

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, 2016 (Japanese Standard)

November 6, 2015

Shin-Nihon Tatemono Co., Ltd.

Code Number: 8893

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:

Stock Exchange: Tokyo

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

November 9, 2015

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, 2015)

(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, 2015	3,954	24.7	203	—	168	—	164	—
Six months ended September 30, 2014	3,171	(39.4)	(128)	—	(215)	—	(183)	—

	Net income per share		Diluted net income per share	
	Yen		Yen	
Six months ended September 30, 2015	8.28		7.27	
Six months ended September 30, 2014	(9.20)		—	

(Note) The company conducted a one-for-five reverse stock split of common stock, with the effective date of October 1, 2015. For the purpose of comparison, net income per share and diluted net income per share for the previous fiscal year are retroactively adjusted assuming that the reverse stock split was conducted at the beginning of the previous fiscal year.

(2) Financial Condition

	Total assets		Net assets		Ratio of shareholders' equity to total assets	
	Million yen		Million yen		%	
September 30, 2015	6,865		2,882		42.0	
March 31, 2015	6,100		2,717		44.6	

(Reference) Shareholders' equity: September 30, 2015: 2,882 million yen
March 31, 2015: 2,717 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	Yen	Yen	Yen	Yen
Fiscal Year ended March 31, 2015	—	0.00	—	0.00	0.00
Fiscal Year ending March 31, 2016	—	0.00	—	—	—
(Forecast) Fiscal Year ending March 31, 2016	—	—	—	0.00	0.00

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

※The company conducted a one-for-five reverse stock split of common stock, with the effective date of October 1, 2015.

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, 2015 to March 31, 2016)

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

Annual	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	10,600	14.8	710	4.3	565	3.5	560	6.3	28.12

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

※The company conducted a one-for-five reverse stock split of common stock, with the effective date of October 1, 2015. Net income per share above is calculated taking into account the effect of the reverse stock split on the number of shares.

* 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, 2015: 19,914,617 shares

March 31, 2015: 19,914,617 shares

(ii) Total number of treasury stock:

September 30, 2015: 149 shares

March 31, 2015: 145 shares

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

Six months ended September 30, 2015: 19,914,472 shares

Six months ended September 30, 2014: 19,914,472 shares

(Note) The company conducted a one-for-five reverse stock split of common stock, with the effective date of October 1, 2015. The number of outstanding shares, the number of shares of treasury stock at the end of the period, and average number of shares during the term, are calculated assuming that the reverse stock split was conducted at the beginning of the previous fiscal year.

(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 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 warranty 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 6, 2015.

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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, 2015	—	0.00	—	0.00	0.00
Fiscal Year ending March 31, 2016	—	0.00			
(Forecast) Fiscal Year ending March 31, 2016			—	0.00	0.00

(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, 2015	September 30, 2015
Assets		
Current assets		
Cash and deposits	2,532,648	1,795,968
Accounts receivable–trade	2,605	3,021
Real estate for sale	1,897,825	799,865
Real estate for sale in process	1,208,377	3,729,946
Raw materials and supplies	1,029	1,671
Advance payments–trade	49,200	72,250
Prepaid expenses	27,181	24,578
Short-term loans receivable from subsidiaries and associates	–	5,000
Advances paid	3,394	3,613
Others	1,628	52,782
Allowance for doubtful accounts	(394)	(515)
Total current assets	5,723,495	6,488,182
Noncurrent assets		
Property, plant and equipment		
Buildings	148,218	148,218
Accumulated depreciation	(92,570)	(94,288)
Buildings, net	55,647	53,929
Structures	22,259	22,259
Accumulated depreciation	(17,170)	(17,447)
Structures, net	5,089	4,811
Tools, furniture and fixtures	15,843	15,843
Accumulated depreciation	(12,627)	(13,079)
Tools, furniture and fixtures, net	3,216	2,764
Land	110,008	110,008
Total property, plant and equipment	173,961	171,514
Intangible assets		
Software	14,570	11,735
Total intangible assets	14,570	11,735
Investments and other assets		
Investment securities	8,802	8,802
Stocks of subsidiaries and affiliates	30,000	30,000
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	10,488	10,368
Guarantee deposits	134,128	139,955
Others	511	210
Allowance for doubtful accounts	(10,488)	(10,368)
Total investments and other assets	188,952	194,478
Total noncurrent assets	377,484	377,728
Total assets	6,100,980	6,865,910

(Thousand yen)

	March 31, 2015	September 30, 2015
Liabilities		
Current liabilities		
Accounts payable for construction contracts	72,920	666,428
Short-term loans payable	1,271,700	889,900
Current portion of long-term loans payable	1,256,032	694,500
Accounts payable–other	9,117	8,578
Accrued expenses	86,995	62,951
Income taxes payable	13,465	6,904
Advances received	4,957	33,521
Deposits received	11,350	10,979
Provision for bonuses	16,943	16,515
Others	72,174	–
Total current liabilities	2,815,658	2,390,280
Noncurrent liabilities		
Long-term loans payable	489,555	1,504,000
Provision for retirement benefits	53,056	60,046
Provision for directors' retirement benefits	11,095	15,187
Others	13,868	13,676
Total noncurrent liabilities	567,575	1,592,910
Total liabilities	3,383,233	3,983,190
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	1,822,651	1,987,626
Total retained earnings	1,822,651	1,987,626
Treasury stock	(388)	(389)
Total shareholders' equity	2,717,746	2,882,719
Total net assets	2,717,746	2,882,719
Total liabilities and net assets	6,100,980	6,865,910

(2) Statements of Income

(Thousand yen)

	Six months ended September 30, 2014 (April 1 to September 30, 2014)	Six months ended September 30, 2015 (April 1 to September 30, 2015)
Net sales		
Net sales from the liquidation business	–	1,414,568
Net sales from the condominium unit sales business	1,344,476	1,929,529
Net sales from the residential housing sales business	1,818,362	594,966
Others	8,556	14,952
Total net sales	3,171,394	3,954,018
Cost of sales		
Cost of sales of the liquidation business	–	1,068,944
Cost of sales of the condominium unit sales business	1,066,267	1,510,062
Cost of sales of the residential housing sales business	1,579,545	546,493
Others	1,297	3,729
Total cost of sales	2,647,110	3,129,230
Gross profit	524,284	824,787
Selling, general and administrative expenses		
Sales commission	61,603	37,099
Advertising expenses	172,754	121,000
Provision of allowance for doubtful accounts	488	1
Directors' compensations	35,482	42,524
Salaries and allowances	143,463	150,339
Provision for bonuses	14,981	14,379
Retirement benefit expenses	6,181	6,039
Provision for directors' retirement benefits	–	4,512
Legal welfare expenses	24,189	23,215
Welfare expenses	5,578	4,944
Entertainment expenses	20,921	36,213
Commission fee	40,636	44,870
Rent expenses	5,676	7,297
Taxes and dues	22,236	18,154
Rents	22,099	25,459
Depreciation	6,689	6,433
Others	69,690	79,191
Total selling, general and administrative expenses	652,675	621,676
Operating income (loss)	(128,391)	203,111
Non-operating income		
Interest income	183	808
Dividends income	634	465
Land and house rent received	21,805	5,315
Penalty income	82	2,500
Others	1,979	13
Total non-operating income	24,685	9,102
Non-operating expenses		
Interest expenses	110,576	43,337
Others	1,175	737
Total non-operating expenses	111,752	44,074
Ordinary income (loss)	(215,458)	168,139
Extraordinary income		
Compensation income for damage	35,000	–
Total extraordinary income	35,000	–
Income (loss) before income taxes	(180,458)	168,139
Income taxes—current	2,656	3,165
Total income taxes	2,656	3,165
Net income (loss)	(183,114)	164,974

(3) Statements of Cash Flows

(Thousand yen)

	Six months ended September 30, 2014 (April 1 to September 30, 2014)	Six months ended September 30, 2015 (April 1 to September 30, 2015)
Net cash provided by (used in) operating activities		
Income (loss) before income taxes	(180,458)	168,139
Depreciation and amortization	6,816	6,512
Increase (decrease) in allowance for doubtful accounts	488	1
Increase (decrease) in provision for retirement benefits	(1,262)	6,990
Increase (decrease) in provision for directors' retirement benefits	–	4,092
Interest and dividends income	(817)	(1,273)
Interest expenses	110,576	43,337
Decrease (increase) in notes and accounts receivable-trade	3,073	(416)
Decrease (increase) in inventories	(345,910)	(1,423,609)
Decrease (increase) in advance payments	39,050	(23,050)
Increase (decrease) in notes and accounts payable-trade	72,198	593,507
Increase (decrease) in advances received	3,046	28,564
Increase (decrease) in deposits received	(780)	(370)
Others, net	(30,596)	(162,125)
Subtotal	(324,576)	(759,699)
Interest and dividends income received	817	1,273
Interest expenses paid	(117,776)	(38,714)
Income taxes paid	(5,470)	(6,071)
Net cash provided by (used in) operating activities	(447,005)	(803,211)
Net cash provided by (used in) investing activities		
Purchase of intangible assets	(5,205)	–
Proceeds from sales of investment securities	1,000	–
Net decrease (increase) in short-term loans receivable	–	(5,000)
Collection of long-term loans receivable	120	120
Others, net	776	300
Net cash provided by (used in) investing activities	(3,308)	(4,579)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	342,200	(381,800)
Proceeds from long-term loans payable	346,000	1,549,500
Repayment of long-term loans payable	(811,616)	(1,096,587)
Other, net	–	0
Net cash provided by (used in) financing activities	(123,416)	71,111
Net increase (decrease) in cash and cash equivalents	(573,729)	(736,679)
Cash and cash equivalents at beginning of period	1,581,935	2,532,648
Cash and cash equivalents at end of period	1,008,205	1,795,968