

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 First Half of the Fiscal Year ending March 31, 2015 (Japanese Standard)

November 7, 2014

Shin-Nihon Tatemono Co., Ltd.

Code Number: 8893

Stock Exchange: Tokyo

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

Representative: Tomohiko Ikeda, President and Chief Executive Officer

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

Tel: +81-3-5962-0775

Scheduled date of filing of Quarterly Report:

November 10, 2014

Scheduled date for commencing payment of dividend:

—

Preparation of explanatory materials for quarterly financial results: Yes

Information meetings arranged relating to financial results: None

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

1. Business Results (April 1 to September 30, 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	%
Six months ended September 30, 2014	3,171	(39.4)	(128)	—	(215)	—	(183)	—
Six months ended September 30, 2013	5,230	35.3	82	(25.8)	6	(82.9)	4	(87.6)

	Net income per share		Diluted net income per share	
	Yen		Yen	
Six months ended September 30, 2014	(1.84)		—	
Six months ended September 30, 2013	0.04		0.04	

(2) Financial Condition

	Total assets		Net assets		Ratio of shareholders' equity to total assets	
	Million yen		Million yen		%	
September 30, 2014	7,725		2,007		26.0	
March 31, 2014	7,972		2,190		27.5	

(Reference) Shareholders' equity:

September 30, 2014:

2,007 million yen

March 31, 2014:

2,190 million yen

2. Dividends

(Declared Date)	Dividend per share				
	End of the 1st quarter	End of the 2nd quarter	End of the 3rd quarter	Year end	Annual
	Yen				
Fiscal Year ended March 31, 2014	—	0.00	—	0.00	0.00
Fiscal Year ending March 31, 2015	—	0.00	—	0.00	0.00
(Forecast) Fiscal Year ending March 31, 2015	—	—	—	0.00	0.00

(Note) Revisions to the dividend forecast published most recently: None

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.

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

(Note) Revisions to the business results forecast published most recently: None

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* Notes

- (1) Application of specific accounting treatment to the preparation of Quarterly Financial Statements: Not applicable
- (2) Changes in accounting principles and changes or restatement of accounting estimates
- | | |
|--|----------------|
| (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): | |
| September 30, 2014: | 99,573,086 shares |
| March 31, 2014: | 99,573,086 shares |
| (ii) Total number of treasury stock: | |
| September 30, 2014: | 725 shares |
| March 31, 2014: | 725 shares |
| (iii) Average number of issued shares (cumulative period): | |
| Six months ended September 30, 2014: | 99,572,361 shares |
| Six months ended September 30, 2013: | 99,572,361 shares |

(Implementation status of quarterly review processes)

- This summary of financial statements is not subject to quarterly review processes under the Financial Products and Exchange Law. At the time of release of this document, a quarterly review of the quarterly 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 November 7, 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, 2014	—	—	—	—	—
Fiscal Year ending March 31, 2015	—	—			
(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, 2014	September 30, 2014
Assets		
Current assets		
Cash and deposits	1,581,935	1,008,205
Accounts receivable–trade	4,116	1,043
Real estate for sale	2,516,548	2,838,939
Real estate for sale in process	3,268,948	3,292,467
Raw materials and supplies	1,466	1,366
Advance payments–trade	59,050	20,000
Prepaid expenses	59,984	62,682
Advances paid	5,134	16,278
Others	47,670	67,955
Allowance for doubtful accounts	(561)	(1,170)
Total current assets	7,544,292	7,307,768
Noncurrent assets		
Property, plant and equipment		
Buildings	148,218	148,218
Accumulated depreciation	(88,685)	(90,627)
Buildings, net	59,533	57,590
Structures	22,259	22,259
Accumulated depreciation	(16,547)	(16,858)
Structures, net	5,711	5,400
Tools, furniture and fixtures	15,843	15,843
Accumulated depreciation	(11,285)	(11,956)
Tools, furniture and fixtures, net	4,558	3,887
Land	110,008	110,008
Total property, plant and equipment	179,811	176,886
Intangible assets		
Software	14,863	17,406
Total intangible assets	14,863	17,406
Investments and other assets		
Investment securities	60,585	60,128
Stocks of subsidiaries and affiliates	20,000	20,000
Investments in other securities of subsidiaries and affiliates	0	0
Investments in capital	15,510	15,510
Claims provable in bankruptcy, claims provable in rehabilitation and others	10,728	10,608
Guarantee deposits	135,855	126,927
Others	1,588	812
Allowance for doubtful accounts	(10,728)	(10,608)
Total investments and other assets	233,539	223,378
Total noncurrent assets	428,214	417,671
Total assets	7,972,507	7,725,439

(Thousand yen)

	March 31, 2014	September 30, 2014
Liabilities		
Current liabilities		
Accounts payable–trade	1,000	1,000
Accounts payable for construction contracts	188,303	260,502
Short-term loans payable	2,575,800	2,918,000
Current portion of long-term loans payable	2,112,032	1,438,932
Accounts payable–other	11,955	8,767
Accrued expenses	93,984	86,757
Income taxes payable	5,599	2,951
Advances received	6,795	9,841
Deposits received	9,251	8,470
Provision for bonuses	18,837	17,619
Others	20,800	20,800
Total current liabilities	5,044,360	4,773,642
Noncurrent liabilities		
Long-term loans payable	671,387	878,871
Provision for retirement benefits	52,312	51,049
Deferred tax liabilities	336	529
Others	13,596	13,596
Total noncurrent liabilities	737,631	944,046
Total liabilities	5,781,991	5,717,689
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	1,294,813	1,111,699
Total retained earnings	1,294,813	1,111,699
Treasury stock	(388)	(388)
Total shareholders' equity	2,189,908	2,006,793
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	607	956
Total valuation and translation adjustments	607	956
Total net assets	2,190,515	2,007,749
Total liabilities and net assets	7,972,507	7,725,439

(2) Statements of Income

(Thousand yen)

	Six months ended September 30, 2013 (April 1 to September 30, 2013)	Six months ended September 30, 2014 (April 1 to September 30, 2014)
Net sales		
Net sales from the liquidation business	1,428,703	–
Net sales from the condominium unit sales business	2,133,450	1,344,476
Net sales from the residential housing sales business	1,643,709	1,818,362
Others	24,631	8,556
Total net sales	5,230,495	3,171,394
Cost of sales		
Cost of sales of the liquidation business	1,403,850	–
Cost of sales of the condominium unit sales business	1,755,496	1,066,267
Cost of sales of the residential housing sales business	1,343,298	1,579,545
Others	14,490	1,297
Total cost of sales	4,517,136	2,647,110
Gross profit	713,358	524,284
Selling, general and administrative expenses		
Sales commission	104,186	61,603
Advertising expenses	124,913	172,754
Provision of allowance for doubtful accounts	(197)	488
Directors' compensations	21,643	35,482
Salaries and allowances	168,252	143,463
Provision for bonuses	17,079	14,981
Retirement benefit expenses	5,116	6,181
Legal welfare expenses	26,940	24,189
Welfare expenses	5,903	5,578
Entertainment expenses	19,761	20,921
Commission fee	40,575	40,636
Rent expenses	4,572	5,676
Taxes and dues	12,876	22,236
Rents	14,971	22,099
Depreciation	7,010	6,689
Others	56,782	69,690
Total selling, general and administrative expenses	630,389	652,675
Operating income (loss)	82,969	(128,391)
Non-operating income		
Interest income	142	183
Dividends income	536	634
Land and house rent received	22,413	21,805
Penalty income	9,111	82
Others	4,674	1,979
Total non-operating income	36,878	24,685
Non-operating expenses		
Interest expenses	113,220	110,576
Others	23	1,175
Total non-operating expenses	113,244	111,752
Ordinary income (loss)	6,603	(215,458)
Extraordinary income		
Gain on sales of investment securities	99	–
Compensation income for damage	–	35,000
Total extraordinary income	99	35,000
Extraordinary loss		
Loss on valuation of investment securities	55	–
Total extraordinary loss	55	–
Income (loss) before income taxes	6,648	(180,458)
Income taxes—current	2,181	2,656
Total income taxes	2,181	2,656
Net income (loss)	4,467	(183,114)

(3) Statements of Cash Flows

(Thousand yen)

	Six months ended September 30, 2013 (April 1 to September 30, 2013)	Six months ended September 30, 2014 (April 1 to September 30, 2014)
Net cash provided by (used in) operating activities		
Income (loss) before income taxes	6,648	(180,458)
Depreciation and amortization	7,010	6,816
Increase (decrease) in allowance for doubtful accounts	(197)	488
Increase (decrease) in provision for retirement benefits	747	(1,262)
Interest and dividends income	(678)	(817)
Interest expenses	113,220	110,576
Gain on sales of investment securities	(99)	–
Loss on valuation of investment securities	55	–
Decrease (increase) in notes and accounts receivable-trade	1,032	3,073
Decrease (increase) in inventories	1,183,843	(345,910)
Decrease (increase) in advance payments	(251,772)	39,050
Increase (decrease) in notes and accounts payable-trade	104,360	72,198
Increase (decrease) in advances received	(16,129)	3,046
Increase (decrease) in deposits received	(5,132)	(780)
Others, net	(66,553)	(30,596)
Subtotal	1,076,354	(324,576)
Interest and dividends income received	678	817
Interest expenses paid	(115,855)	(117,776)
Income taxes paid	(4,590)	(5,470)
Net cash provided by (used in) operating activities	956,587	(447,005)
Net cash provided by (used in) investing activities		
Purchase of intangible assets	(1,490)	(5,205)
Purchase of stocks of subsidiaries and affiliates	(20,000)	–
Proceeds from sales of investment securities	100	1,000
Collection of long-term loans receivable	120	120
Others, net	490	776
Net cash provided by (used in) investing activities	(20,779)	(3,308)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(187,900)	342,200
Proceeds from long-term loans payable	887,000	346,000
Repayment of long-term loans payable	(1,972,672)	(811,616)
Net cash provided by (used in) financing activities	(1,273,572)	(123,416)
Net increase (decrease) in cash and cash equivalents	(337,763)	(573,729)
Cash and cash equivalents at beginning of period	901,682	1,581,935
Cash and cash equivalents at end of period	563,918	1,008,205