

ENGLISH TRANSLATION OF JAPANESE-LANGUAGE DOCUMENT.

This document has been translated from the original Japanese-language document as a guide for non-Japanese investors. In all cases, the Japanese-language original shall take precedence.

SUMMARY OF FINANCIAL STATEMENTS (Non-Consolidated) for the Fiscal Year ended March 31, 2014 (Japanese Standard)

May 9, 2014

Shin-Nihon Tatemono Co., Ltd.

Code Number: 8893

Representative: Tomohiko Ikeda, President and Chief Executive Officer

IR Contacts: Hiroaki Sato, Director, Executive Officer, Administrative Department Manager

Tel: +81-3-5962-0775

Scheduled date of the ordinary general meeting of shareholders: June 26, 2014

Scheduled date of filing of the Annual Report: June 27, 2014

Scheduled date for commencing payment of dividend: —

Preparation of explanatory materials for financial results: Yes

Information meetings arranged relating to financial results: None

Stock Exchange: Tokyo

URL: <http://www.kksnt.co.jp/>

(Note that all amounts have been rounded down to the nearest million yen)

1. Business Results (April 1, 2013 to March 31, 2014)

(1) Results of Operations (cumulative)

(Figures in percentages represent the year-on-year change)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal Year ended March 31, 2014	10,754	(1.3)	662	26.1	437	4.8	432	3.6
Fiscal Year ended March 31, 2013	10,891	(21.0)	525	(28.5)	417	(9.2)	417	(6.1)

	Net income per share	Diluted net income per share	Return on equity	Ratio of ordinary income to total assets	Operating income margin
	Yen	Yen	%	%	%
Fiscal Year ended March 31, 2014	4.34	3.89	21.9	5.6	6.2
Fiscal Year ended March 31, 2013	4.19	3.53	26.9	5.7	4.8

(Reference) Equity in net income of affiliates:

March 31, 2014:

— million yen

March 31, 2013:

— million yen

(2) Financial Condition

	Total assets	Net assets	Ratio of shareholders' equity to total assets	Net assets per share
	Million yen	Million yen	%	Yen
March 31, 2014	7,972	2,190	27.5	15.98
March 31, 2013	7,784	1,757	22.6	11.64

(Reference) Shareholders' equity:

March 31, 2014:

2,190 million yen

March 31, 2013:

1,757 million yen

(3) Cash Flows

	Net cash from (used in) operating activities	Net cash from (used in) investing activities	Net cash from (used in) financing activities	Cash and cash equivalents
	Million yen	Million yen	Million yen	Million yen
Fiscal Year ended March 31, 2014	954	(21)	(252)	1,581
Fiscal Year ended March 31, 2013	(1,631)	13	880	901

2. Dividends

(Declared Date)	Dividend per share					Total amount of dividends (annual)	Payout ratio	Dividends on equity
	End of the 1st quarter	End of the 2nd quarter	End of the 3rd quarter	Year end	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal Year ended March 31, 2013	—	0.00	—	0.00	0.00	—	—	—
Fiscal Year ended March 31, 2014	—	0.00	—	0.00	0.00	—	—	—
(Forecast) Fiscal Year ending March 31, 2015	—	0.00	—	0.00	0.00	—	—	—

(Note) The information in the above table is only for dividends on common stocks. Please refer to "Dividends on preferred stocks" with regard to dividends on other types of stocks (unlisted) issued by us.

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3. Forecast of Business Results (April 1, 2014 to March 31, 2015)

(Figures in percentages represent the year-on-year change)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Annual	12,300	14.4	670	1.2	405	(7.5)	400	(7.5)	4.02

* Notes

(1) Changes in accounting principles, changes in accounting estimates, and restatements

- | | |
|--|----------------|
| (i) Changes in accounting principles due to the amendment of accounting standards, etc.: | Not applicable |
| (ii) Changes in accounting principles other than (i): | Not applicable |
| (iii) Changes in accounting estimates: | Not applicable |
| (iv) Restatement: | Not applicable |

(3) Number of Shares Outstanding (Common Stock)

(i) Total number of shares outstanding (including treasury stock):

March 31, 2014:	99,573,086 shares
March 31, 2013:	99,573,086 shares

(ii) Total number of treasury stock:

March 31, 2014:	725 shares
March 31, 2013:	725 shares

(iii) Average number of issued shares (cumulative period):

Fiscal Year ended March 31, 2014:	99,572,361 shares
Fiscal Year ended March 31, 2013:	99,572,361 shares

(Implementation status of auditing procedures)

- This summary of financial statements is not subject to auditing procedures under the Financial Products and Exchange Law. At the time of release of this document, the auditing of financial statements is currently undertaken.

(Cautionary note regarding use of the forecast of financial results, and other special notations)

- The forecasts and other statements on future performance described in this summary are based on information available to the Company at the time of the announcement, as well as certain assumptions that are deemed to be reasonable by the Company. The Company makes no warrantee as to the achievability of these forecasts, and please note that actual results may differ materially from forecasts due to various factors.
- Presentation material on operating performance will be posted on the website of the Company on May 9, 2014.

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Dividends on preferred stocks

Dividends per share relating to preferred stocks are as follows:

Class A preferred shares

(Declared Date)	Dividend per share				
	End of the 1st quarter	End of 2nd quarter	End of the 3rd quarter	Year end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal Year ended March 31, 2013	—	—	—	—	—
Fiscal Year ended March 31, 2014	—	—	—	—	—
(Forecast) Fiscal Year ending March 31, 2015	—	—	—	—	—

(Note) The Company will not make any dividend payments until the fiscal year ending March 31, 2018, in accordance with the Articles of Incorporation.

Financial Statements

(1) Balance Sheets

(Thousand yen)

	March 31, 2013	March 31, 2014
Assets		
Current assets		
Cash and deposits	901,682	1,581,935
Accounts receivable–trade	1,596	4,116
Real estate for sale	1,446,438	2,516,548
Real estate for sale in process	4,829,526	3,268,948
Raw materials and supplies	602	1,466
Advance payments–trade	87,700	59,050
Prepaid expenses	25,510	59,984
Advances paid	4	5,134
Others	20,451	47,670
Allowance for doubtful accounts	(133)	(561)
Total current assets	7,313,379	7,544,292
Noncurrent assets		
Property, plant and equipment		
Buildings	147,809	148,218
Accumulated depreciation	(84,507)	(88,685)
Buildings, net	63,301	59,533
Structures	22,259	22,259
Accumulated depreciation	(15,848)	(16,547)
Structures, net	6,410	5,711
Tools, furniture and fixtures	15,412	15,843
Accumulated depreciation	(9,407)	(11,285)
Tools, furniture and fixtures, net	6,005	4,558
Land	110,008	110,008
Total property, plant and equipment	185,725	179,811
Intangible assets		
Software	17,149	14,863
Others	382	–
Total intangible assets	17,531	14,863
Investments and other assets		
Investment securities	60,494	60,585
Stocks of subsidiaries and affiliates	0	20,000
Investments in other securities of subsidiaries and affiliates	55	0
Investments in capital	15,540	15,510
Claims provable in bankruptcy, claims provable in rehabilitation and others	10,968	10,728
Guarantee deposits	189,577	135,855
Others	2,509	1,588
Allowance for doubtful accounts	(10,968)	(10,728)
Total investments and other assets	268,176	233,539
Total noncurrent assets	471,433	428,214
Total assets	7,784,813	7,972,507

(Thousand yen)

	March 31, 2013	March 31, 2014
Liabilities		
Current liabilities		
Accounts payable–trade	1,000	1,000
Accounts payable for construction contracts	111,139	188,303
Short-term loans payable	1,241,000	2,575,800
Current portion of long-term loans payable	1,424,128	2,112,032
Accounts payable–other	4,888	11,955
Accrued expenses	114,580	93,984
Income taxes payable	4,885	5,599
Advances received	53,068	6,795
Deposits received	13,492	9,251
Provision for bonuses	17,858	18,837
Others	21,320	20,800
Total current liabilities	3,007,362	5,044,360
Noncurrent liabilities		
Long-term loans payable	2,946,619	671,387
Provision for retirement benefits	59,081	52,312
Deferred tax liabilities	303	336
Others	13,596	13,596
Total noncurrent liabilities	3,019,600	737,631
Total liabilities	6,026,962	5,781,991
Net assets		
Shareholders' equity		
Capital stock	854,500	854,500
Capital surplus		
Legal capital surplus	40,983	40,983
Total capital surplus	40,983	40,983
Retained earnings		
Other retained earnings		
Retained earnings brought forward	862,207	1,294,813
Total retained earnings	862,207	1,294,813
Treasury stock	(388)	(388)
Total shareholders' equity	1,757,302	2,189,908
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	548	607
Total valuation and translation adjustments	548	607
Total net assets	1,757,850	2,190,515
Total liabilities and net assets	7,784,813	7,972,507

(2) Statements of Income

(Thousand yen)

	Fiscal Year ended March 31, 2013 (April 1, 2012 to March 31, 2013)	Fiscal Year ended March 31, 2014 (April 1, 2013 to March 31, 2014)
Net sales		
Net sales from the liquidation business	2,643,905	4,317,202
Net sales from the condominium unit sales business	5,336,729	3,773,568
Net sales from the residential housing sales business	2,825,461	2,624,112
Others	85,644	39,674
Total net sales	10,891,741	10,754,556
Cost of sales		
Cost of sales of the liquidation business	2,307,588	3,516,448
Cost of sales of the condominium unit sales business	4,185,907	3,027,382
Cost of sales of the residential housing sales business	2,307,601	2,127,081
Others	57,950	20,625
Total cost of sales	8,859,047	8,691,536
Gross profit	2,032,694	2,063,020
Selling, general and administrative expenses		
Sales commission	208,119	190,553
Advertising expenses	377,274	296,822
Provision of allowance for doubtful accounts	(1,584)	187
Directors' compensations	48,169	48,306
Salaries and allowances	342,567	364,713
Provision for bonuses	15,371	15,757
Retirement benefit expenses	12,211	10,831
Legal welfare expenses	48,858	49,958
Welfare expenses	9,311	11,150
Entertainment expenses	37,920	46,938
Commission fee	110,530	89,730
Rent expenses	15,607	10,675
Taxes and dues	89,271	92,718
Rents	33,804	36,744
Depreciation	22,295	14,324
Others	137,744	121,432
Total selling, general and administrative expenses	1,507,475	1,400,845
Operating income	525,219	662,175
Non-operating income		
Interest income	505	379
Dividends income	1,705	607
Land and house rent received	46,324	26,159
Penalty income	20,000	9,415
Fiduciary obligation fee	1,200	–
Reversal of provision for loss on liquidation of subsidiaries and affiliates	14,145	–
Others	36,565	9,456
Total non-operating income	120,447	46,019
Non-operating expenses		
Interest expenses	220,550	270,241
Others	7,272	79
Total non-operating expenses	227,822	270,321
Ordinary income (loss)	417,844	437,873
Extraordinary income		
Gain on sales of investment securities	4,229	99
Total extraordinary income	4,229	99
Extraordinary loss		
Loss on valuation of investment securities	–	55
Total extraordinary loss	–	55
Income (loss) before income taxes	422,073	437,918
Income taxes—current	4,601	5,312
Total income taxes	4,601	5,312
Net income (loss)	417,472	432,605

(3) Statements of Changes in Net Assets

Fiscal Year ended March 31, 2013 (April 1, 2012 to March 31, 2013)

(Thousand yen)

	Shareholders' equity				
	Capital stock	Capital surplus		Retained earnings	
		Legal capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward	Total retained earnings
Balance at the beginning of the period	854,500	40,983	40,983	444,735	444,735
Changes during the period					
Net income				417,472	417,472
Net changes of items other than shareholders' equity					
Total changes during the period	—	—	—	417,472	417,472
Balance at the end of the period	854,500	40,983	40,983	862,207	862,207

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury stock	Total shareholders' equity	Valuation difference on available for-for-sale securities	Total valuation and translation adjustments	
Balance at the beginning of the period	(388)	1,339,830	2,848	2,848	1,342,679
Changes during the period					
Net income		417,472			417,472
Net changes of items other than shareholders' equity			(2,300)	(2,300)	(2,300)
Total changes during the period	—	417,472	(2,300)	(2,300)	415,171
Balance at the end of the period	(388)	1,757,302	548	548	1,757,850

Fiscal Year ended March 31, 2014 (April 1, 2013 to March 31, 2014)

(Thousand yen)

	Shareholders' equity				
	Capital stock	Capital surplus		Retained earnings	
		Legal capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward	Total retained earnings
Balance at the beginning of the period	854,500	40,983	40,983	862,207	862,207
Changes during the period					
Net income				432,605	432,605
Net changes of items other than shareholders' equity					
Total changes during the period	—	—	—	432,605	432,605
Balance at the end of the period	854,500	40,983	40,983	1,294,813	1,294,813

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury stock	Total shareholders' equity	Valuation difference on available for-for-sale securities	Total valuation and translation adjustments	
Balance at the beginning of the period	(388)	1,757,302	548	548	1,757,850
Changes during the period					
Net income		432,605			432,605
Net changes of items other than shareholders' equity			59	59	59
Total changes during the period	—	432,605	59	59	432,665
Balance at the end of the period	(388)	2,189,908	607	607	2,190,515

(4) Statements of Cash Flows

(Thousand yen)

	Fiscal Year ended March 31, 2013 (April 1, 2012 to March 31, 2013)	Fiscal Year ended March 31, 2014 (April 1, 2013 to March 31, 2014)
Net cash from (used in) operating activities		
Income before income taxes	422,073	437,918
Depreciation and amortization	22,295	14,324
Increase (decrease) in allowance for doubtful accounts	(1,441,650)	187
Bad debts written off	1,719,505	–
Increase (decrease) in provision for retirement benefits	7,335	(6,768)
Increase (decrease) in provision for loss on liquidation of subsidiaries and affiliates	(275,413)	–
Interest and dividends income	(2,211)	(987)
Interest expenses	220,550	270,241
Gain on sales of investment securities	(4,229)	(99)
Loss on valuation of investment securities	–	55
Decrease (increase) in notes and accounts receivable-trade	2,445	(2,520)
Decrease (increase) in inventories	(2,072,436)	490,467
Decrease (increase) in advance payments	10,200	28,650
Increase (decrease) in notes and accounts payable-trade	8,838	77,164
Increase (decrease) in advances received	(50,913)	(46,272)
Increase (decrease) in deposits received	(3,823)	(4,241)
Others, net	35,760	(16,626)
Subtotal	(1,401,674)	1,241,492
Interest and dividends income received	2,211	987
Interest expenses paid	(227,376)	(283,110)
Income taxes paid	(5,125)	(4,598)
Net cash from (used in) operating activities	(1,631,965)	954,771
Net cash from (used in) investing activities		
Purchase of property, plant and equipment	(29,013)	(840)
Purchase of intangible assets	–	(2,442)
Purchase of investment securities	(3,000)	–
Purchase of stocks of subsidiaries and affiliates	–	(20,000)
Proceeds from sales of investment securities	40,419	100
Collection of long-term loans receivable	240	240
Others, net	5,097	951
Net cash from (used in) investing activities	13,744	(21,990)
Net cash from (used in) financing activities		
Net increase (decrease) in short-term loans payable	(547,500)	1,334,800
Proceeds from long-term loans payable	2,830,000	2,859,000
Repayment of long-term loans payable	(1,402,120)	(4,446,328)
Net cash from (used in) financing activities	880,379	(252,528)
Net increase (decrease) in cash and cash equivalents	(737,841)	680,252
Cash and cash equivalents at the beginning of the period	1,639,523	901,682
Cash and cash equivalents at the end of the period	901,682	1,581,935