Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending October 31, 2019 (Six months Ended April 30, 2019)

[Japanese GAAP]
June 11, 2019

Company name: Good Com Asset Co.,Ltd. Stock Exchange Listing: TSE (1st Section)
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Scheduled date of filing of Quarterly Report: June 13, 2019
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 institutional investors)

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

1. Consolidated Financial Results for the Second Quarter (November 1, 2018 - April 30, 2019) of the Fiscal Year Ending October 31, 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	%
Six months ended Apr. 30, 2019	8,506	(10.6)	636	(35.8)	580	(37.2)	395	(37.8)
Six months ended Apr. 30, 2018	9,510	78.3	991	118.4	924	113.7	635	111.1

Note: Comprehensive income (million yen) Six months ended Apr. 30, 2019: 394 (down 37.8%)
Six months ended Apr. 30, 2018: 634 (up 110.3%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Apr. 30, 2019	55.01	52.57
Six months ended Apr. 30, 2018	103.83	98.24

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Apr. 30, 2019	16,659	6,282	37.7
As of Oct. 31, 2018	12,434	6,356	51.1

Reference: Shareholders' equity (million yen) As of Apr. 30, 2019: 6,282 As of Oct. 31, 2018: 6,356

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Oct. 31, 2018	-	0.00	-	35.00	35.00
Fiscal year ending Oct. 31, 2019	-	0.00			
Fiscal year ending Oct. 31, 2019 (forecasts)			-	47.00	47.00

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

3. Consolidated Forecast for the Fiscal Year Ending October 31, 2019 (November 1, 2018 - October 31, 2019)

(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	23,166	37.7	1,701	1.4	1,627	3.9	1,113	3.9	155.32

Note: Revision 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 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, 2019:	7,297,800 shares	As of Oct. 31, 2018:	7,285,400 shares

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

As of Apr. 30, 2019:	150,220 shares	As of Oct. 31, 2018:	220 shares

3) Average number of shares outstanding during the period

Six months ended Apr. 30, 2019:	7,185,909 shares	Six months ended Apr. 30, 2018:	6,118,315 shares

The current quarterly financial report is not subject to quarterly review by certified public accountants or auditing firms.

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 4 for forecast assumptions and notes of caution for usage.

How to view supplementary information at the quarterly financial results meeting

The Company plans to hold financial results meeting for securities analysts and institutional investors on Tuesday, June 11, 2019.
Supplementary materials for this meeting will be disclosed at the Timely Disclosure network (TDnet) with second quarter financial results, and will be available on the Company's website immediately thereafter.

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

In the first half of the fiscal year ending October 31, 2019, the slow recovery of the Japanese economy continued with the support of firm personal income and consumer spending and steady internal demand.

Japan's market for newly constructed condominiums is the primary business domain of the Good Com Asset Group. During the fiscal year's first half, sales of new condominiums in the Tokyo metropolitan area, where the Group operates, were weak primarily because of the rising prices of condominiums caused by the increasing cost of construction and land. In the six-month period ended in April 2019, the percentage of new condominiums in the Tokyo metropolitan area sold within one month of going on sale was 58.7%. This is well below the 70% level generally regarded as a sign of a strong condominium market. In addition, there is an expansion in the development of new condominium buildings from Tokyo's 23 wards, where purchasing land is difficult, to outlying areas. (Source: Real Estate Economic Institute Co., Ltd.)

The Good Com Asset Group continued to purchase properties as planned. In the Genovia series of condominiums, which are located mainly in Tokyo's 23 wards, planning, development and sales activities were expanded for the Genovia green veil, Genovia skygarden and Genovia skyrun brands. We also reinforced the customer support framework and strengthened the Genovia brand.

To support continued growth of our operations, we are conducting extensive recruiting activities for new college graduates and other people. We have also enlarged the head office and taken other actions to create a more pleasant and productive workplace environment.

During the first half, 327 condominium units in 13 buildings were sold. The buildings are Asakusa II (Taito-ku, Tokyo), Komagome Eki II (Bunkyo-ku, Tokyo), Shinjuku Waseda (Shinjuku-ku, Tokyo), Sumidagawa west (Arakawa-ku, Tokyo), Sumidabunka (Sumida-ku, Tokyo), Setagaya Sakuragaoka (Setagaya-ku, Tokyo), Asakusa Kuramae (Taito-ku, Tokyo), Akihabara (Taito-ku, Tokyo), Higashi Mukojima (Sumida-ku, Tokyo), Nerima Takanodai (Nerima-ku, Tokyo), Musashiseki Koen (Nerima-ku, Tokyo), Honhaneda (Ota-ku, Tokyo) and Shinokachimachi (Taito-ku, Tokyo).

Net sales decreased 10.6% year on year to 8,506 million yen. Operating profit decreased 35.8% to 636 million yen, ordinary profit decreased 37.2% to 580 million yen and profit attributable to owners of parent was down 37.8% to 395 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, 97 condominium units were sold.

As a result, sales were 3,190 million yen, up 0.2% from one year earlier and segment profit decreased 68.3% to 107 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. During the first half, 230 condominium units were sold.

As a result, sales were 4,988 million yen, down 16.9% from one year earlier, and segment profit decreased 20.4% to 388 million yen.

(c) Property management

Property management includes the management of Genovia series buildings and tenant-occupied condominium units.

In addition, we have started a *minpaku* business that uses one of our condominium buildings. The occupancy rate of this business was 100% at the end of all six months during the fiscal year's first half.

As a result, sales were 337 million yen, up 0.7% from one year earlier, and segment profit decreased 12.7% to 162 million yen.

(d) Overseas sales

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

As a result, there was a segment loss of 28 million yen, compared with a loss of 26 million yen one year earlier.

(2) Explanation of Financial Position

(a) Assets, liabilities and net assets

Assets

Total assets increased 4,224 million yen, or 34.0%, from the end of the previous fiscal year to 16,659 million yen at the end of the second quarter of the current fiscal year.

This was mainly due to increases in real estate for sale of 5,149 million yen and advance payments-trade of 520 million yen while there was a decrease in cash and deposits of 1,851 million yen.

Liabilities

Total liabilities increased 4,298 million yen, or 70.7%, from the end of the previous fiscal year to 10,376 million yen.

This was mainly due to increases in short-term loans payable of 1,150 million yen, current portion of long-term loans payable of 2,108 million yen and long-term loans payable of 1,455 million yen.

Net assets

Total net assets decreased 74 million yen, or 1.2%, from the end of the previous fiscal year to 6,282 million yen.

The main factors include a 395 million yen increase in retained earnings due to the booking of profit attributable to owners of parent, which was partially offset by a 254 million yen decrease in retained earnings due to dividend payments and a 214 million yen increase in treasury shares.

Consequently, the equity ratio was 37.7% at the end of the second quarter of the current fiscal year.

(b) Cash Flows

Cash and cash equivalents (hereinafter, "net cash") at the end of the first half of the current fiscal year decreased 1,851 million yen, or 31.9%, from the end of the previous fiscal year to 3,962 million yen.

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 used in operating activities was 6,032 million yen (5,503 million yen provided in the same period of the previous fiscal year).

This was mainly due to a 5,216 million yen increase in inventories and a 520 million yen increase in advance payments.

Cash flows from investing activities

Net cash used in investing activities was 59 million yen (1 million yen used in the same period of the previous fiscal year).

The main factors include purchase of property, plant and equipment of 40 million yen and payments for lease deposits of 19 million yen.

Cash flows from financing activities

Net cash provided by financing activities was 4,240 million yen (2,711 million yen used in the same period of the previous fiscal year).

The main factors include a net increase in short-term loans payable of 1,150 million yen and proceeds from long-term loans payable of 7,442 million yen, while there were repayments of long-term loans payable of 3,878 million yen.

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

The forecast announced on December 12, 2018 for consolidated sales and earnings for the first half of the fiscal year ending in October 2019 has been revised. This revision was announced on June 7, 2019 in a press release titled "Notice of Revision to the First Half Consolidated Forecast (Japanese version only)."

We expect sales and earnings for the fiscal year to be higher than one year earlier as in the original forecast. As a result, there are no revisions to the fiscal year consolidated sales and earnings forecast that was announced on December 12, 2018.

For more information, please see the June 7, 2019 press release.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

(Thousands of yen)

	FY10/18 (As of Oct. 31, 2018)	Second quarter of FY10/19 (As of Apr. 30, 2019)
Assets		
Current assets		
Cash and deposits	5,834,194	3,982,344
Real estate for sale	5,619,682	10,769,364
Real estate for sale in process	24,848	62,053
Advance payments-trade	729,715	1,249,722
Other	76,369	320,768
Total current assets	12,284,809	16,384,252
Non-current assets		
Property, plant and equipment	7,031	45,592
Intangible assets	1,433	1,223
Investments and other assets	141,573	228,083
Total non-current assets	150,038	274,899
Total assets	12,434,847	16,659,152
Liabilities		
Current liabilities		
Accounts payable for construction contracts	42,022	98,200
Short-term loans payable	292,230	1,442,591
Current portion of bonds	10,000	5,000
Current portion of long-term loans payable	3,460,649	5,569,332
Income taxes payable	435,385	204,847
Provision for bonuses	16,637	15,539
Provision for vacancy warranties	20,609	21,010
Other	549,165	313,841
Total current liabilities	4,826,699	7,670,361
Non-current liabilities		
Long-term loans payable	1,234,424	2,689,774
Other	17,027	16,703
Total non-current liabilities	1,251,451	2,706,477
Total liabilities	6,078,150	10,376,839
Net assets		
Shareholders' equity		
Capital stock	1,588,123	1,588,350
Capital surplus	1,496,623	1,496,850
Retained earnings	3,273,293	3,413,627
Treasury shares	(130)	(214,857)
Total shareholders' equity	6,357,910	6,283,970
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	869	359
Foreign currency translation adjustment	(2,081)	(2,017)
Total accumulated other comprehensive income	(1,212)	(1,657)
Total net assets	6,356,697	6,282,312
Total liabilities and net assets	12,434,847	16,659,152

(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 FY10/18 (Nov. 1, 2017 – Apr. 30, 2018)	First six months of FY10/19 (Nov. 1, 2018 – Apr. 30, 2019)
Net sales	9,510,378	8,506,958
Cost of sales	7,781,505	7,017,377
Gross profit	1,728,872	1,489,580
Selling, general and administrative expenses	737,170	852,608
Operating profit	991,701	636,972
Non-operating income		
Interest income	27	31
Dividend income	138	151
Commission fee	1,289	1,388
Penalty income	362	2,767
Other	1,924	567
Total non-operating income	3,742	4,906
Non-operating expenses		
Interest expenses	53,122	41,932
Commission fee	560	18,719
Share issuance cost	16,640	94
Other	530	342
Total non-operating expenses	70,852	61,088
Ordinary profit	924,591	580,790
Profit before income taxes	924,591	580,790
Income taxes	289,307	185,475
Profit	635,283	395,314
Profit attributable to owners of parent	635,283	395,314

(Quarterly Consolidated Statement of Comprehensive Income)

(For the Six-month Period)

(Thousands of yen)

	First six months of FY10/18 (Nov. 1, 2017 – Apr. 30, 2018)	First six months of FY10/19 (Nov. 1, 2018 – Apr. 30, 2019)
Profit	635,283	395,314
Other comprehensive income		
Valuation difference on available-for-sale securities	(843)	(509)
Foreign currency translation adjustment	143	63
Total other comprehensive income	(700)	(445)
Comprehensive income	634,582	394,869
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	634,582	394,869
Comprehensive income attributable to non-controlling interests	-	-

(3) Quarterly Consolidated Statement of Cash Flows

(Thousands of yen)

	First six months of FY10/18 (Nov. 1, 2017 – Apr. 30, 2018)	First six months of FY10/19 (Nov. 1, 2018 – Apr. 30, 2019)
Cash flows from operating activities		
Profit before income taxes	924,591	580,790
Depreciation	16,613	24,818
Increase (decrease) in provision for bonuses	835	(1,098)
Increase (decrease) in provision for vacancy warranties	(3,600)	401
Interest and dividend income	(166)	(183)
Interest expenses	53,122	41,932
Decrease (increase) in advance payments	(134,454)	(520,007)
Decrease (increase) in inventories	4,281,315	(5,216,419)
Increase (decrease) in notes and accounts payable-trade	(53,334)	56,178
Other, net	579,389	(519,723)
Subtotal	5,664,311	(5,553,311)
Interest and dividend income received	48	54
Interest expenses paid	(45,854)	(43,357)
Income taxes paid	(115,449)	(435,413)
Net cash provided by (used in) operating activities	5,503,055	(6,032,028)
Cash flows from investing activities		
Payments into time deposits	(20,019)	(20,019)
Proceeds from withdrawal of time deposits	20,018	20,018
Purchase of investment securities	(299)	(249)
Purchase of property, plant and equipment	-	(40,050)
Collection of loans receivable	41	-
Payments for lease deposits	-	(19,104)
Other, net	(799)	(540)
Net cash provided by (used in) investing activities	(1,059)	(59,946)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(20,200)	1,150,361
Proceeds from long-term loans payable	2,476,800	7,442,470
Repayments of long-term loans payable	(6,926,592)	(3,878,437)
Redemption of bonds	(5,000)	(5,000)
Proceeds from issuance of common shares	1,884,787	359
Purchase of treasury shares	-	(214,726)
Cash dividends paid	(121,419)	(254,981)
Net cash provided by (used in) financing activities	(2,711,623)	4,240,045
Effect of exchange rate change on cash and cash equivalents	(2)	76
Net increase (decrease) in cash and cash equivalents	2,790,369	(1,851,851)
Cash and cash equivalents at beginning of period	2,519,052	5,814,176
Cash and cash equivalents at end of period	5,309,422	3,962,324

(4) Notes to Quarterly Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Significant Changes in Shareholders' Equity

Stock repurchase

The Company repurchased its own shares during the first half following the resolution approved at the Board of Directors meeting held on November 12, 2018. These purchases were completed on January 8, 2019.

(1) Type of shares repurchased:	Common shares of the Company
(2) Total number of shares repurchased:	150,000 shares
(3) Total value of shares repurchased:	214,726,700 yen
(4) Repurchase period:	From December 13, 2018 to January 8, 2019
(5) Method of repurchase:	Purchase on the Tokyo Stock Exchange

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 FY10/18 (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.

II. First six months of FY10/19 (Nov. 1, 2018 – Apr. 30, 2019)

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	3,190,752	4,988,221	327,983	-	8,506,958
Inter-segment sales and transfers	-	-	9,153	-	9,153
Total	3,190,752	4,988,221	337,137	-	8,516,112
Segment profit (loss)	107,975	388,579	162,552	(28,570)	630,537

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	630,537
Elimination of inter-segment transactions	6,435
Operating profit on the quarterly consolidated statement of income	636,972

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.

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.