

**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, 2016 (Japanese Standard)

May 9, 2016

**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 the ordinary general meeting of shareholders: June 28, 2016

Scheduled date of filing of the Annual Report: June 29, 2016

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, 2015 to March 31, 2016)

## (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, 2016	9,627	4.3	666	(2.1)	601	10.1	550	4.2
Fiscal Year ended March 31, 2015	9,230	(14.2)	681	2.8	546	24.9	527	22.0

	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, 2016	27.63	24.26	18.4	8.5	6.9
Fiscal Year ended March 31, 2015	26.51	23.76	21.5	7.8	7.4

(Reference) Equity in net income of affiliates: March 31, 2016: — million yen

March 31, 2015: — million yen

(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	Net assets per share
	Million yen	Million yen	%	Yen
March 31, 2016	8,059	3,267	40.5	134.02
March 31, 2015	6,100	2,717	44.6	106.39

(Reference) Shareholders' equity: March 31, 2016: 3,267 million yen

March 31, 2015: 2,717 million yen

(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 assets 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.

## (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, 2016	(886)	(86)	1,185	2,745
Fiscal Year ended March 31, 2015	3,253	38	(2,341)	2,532

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**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, 2015	—	0.00	—	0.00	0.00	—	—	—
Fiscal Year ended March 31, 2016	—	0.00	—	0.00	0.00	—	—	—
(Forecast) Fiscal Year ending March 31, 2017	—	0.00	—	0.00	0.00		—	

(Note) 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.

**3. Forecast of Business Results (April 1, 2016 to March 31, 2017)**

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

	Net sales		Operating income		Ordinary income		Net income		Net income per share
Annual	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	11,900	23.6	810	21.5	710	18.0	700	27.2	35.15

**\* 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 |

**(2) Number of Shares Outstanding (Common Stock)****(i) Total number of shares outstanding (including treasury stock):**

March 31, 2016: 19,914,617 shares  
March 31, 2015: 19,914,617 shares

**(ii) Total number of treasury stock:**

March 31, 2016: 2,136 shares  
March 31, 2015: 145 shares

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

Fiscal Year ended March 31, 2016: 19,913,824 shares  
Fiscal Year ended March 31, 2015: 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. For the purpose of comparison, total number of shares outstanding, total number of treasury stock and average number of issued shares for the previous fiscal year are retroactively adjusted assuming that the reverse stock split was conducted at the beginning of the previous fiscal year.

**(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, 2016.

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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 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 ended March 31, 2016	—	0.00	—	0.00	0.00
(Forecast) Fiscal Year ending March 31, 2017	—	0.00	—	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	March 31, 2016
<b>Assets</b>		
Current assets		
Cash and deposits	2,532,648	2,745,425
Accounts receivable–trade	2,605	3,780
Real estate for sale	1,897,825	329,154
Real estate for sale in process	1,208,377	4,215,492
Raw materials and supplies	1,029	1,633
Advance payments–trade	49,200	55,250
Prepaid expenses	27,181	21,668
Advances paid	3,394	157,761
Others	1,628	82,379
Allowance for doubtful accounts	(394)	(20)
Total current assets	5,723,495	7,612,525
Noncurrent assets		
Property, plant and equipment		
Buildings	148,218	148,218
Accumulated depreciation	(92,570)	(96,006)
Buildings, net	55,647	52,211
Structures	22,259	22,259
Accumulated depreciation	(17,170)	(17,724)
Structures, net	5,089	4,534
Tools, furniture and fixtures	15,843	15,843
Accumulated depreciation	(12,627)	(13,531)
Tools, furniture and fixtures, net	3,216	2,311
Land	110,008	110,008
Construction in progress	–	85,891
Total property, plant and equipment	173,961	254,957
Intangible assets		
Software	14,570	8,900
Total intangible assets	14,570	8,900
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	15,610
Claims provable in bankruptcy, claims provable in rehabilitation and others	10,488	7,940
Guarantee deposits	134,128	120,261
Others	511	8,690
Allowance for doubtful accounts	(10,488)	(7,940)
Total investments and other assets	188,952	183,364
Total noncurrent assets	377,484	447,222
Total assets	6,100,980	8,059,747

(Thousand yen)

	March 31, 2015	March 31, 2016
<b>Liabilities</b>		
Current liabilities		
Accounts payable for construction contracts	72,920	155,985
Short-term loans payable	1,271,700	738,600
Current portion of long-term loans payable	1,256,032	1,527,700
Accounts payable—other	9,117	8,437
Accrued expenses	86,995	77,400
Income taxes payable	13,465	1,831
Advances received	4,957	195,714
Deposits received	11,350	14,030
Provision for bonuses	16,943	30,320
Others	72,174	7,441
Total current liabilities	2,815,658	2,757,461
Noncurrent liabilities		
Long-term loans payable	489,555	1,936,800
Provision for retirement benefits	53,056	56,278
Provision for directors' retirement benefits	11,095	18,892
Others	13,868	22,717
Total noncurrent liabilities	567,575	2,034,689
Total liabilities	3,383,233	4,792,150
<b>Net assets</b>		
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	2,372,831
Total retained earnings	1,822,651	2,372,831
Treasury stock	(388)	(717)
Total shareholders' equity	2,717,746	3,267,597
Total net assets	2,717,746	3,267,597
Total liabilities and net assets	6,100,980	8,059,747

## (2) Statements of Income

	Fiscal Year ended March 31, 2015 (April 1, 2014 to March 31, 2015)	Fiscal Year ended March 31, 2016 (April 1, 2015 to March 31, 2016)
(Thousand yen)		
Net sales		
Net sales from the liquidation business	3,188,056	4,095,143
Net sales from the condominium unit sales business	2,348,450	3,695,168
Net sales from the residential housing sales business	3,677,140	1,813,889
Others	17,112	23,508
Total net sales	9,230,758	9,627,710
Cost of sales		
Cost of sales of the liquidation business	2,022,256	3,101,407
Cost of sales of the condominium unit sales business	1,927,162	3,045,349
Cost of sales of the residential housing sales business	3,194,440	1,512,233
Others	1,815	3,972
Total cost of sales	7,145,675	7,662,964
Gross profit	2,085,083	1,964,746
Selling, general and administrative expenses		
Sales commission	182,367	87,516
Advertising expenses	295,521	188,735
Provision of allowance for doubtful accounts	(407)	(614)
Directors' compensations	75,248	87,181
Salaries and allowances	311,919	322,994
Provision for bonuses	14,636	27,448
Retirement benefit expenses	10,423	12,141
Provision for directors' retirement benefits	11,095	8,217
Legal welfare expenses	48,488	47,678
Welfare expenses	10,991	9,380
Entertainment expenses	52,572	74,408
Commission fee	80,464	86,843
Rent expenses	12,202	14,536
Taxes and dues	99,316	117,750
Rents	45,839	50,962
Depreciation	13,585	12,887
Others	139,780	150,171
Total selling, general and administrative expenses	1,404,046	1,298,240
Operating income	681,037	666,506
Non-operating income		
Interest income	397	1,538
Dividends income	726	465
Land and house rent received	84,472	16,004
Penalty income	232	2,500
Gain on bad debts recovered	-	11,000
Others	3,795	640
Total non-operating income	89,624	32,147
Non-operating expenses		
Interest expenses	206,308	95,720
Others	17,650	1,192
Total non-operating expenses	223,959	96,912
Ordinary income	546,702	601,741
Extraordinary income		
Gain on sales of investment securities	1,861	-
Compensation income for damage	35,000	-
Total extraordinary income	36,861	-
Extraordinary loss		
Compensation loss for construction	49,505	50,401
Total extraordinary loss	49,505	50,401
Income before income taxes	534,058	551,340
Income taxes-current	6,220	1,161
Total income taxes	6,220	1,161
Net income	527,838	550,179

## (3) Statements of Changes in Net Assets

Fiscal Year ended March 31, 2015 (April 1, 2014 to March 31, 2015)

(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	1,294,813	1,294,813
Changes during the period					
Net income				527,838	527,838
Purchase of treasury shares					
Net changes of items other than shareholders' equity					
Total changes during the period	—	—	—	527,838	527,838
Balance at the end of the period	854,500	40,983	40,983	1,822,651	1,822,651

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at the beginning of the period	(388)	2,189,908	607	607	2,190,515
Changes during the period					
Net income		527,838			527,838
Purchase of treasury shares		—			—
Net changes of items other than shareholders' equity			(607)	(607)	(607)
Total changes during the period	—	527,838	(607)	(607)	527,231
Balance at the end of the period	(388)	2,717,746	—	—	2,717,746

Fiscal Year ended March 31, 2016 (April 1, 2015 to March 31, 2016)

(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	1,822,651	1,822,651
Changes during the period					
Net income				550,179	550,179
Purchase of treasury shares					
Net changes of items other than shareholders' equity					
Total changes during the period	—	—	—	550,179	550,179
Balance at the end of the period	854,500	40,983	40,983	2,372,831	2,372,831

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at the beginning of the period	(388)	2,717,746	—	—	2,717,746
Changes during the period					
Net income		550,179			550,179
Purchase of treasury shares	(328)	(328)			(328)
Net changes of items other than shareholders' equity					—
Total changes during the period	(328)	549,850	—	—	549,850
Balance at the end of the period	(717)	3,267,597	—	—	3,267,597



## (4) Statements of Cash Flows

(Thousand yen)

	Fiscal Year ended March 31, 2015 (April 1, 2014 to March 31, 2015)	Fiscal Year ended March 31, 2016 (April 1, 2015 to March 31, 2016)
Net cash from (used in) operating activities		
Income before income taxes	534,058	551,340
Depreciation and amortization	13,807	13,025
Increase (decrease) in allowance for doubtful accounts	(407)	(614)
Increase (decrease) in provision for retirement benefits	744	3,222
Increase (decrease) in provision for directors' retirement benefits	11,095	7,797
Interest and dividends income	(1,123)	(2,003)
Interest expenses	206,308	95,720
Loss (gain) on sales of investment securities	(1,861)	–
Compensation income for damage	(35,000)	–
Decrease (increase) in notes and accounts receivable-trade	1,511	(1,174)
Decrease (increase) in inventories	2,679,294	(1,438,444)
Decrease (increase) in advance payments	9,850	(6,050)
Increase (decrease) in notes and accounts payable-trade	(116,382)	83,064
Increase (decrease) in advances received	(1,837)	190,756
Increase (decrease) in deposits received	2,099	2,680
Others, net	120,658	(294,118)
Subtotal	3,422,814	(794,798)
Interest and dividends income received	1,123	2,003
Interest expenses paid	(199,745)	(87,481)
Proceeds from compensation for damage	35,000	–
Income taxes paid	(5,361)	(6,242)
Net cash from (used in) operating activities	3,253,831	(886,518)
Net cash from (used in) investing activities		
Purchase of property, plant and equipment	–	(85,891)
Purchase of intangible assets	(5,205)	–
Purchase of stocks of subsidiaries and affiliates	(10,000)	–
Proceeds from sales of investment securities	52,701	–
Collection of long-term loans receivable	240	240
Others, net	1,076	(536)
Net cash from (used in) investing activities	38,813	(86,187)
Net cash from (used in) financing activities		
Net increase (decrease) in short-term loans payable	(1,304,100)	(533,100)
Proceeds from long-term loans payable	946,800	3,678,300
Repayment of long-term loans payable	(1,984,632)	(1,959,387)
Others, net	–	(328)
Net cash from (used in) financing activities	(2,341,932)	1,185,483
Net increase (decrease) in cash and cash equivalents	950,712	212,777
Cash and cash equivalents at the beginning of the period	1,581,935	2,532,648
Cash and cash equivalents at the end of the period	2,532,648	2,745,425