes  
Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)  
*(All amounts are rounded down to the nearest million yen)*

**1. Consolidated Financial Results for the Six Months Ended September 30, 2015  
(April 1, 2015 – September 30, 2015)**

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended Sep. 30, 2015	12,104	31.3	5,563	252.0	5,374	324.6	3,564	366.4
Six months ended Sep. 30, 2014	9,220	110.6	1,580	124.8	1,265	179.4	764	185.5

Note: Comprehensive income (million yen) Six months ended Sep. 30, 2015: 3,561 (up 347.4%)  
Six months ended Sep. 30, 2014: 795 (up 182.7%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Sep. 30, 2015	209.41	187.91
Six months ended Sep. 30, 2014	53.77	45.87

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 and diluted net income per share have 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 Sep. 30, 2015	28,993	11,721	40.2
As of Mar. 31, 2015	24,104	8,510	34.9

Reference: Shareholders' equity (million yen) As of Sep. 30, 2015: 11,645 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	-	0.00	-	-	-
Fiscal year ending Mar. 31, 2016 (forecasts)	-	-	-	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	146.88

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 Sep. 30, 2015:	17,460,200 shares	As of Mar. 31, 2015:	16,931,600 shares
----------------------	-------------------	----------------------	-------------------

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

As of Sep. 30, 2015:	141 shares	As of Mar. 31, 2015:	141 shares
----------------------	------------	----------------------	------------

3) Average number of shares outstanding during the period

Six months ended Sep. 30, 2015:	17,021,003 shares	Six months ended Sep. 30, 2014:	14,213,859 shares
---------------------------------	-------------------	---------------------------------	-------------------

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, diluted 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.

How to view presentation materials

The Company plans to hold a financial results meeting for institutional investors and analysts on Wednesday, December 9, 2015. Materials to be distributed at this event will be available on the Company’s website immediately thereafter.

Contents of Attachments

1. Qualitative Information on Quarterly Consolidated Financial Performance	2
(1) Explanation of Results of Operations	2
(2) Explanation of Financial Position	2
(3) Explanation of Consolidated Forecast and Other Forward-looking Statements	3
2. Matters Related to Summary Information (Notes)	3
(1) Changes in Significant Subsidiaries during the Period	3
(2) Changes in Accounting Policies and Accounting-based Estimates, and Restatements	3
3. Quarterly Consolidated Financial Statements	4
(1) Quarterly Consolidated Balance Sheet	4
(2) Quarterly Consolidated Statements of Income and Comprehensive Income	6
Quarterly Consolidated Statement of Income	6
For the Six-month Period	
Quarterly Consolidated Statement of Comprehensive Income	7
For the Six-month Period	
(3) Notes to Quarterly Consolidated Financial Statements	8
Going Concern Assumption	8
Segment and Other Information	8

## 1. Qualitative Information on Quarterly Consolidated Financial Performance

### (1) Explanation of Results of Operations

In the first half of the fiscal year ending on March 31, 2016, there was a change in the economies of China and other emerging countries that had been driving the global economic recovery. In addition, the U.S. economy is showing some signs of weakness as the decision was made to push back an interest rate hike. Due to these events, the Japanese economy remained flat and the outlook has become increasingly uncertain.

In the Japanese real estate and real estate finance industries, the recovery in land prices continued in Japan's three major metropolitan areas and prices are rising in regional core cities (Sapporo, Sendai, Hiroshima, Fukuoka), too. Demand for office space is strong in central Tokyo and central Osaka. Due to these market conditions, Japan is attracting real estate investments from foreign investors and activity in the real estate market continues to be high.

As announced on August 18, 2015, the Nippon Commercial Development Group purchased the site of a factory of Showa Holdings Co., Ltd. in the city of Kashiwa in Chiba prefecture. Group companies are continuing to make investments for more new projects, such as by acquiring land for retail facilities and land for factories. A number of properties were sold, including the Jingumae 5-Chome Project in Tokyo's Shibuya-ku, one of the prime real estate projects in Tokyo. The safe investment methods used by the JINUSHI Business have generated a positive response from investors. Although the yield on sales of Nippon Commercial Development Group's products is declining, the number of JINUSHI Business investors is increasing.

In the first half, net sales rose 31.3% from one year earlier to 12,104 million yen, operating income was up 252.0% to 5,563 million yen, ordinary income rose 324.6% to 5,374 million yen, and profit attributable to owners of parent climbed 366.4% to 3,564 million yen.

Results by business segment were as follows:

#### a. Real Estate Investment Business

In the real estate investment business segment, sales increased 32.4% from one year earlier to 11,951 million yen and the segment profit increased 214.6% to 6,138 million yen.

#### b. Subleasing, Leasing and Fund Fee Business

In the subleasing, leasing and fund fee business segment, sales increased 3.6% from one year earlier to 149 million yen and the segment profit was up 64.2% to 34 million yen.

#### c. Planning and Brokerage Business

In the planning and brokerage business segment, sales fell 93.7% from one year earlier to 3 million yen and the segment profit fell 93.2% to 3 million yen.

The JINUSHI Business uses a business model in which people invest solely in land and do not own buildings on the land. This business is not vulnerable at all to the serious problem in Japan of buildings that have falsified data for foundation piles or other aspects of their construction. As a result, this problem had no effect on the Nippon Commercial Development's performance.

### (2) Explanation of Financial Position

Total assets increased 4,889 million yen from the end of the previous fiscal year to 28,993 million yen at the end of the second quarter. This increase was attributable mainly to the positive market response of investors to the Nippon Commercial Development's real estate investment products as the JINUSHI Business market expanded. Jingumae 5-Chome Project in Tokyo's Shibuya-ku and other high-quality real estate for sale were sold at high prices. The result was a 3,622 million yen increase in cash and deposits. Real estate for sale decreased 5,563 million yen because of sales but increased 6,376 million yen because of purchases of high-quality properties.

Total liabilities increased 1,679 million yen from the end of the previous fiscal year to 17,272 million yen at the end of the second quarter. There was an increase of 1,117 million yen in income taxes payable due to the outlook for

higher taxes along with growth in earnings. Proceeds from sales of real estate for sale were used to repay loans from financial institutions. However, interest-bearing debt increased 749 million yen mainly as the pace of real estate purchases was faster than sales.

Net assets increased 3,210 million yen from the end of the previous fiscal year to 11,721 million yen, primarily due to profit attributable to owners of parent of 3,564 million yen.

Consequently, compared with the end of the previous fiscal year, the equity ratio rose from 34.9% to 40.2%.

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

Sales and earnings in the fiscal year's first half were generally as planned. Sales of real estate for sale are recognized on the income statement when ownership is transferred rather than when sales contracts are signed. Consequently, a delay in the closing of a sale to the next quarter or the closing of a sale earlier than expected can affect the group's results of operation and financial position from quarter to quarter. In addition, the current fiscal year is positioned as a critical period with respect to the medium-term management plan that is building a foundation for more progress in the following years. Real estate for sale will be sold for the purpose of funding more growth of the Nippon Commercial Development Group as the group moves even faster to purchase high-quality properties. 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 half 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)	Second quarter of FY3/16 (As of Sep. 30, 2015)
<b>Assets</b>		
Current assets		
Cash and deposits	10,404,331	14,026,679
Operating accounts receivable	531	44,521
Real estate for sale	12,640,797	13,453,881
Advance payments-trade	207,337	175,000
Prepaid expenses	81,189	99,996
Other	89,588	410,026
Total current assets	23,423,776	28,210,105
Non-current assets		
Property, plant and equipment		
Buildings, net	17,534	12,244
Tools, furniture and fixtures, net	5,710	3,680
Land	3,758	3,758
Leased assets, net	32,413	31,695
Total property, plant and equipment	59,416	51,378
Intangible assets		
Other	1,161	1,020
Total intangible assets	1,161	1,020
Investments and other assets		
Investment securities	307,837	333,476
Investments in capital	4,461	4,461
Lease and guarantee deposits	179,327	232,545
Long-term prepaid expenses	77,880	107,519
Other	50,934	53,541
Allowance for doubtful accounts	(625)	(300)
Total investments and other assets	619,815	731,243
Total non-current assets	680,393	783,642
Total assets	24,104,169	28,993,748
<b>Liabilities</b>		
Current liabilities		
Operating accounts payable	32,572	26,993
Short-term loans payable	191,000	1,142,000
Current portion of long-term loans payable	5,791,518	400,264
Accounts payable-other	182,807	28,013
Income taxes payable	1,041,841	2,159,033
Accrued consumption taxes	16,305	576
Current portion of guarantee deposits received	542,387	529,135
Other	92,224	92,932
Total current liabilities	7,890,657	4,378,950

	(Thousands of yen)	
	FY3/15 (As of Mar. 31, 2015)	Second quarter of FY3/16 (As of Sep. 30, 2015)
Non-current liabilities		
Long-term loans payable	7,512,568	12,702,646
Long-term lease and guarantee deposited	165,455	170,555
Other	24,867	20,563
Total non-current liabilities	7,702,891	12,893,764
Total liabilities	15,593,548	17,272,714
Net assets		
Shareholders' equity		
Capital stock	2,524,080	2,616,673
Capital surplus	2,502,525	2,595,118
Retained earnings	3,383,907	6,440,410
Treasury shares	(79)	(79)
Total shareholders' equity	8,410,432	11,652,122
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(5,154)	(6,648)
Total accumulated other comprehensive income	(5,154)	(6,648)
Subscription rights to shares	18,900	18,724
Non-controlling interests	86,442	56,835
Total net assets	8,510,620	11,721,033
Total liabilities and net assets	24,104,169	28,993,748

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

(Thousands of yen)

	First six months of FY3/15 (Apr. 1, 2014 – Sep. 30, 2014)	First six months of FY3/16 (Apr. 1, 2015 – Sep. 30, 2015)
Net sales	9,220,926	12,104,936
Cost of sales	7,168,880	5,828,075
Gross profit	2,052,046	6,276,860
Selling, general and administrative expenses	471,716	713,750
Operating income	1,580,330	5,563,110
Non-operating income		
Interest income	298	100
Gain on investments in partnership	307	-
Interest on securities	-	3,307
Other	240	807
Total non-operating income	847	4,215
Non-operating expenses		
Interest expenses	144,836	130,065
Financing expenses	167,400	62,572
Other	3,158	648
Total non-operating expenses	315,394	193,285
Ordinary income	1,265,783	5,374,041
Extraordinary losses		
Loss on cancellation of interest rate swaps	15,232	-
Impairment loss	-	5,369
Office transfer expenses	-	8,800
Total extraordinary losses	15,232	14,170
Income before income taxes and non-controlling interests	1,250,550	5,359,870
Income taxes-current	518,558	2,103,107
Income taxes-deferred	(63,363)	(306,076)
Total income taxes	455,195	1,797,031
Profit	795,355	3,562,839
Profit (loss) attributable to non-controlling interests	31,118	(1,606)
Profit attributable to owners of parent	764,236	3,564,446

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

	(Thousands of yen)	
	First six months of FY3/15 (Apr. 1, 2014 – Sep. 30, 2014)	First six months of FY3/16 (Apr. 1, 2015 – Sep. 30, 2015)
Profit	795,355	3,562,839
Other comprehensive income		
Valuation difference on available-for-sale securities	576	(1,493)
Total other comprehensive income	576	(1,493)
Comprehensive income	795,932	3,561,346
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	764,813	3,562,953
Comprehensive income attributable to non-controlling interests	31,118	(1,606)

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

Not applicable.

**Segment and Other Information**

Segment information

I. First six months of FY3/15 (Apr. 1, 2014 – Sep. 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	9,024,477	144,567	51,882	9,220,926	-	9,220,926
(2) Inter-segment sales and transfers	-	-	-	-	-	-
Total	9,024,477	144,567	51,882	9,220,926	-	9,220,926
Segment profit	1,951,023	21,270	48,507	2,020,801	(440,471)	1,580,330

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

(Thousands of yen)

Profit	Amounts
Total reportable segment	2,020,801
Corporate expenses (Note)	(440,471)
Operating income of quarterly consolidated statement of income	1,580,330

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 six months of FY3/16 (Apr. 1, 2015 – Sep. 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	11,951,932	149,725	3,277	12,104,936	-	12,104,936
(2) Inter-segment sales and transfers	-	-	-	-	-	-
Total	11,951,932	149,725	3,277	12,104,936	-	12,104,936
Segment profit	6,138,646	34,936	3,277	6,176,860	(613,750)	5,563,110

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

(Thousands of yen)

Profit	Amounts
Total reportable segment	6,176,860
Corporate expenses (Note)	(613,750)
Operating income of quarterly consolidated statement of income	5,563,110

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

Significant impairment losses related to non-current assets

Omitted due to immateriality of the amount.

Significant change in goodwill

Not applicable.

Significant gain on bargain purchase

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.*