

**Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending October 31, 2018  
(Six Months Ended April 30, 2018)**

[Japanese GAAP]

June 12, 2018

Company name: Good Com Asset Co.,Ltd. Stock Exchange Listing: TSE (1st Section)  
 Stock code: 3475 URL: <https://www.goodcomasset.co.jp/>  
 Representative: Yoshikazu Nagashima, President and CEO  
 Contact: Yoshihiro Kawai, Executive Officer, General Manager, Corporate Planning Division  
 Tel: +81-(0)3-5338-0170

Scheduled date of filing of Quarterly Report: June 13, 2018  
 Scheduled date of payment of dividend: -  
 Preparation of supplementary materials for quarterly financial results: Yes  
 Holding of quarterly financial results meeting: Yes (for securities analysts and individual investors)

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

**1. Consolidated Financial Results for the Second Quarter (November 1, 2017 - April 30, 2018) of the Fiscal Year Ending October 31, 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	%
Six months ended Apr. 30, 2018	9,510	78.3	991	118.4	924	113.7	635	111.1
Six months ended Apr. 30, 2017	5,334	-	454	-	432	-	300	-

Note: Comprehensive income (million yen) Six months ended Apr. 30, 2018: 634 (up 110.3%)  
 Six months ended Apr. 30, 2017: 301 (-%)

	Net income per share		Diluted net income per share	
	Yen		Yen	
Six months ended Apr. 30, 2018	103.83		98.24	
Six months ended Apr. 30, 2017	53.60		50.38	

Notes: 1. Year-on-year changes for the six months ended April 30, 2017 are not presented because the quarterly consolidated financial statements were not prepared in the same period of the preceding fiscal year.  
 2. Good Com Asset Co.,Ltd. (the "Company") conducted a 2-for-1 common stock split effective on May 1, 2017 and October 1, 2017. Net income per share and diluted net income per share are calculated as if these stock splits had taken place at the beginning of the previous fiscal year.  
 3. Although there were share acquisition rights, diluted net income per share for the six months ended April 30, 2017 was calculated by using an average stock price during the period between the time of listing and the end of April 2017 because the stock of the Company was listed in the JASDAQ (standard) market of the Tokyo Stock Exchange on December 8, 2016. The Company moved up its stock market listing to the Second Section of the Tokyo Stock Exchange on June 27, 2017, then the stock was listed on the First Section of the Tokyo Stock Exchange on April 24, 2018.

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	Million yen		Million yen		%	
As of Apr. 30, 2018	11,015		5,639		51.2	
As of Oct. 31, 2017	12,613		3,241		25.7	

Reference: Shareholders' equity (million yen) As of Apr. 30, 2018: 5,639 As of Oct. 31, 2017: 3,241

**2. Dividends**

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen				
Fiscal year ended Oct. 31, 2017	-	0.00	-	20.00	20.00
Fiscal year ending Oct. 31, 2018	-	0.00	-	-	-
Fiscal year ending Oct. 31, 2018 (forecasts)	-	-	-	35.00	35.00

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

The year-end dividend per share forecast for the fiscal year ending October 31, 2018 comprises an ordinary dividend of 25.00 yen and a commemorative dividend of 10.00 yen.

**3. Consolidated Forecast for the Fiscal Year Ending October 31, 2018 (November 1, 2017 - October 31, 2018)**

(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	16,188	64.6	1,620	78.5	1,510	84.1	1,035	66.9	154.60

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

Net income per share is calculated based on the average number of shares outstanding during the period, including third-party allotment for a secondary offering using over-allotment of 155,400 shares with a payment date of May 15, 2018.

## Notes

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

(2) Application of special accounting methods for presenting quarterly consolidated financial statements: Yes

(3) Changes in accounting policies and accounting-based 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-based 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 Apr. 30, 2018:	7,121,600 shares	As of Oct. 31, 2017:	6,071,200 shares
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2) Number of treasury shares at the end of the period

As of Apr. 30, 2018:	220 shares	As of Oct. 31, 2017:	220 shares
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3) Average number of shares outstanding during the period

Six months ended Apr. 30, 2018:	6,118,315 shares	Six months ended Apr. 30, 2017:	5,615,100 shares
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Note: The Company conducted a 2-for-1 common stock split effective on May 1, 2017 and October 1, 2017. The number of outstanding shares is calculated as if these stock splits had taken place at the beginning of the previous fiscal year.

The current quarterly financial report is not subject to quarterly review procedures.

## Explanation of appropriate use of earnings forecasts, and other special items

### Cautionary statement with respect to forward-looking statements

Outlook and other forward-looking statements in these materials are based on assumption judged to be valid and information available to the Company's management at the time the materials were prepared, but are not promises by the Company regarding future performance. 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 for forecast assumptions and notes of caution for usage.

### How to view supplementary materials for quarterly financial results

The Company plans to hold financial results meetings for individual investors on Tuesday, June 12, 2018 (over the Internet), for securities analysts on Wednesday, June 13, 2018 and for individual investors on Thursday, June 21, 2018. Supplementary materials and video recorded for the financial results meetings will be available on the Company's website immediately.

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## 1. Qualitative Information on Quarterly Consolidated Financial Performance

### (1) Explanation of Results of Operations

The Japanese economy recovered slowly along with consumer spending during the first half of the fiscal year ending October 31, 2018 as corporate earnings remained strong and the job market and personal income improved.

In Japan's market for newly constructed condominiums, the primary business domain of the Good Com Asset Group (the "Group"), buying and selling prices are increasing because of the rising cost of land and building materials. In Tokyo's 23 wards, which is the main market for the Group, the percentage of new condominium units sold during the six-month period that ended in April 2018 was 70.6%. A percentage above 70% is generally regarded as a sign of strength in the condominium market. Activity in Tokyo was supported chiefly by continued low interest rates and an increase in demand for rental housing. The outlook is for buy-side condominium demand in Tokyo's 23 wards to remain steady, according to the Real Estate Economic Institute.

The Group continued to expand planning, development and sales activities for new Genovia series condominiums using the Genovia green veil and Genovia skygarden brands primarily in Tokyo's 23 wards. We also reinforced the customer support framework and took actions aimed at strengthening the Genovia brand.

During the first half, 381 condominium units in 11 buildings were sold. The buildings are Asakusa II (Taito-ku, Tokyo), Asakusa III (Taito-ku, Tokyo), Kawasaki Eki (Kawasaki, Kanagawa), Kameidosuijin (Sumida-ku, Tokyo), Itabashi west (Itabashi-ku, Tokyo), Setagaya Kinuta (Setagaya-ku, Tokyo), Tabata II (Kita-ku, Tokyo), Kameidosuijin II (Sumida-ku, Tokyo), Komagome Eki (Kita-ku, Tokyo), Sangenjaya (Setagaya-ku, Tokyo) and Komagome Eki II (Bunkyo-ku, Tokyo).

Net sales increased 78.3% year on year to 9,510 million yen. Operating profit increased 118.4% to 991 million yen, ordinary profit increased 113.7% to 924 million yen and profit attributable to owners of parent was up 111.1% to 635 million yen.

Results by business segment are as follows:

#### (a) Sales to individuals

This segment consists of sales of our Genovia series one-room and family condominiums to individual investors in Japan. During the first half, 103 condominium units were sold.

As a result, sales were 3,182 million yen, up 22.4% from one year earlier and segment profit increased 22.6% to 340 million yen.

#### (b) Sales to real estate companies

This segment consists of sales of our Genovia series one-room condominiums to real estate sales companies in Japan. Thanks to aggressive activities to sell properties to these companies, 278 condominium units were sold during the first half.

As a result, sales were 6,000 million yen, up 143.9% from one year earlier and segment profit increased 314.3% to 488 million yen.

#### (c) Property management

This segment performed well due to strong growth in the number of managed condominium buildings and tenant-occupied condominium units.

As a result, sales were 334 million yen, up 22.3% from one year earlier and segment profit increased 82.1% to 186 million yen.

#### (d) Overseas sales

There were no sales to individual investors in other countries during the first half.

As a result, there were no sales and a segment loss of 26 million yen, compared with a loss of 46 million yen one year earlier.

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

### **(a) Assets, liabilities and net assets**

#### **Assets**

Total assets decreased 1,598 million yen, or 12.7%, from the end of the previous fiscal year to 11,015 million yen at the end of the second quarter of the current fiscal year. This was mainly due to decreases in real estate for sale of 3,527 million yen and real estate for sale in process of 773 million yen while there was an increase in cash and deposits of 2,790 million yen.

#### **Liabilities**

Total liabilities decreased 3,996 million yen, or 42.6%, from the end of the previous fiscal year to 5,375 million yen. This was mainly due to decreases in current portion of long-term loans payable of 3,177 million yen and long-term loans payable of 1,272 million yen.

#### **Net assets**

Total net assets increased 2,397 million yen, or 74.0%, from the end of the previous fiscal year to 5,639 million yen. The main factors include 942 million yen increases in each of capital stock and capital surplus due to issuance of new shares, and a 635 million yen increase in retained earnings due to the booking of profit attributable to owners of parent, which was partially offset by a 121 million yen decrease in retained earnings due to dividend payments.

Consequently, the equity ratio increased 25.5 percentage points from the end of the previous fiscal year to 51.2% at the end of the second quarter of the current fiscal year.

### **(b) Cash flows**

Cash flows by category during the first half of the current fiscal year and the main reasons for changes are as follows.

#### **Cash flows from operating activities**

Net cash provided by operating activities was 5,503 million yen (1,848 million yen used in the same period of the previous fiscal year).

This was mainly due to a 4,281 million yen decrease in inventories and the booking of 924 million yen in profit before income taxes.

#### **Cash flows from investing activities**

There was no significant change as net cash used in investing activities was 1 million yen (33 million yen provided in the same period of the previous fiscal year).

#### **Cash flows from financing activities**

Net cash used in financing activities was 2,711 million yen (2,458 million yen provided in the same period of the previous fiscal year).

The main factors include repayments for long-term loans payable of 6,926 million yen, while there were proceeds from long-term loans payable of 2,476 million yen and proceeds from issuance of common shares of 1,884 million yen.

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

The Company maintains its full-year consolidated forecast that was announced in the “Notice of Revisions to the First Half and Full Year Consolidated Forecasts for the Fiscal Year Ending October 31, 2018” on June 8, 2018.

## 2. Quarterly Consolidated Financial Statements and Notes

### (1) Quarterly Consolidated Balance Sheet

	(Thousands of yen)	
	FY10/17 (As of Oct. 31, 2017)	Second quarter of FY10/18 (As of Apr. 30, 2018)
Assets		
Current assets		
Cash and deposits	2,539,069	5,329,440
Real estate for sale	8,628,125	5,100,477
Real estate for sale in process	793,069	19,748
Advance payments-trade	227,360	361,814
Other	351,497	130,656
Total current assets	12,539,121	10,942,136
Non-current assets		
Property, plant and equipment	9,183	8,107
Intangible assets	1,852	1,643
Investments and other assets	63,575	63,346
Total non-current assets	74,612	73,096
Total assets	12,613,733	11,015,233
Liabilities		
Current liabilities		
Accounts payable for construction contracts	116,786	63,451
Short-term loans payable	386,300	366,100
Current portion of bonds	10,000	10,000
Current portion of long-term loans payable	6,021,765	2,844,457
Income taxes payable	115,424	311,782
Provision for bonuses	15,729	16,564
Provision for vacancy warranties	28,325	24,725
Other	211,163	549,171
Total current liabilities	6,905,494	4,186,252
Non-current liabilities		
Bonds payable	10,000	5,000
Long-term loans payable	2,439,821	1,167,338
Other	16,965	17,240
Total non-current liabilities	2,466,787	1,189,578
Total liabilities	9,372,281	5,375,831
Net assets		
Shareholders' equity		
Capital stock	504,440	1,446,834
Capital surplus	412,940	1,355,334
Retained earnings	2,323,288	2,837,152
Treasury shares	(130)	(130)
Total shareholders' equity	3,240,539	5,639,190
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,663	1,819
Foreign currency translation adjustment	(1,751)	(1,607)
Total accumulated other comprehensive income	912	211
Total net assets	3,241,451	5,639,402
Total liabilities and net assets	12,613,733	11,015,233

**(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 FY10/17 (Nov. 1, 2016 – Apr. 30, 2017)	First six months of FY10/18 (Nov. 1, 2017 – Apr. 30, 2018)
Net sales	5,334,223	9,510,378
Cost of sales	4,270,911	7,781,505
Gross profit	1,063,311	1,728,872
Selling, general and administrative expenses	609,147	737,170
Operating profit	454,164	991,701
Non-operating income		
Interest income	45	27
Dividend income	122	138
Commission fee	976	1,289
Gain on sales of securities	355	-
Insurance premiums refunded cancellation	20,588	-
Other	3,389	2,286
Total non-operating income	25,478	3,742
Non-operating expenses		
Interest expenses	28,894	53,122
Share issuance cost	9,216	16,640
Other	8,825	1,090
Total non-operating expenses	46,936	70,852
Ordinary profit	432,706	924,591
Extraordinary income		
Gain on sales of non-current assets	2,784	-
Total extraordinary income	2,784	-
Extraordinary losses		
Loss on valuation of membership	2,600	-
Total extraordinary losses	2,600	-
Profit before income taxes	432,891	924,591
Income taxes	131,931	289,307
Profit	300,960	635,283
Profit attributable to owners of parent	300,960	635,283

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

(Thousands of yen)

	First six months of FY10/17 (Nov. 1, 2016 – Apr. 30, 2017)	First six months of FY10/18 (Nov. 1, 2017 – Apr. 30, 2018)
Profit	300,960	635,283
Other comprehensive income		
Valuation difference on available-for-sale securities	545	(843)
Foreign currency translation adjustment	185	143
Total other comprehensive income	730	(700)
Comprehensive income	301,690	634,582
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	301,690	634,582
Comprehensive income attributable to non-controlling interests	-	-

**(3) Quarterly Consolidated Statement of Cash Flows**

(Thousands of yen)

	First six months of FY10/17 (Nov. 1, 2016 – Apr. 30, 2017)	First six months of FY10/18 (Nov. 1, 2017 – Apr. 30, 2018)
Cash flows from operating activities		
Profit before income taxes	432,891	924,591
Depreciation	1,866	16,613
Increase (decrease) in provision for bonuses	(983)	835
Increase (decrease) in provision for vacancy warranties	(9,574)	(3,600)
Increase (decrease) in provision for directors' retirement benefits	1,519	-
Loss (gain) on sales of securities	(355)	-
Loss (gain) on sales of non-current assets	(2,784)	-
Loss on valuation of membership	2,600	-
Interest and dividend income	(168)	(166)
Surrender value of insurance	(20,588)	-
Interest expenses	28,894	53,122
Decrease (increase) in advance payments	(105,240)	(134,454)
Decrease (increase) in inventories	(1,859,996)	4,281,315
Increase (decrease) in notes and accounts payable-trade	(55,922)	(53,334)
Other, net	(46,946)	579,389
Subtotal	(1,634,787)	5,664,311
Interest and dividend income received	69	48
Interest expenses paid	(37,937)	(45,854)
Income taxes paid	(175,774)	(115,449)
Net cash provided by (used in) operating activities	(1,848,430)	5,503,055
Cash flows from investing activities		
Payments into time deposits	(25,016)	(20,019)
Proceeds from withdrawal of time deposits	56,012	20,018
Purchase of investment securities	(301)	(299)
Proceeds from sales of investment securities	819	-
Purchase of property, plant and equipment	(318)	-
Proceeds from sales of property, plant and equipment	3,956	-
Purchase of intangible assets	(527)	-
Collection of loans receivable	170	41
Other, net	(1,453)	(799)
Net cash provided by (used in) investing activities	33,340	(1,059)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(524,482)	(20,200)
Proceeds from long-term loans payable	3,805,187	2,476,800
Repayments of long-term loans payable	(1,621,938)	(6,926,592)
Redemption of bonds	(5,000)	(5,000)
Proceeds from issuance of common shares	825,881	1,884,787
Purchase of treasury shares	(130)	-
Cash dividends paid	(20,960)	(121,419)
Net cash provided by (used in) financing activities	2,458,557	(2,711,623)
Effect of exchange rate change on cash and cash equivalents	1,432	(2)
Net increase (decrease) in cash and cash equivalents	644,900	2,790,369
Cash and cash equivalents at beginning of period	1,392,252	2,519,052
Cash and cash equivalents at end of period	2,037,153	5,309,422

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

Not applicable.

**Significant Changes in Shareholders' Equity**

Capital stock and capital surplus increased 941,931 thousand yen each due to issuance of new shares resulting from the public offering with a payment date of April 23, 2018. Furthermore, these two equity components increased 462 thousand yen each resulting from exercise of stock options.

As a result, capital stock and capital surplus increased 942,393 thousand yen each during the first half, to 1,446,834 thousand yen and 1,355,334 thousand yen, respectively, at the end of the first half of FY10/18.

**Application of Special Accounting Methods for Presenting Quarterly Consolidated Financial Statements**

## Calculation of tax expense

The tax expense was calculated by first reasonably estimating the effective tax rate after the application of tax effect accounting with respect to profit before income taxes during the current fiscal year, and multiplying that rate by the quarterly profit before income taxes.

**Segment and Other Information**

## Segment Information

I. First six months of FY10/17 (Nov. 1, 2016 – Apr. 30, 2017)

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

(Thousands of yen)

	Reportable segment				Total
	Sales to individuals	Sales to real estate companies	Property management	Overseas sales	
Net sales					
External sales	2,601,028	2,460,886	272,308	-	5,334,223
Inter-segment sales and transfers	-	-	1,402	-	1,402
Total	2,601,028	2,460,886	273,711	-	5,335,625
Segment profit (loss)	277,677	117,845	102,227	(46,997)	450,753

2. Reconciliation of the amount shown in the quarterly consolidated statement of income with total profit or loss for reportable segments

(Thousands of yen)

Profit	Amounts
Total for reportable segments	450,753
Elimination of inter-segment transactions	3,410
Operating profit on the quarterly consolidated statement of income	454,164

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

Impairment losses related to non-current assets

Not applicable.

Significant change in goodwill

Not applicable.

Significant gain on bargain purchase

Not applicable.

## II. First six months of FY10/18 (Nov. 1, 2017 – Apr. 30, 2018)

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

(Thousands of yen)

	Reportable segment				Total
	Sales to individuals	Sales to real estate companies	Property management	Overseas sales	
Net sales					
External sales	3,182,935	6,000,921	326,521	-	9,510,378
Inter-segment sales and transfers	-	-	8,200	-	8,200
Total	3,182,935	6,000,921	334,722	-	9,518,579
Segment profit (loss)	340,434	488,205	186,149	(26,587)	988,202

## 2. Reconciliation of the amount shown in the quarterly consolidated statement of income with total profit or loss for reportable segments

(Thousands of yen)

Profit	Amounts
Total for reportable segments	988,202
Elimination of inter-segment transactions	3,499
Operating profit on the quarterly consolidated statement of income	991,701

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

Impairment losses related to non-current assets

Not applicable.

Significant change in goodwill

Not applicable.

Significant gain on bargain purchase

Not applicable.

**Material Subsequent Events**

## Third-party Allotment of Shares

The listing of the Company's stock was moved to the first section of the Tokyo Stock Exchange on April 24, 2018. In association with this listing, the Board of Directors approved a resolution on April 2, 2018 to sell newly issued shares through a third-party allotment to Nomura Securities Co., Ltd. The resolution also included a secondary offering through an over-allotment to Nomura Securities. The payment for the newly issued shares was received on May 15, 2018.

- (1) Class and number of shares issued: 155,400 shares of the Company's common stock
- (2) Price: 1,797.58 yen per share
- (3) Amount incorporated in capital stock: 898.79 yen per share
- (4) Total price: 279,343,932 yen
- (5) Total amount incorporated in capital stock: 139,671,966 yen
- (6) Payment date: May 15, 2018
- (7) Allottee: Nomura Securities Co., Ltd.
- (8) Use of proceeds:
  - 1) Working capital for deposits, intermediary payments, brokerage fees and other expenses for purchasing new condominiums as real estate for sale
  - 2) Repayment of loans from financial institutions for the acquisition of new condominiums as real estate for sale

*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.*