

**ENGLISH TRANSLATION OF JAPANESE-LANGUAGE DOCUMENT.**

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## SUMMARY OF FINANCIAL STATEMENTS (Non-Consolidated) for the First Half of the Fiscal Year ending March 31, 2017 (Japanese Standard)

November 7, 2016

**Shin-Nihon Tatemono Co., Ltd.**

Code Number: 8893

Representative: Tomohiko Ikeda, President and Chief Executive Officer

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

Tel: +81-3-5962-0775

Scheduled date of filing of Quarterly Report:

November 8, 2016

Scheduled date for commencing payment of dividend:

—

Preparation of explanatory materials for quarterly 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 to September 30, 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	%
Six months ended September 30, 2016	4,243	7.3	205	1.1	161	(4.0)	138	(16.1)
Six months ended September 30, 2015	3,954	24.7	203	—	168	—	164	—

	Net income per share		Diluted net income per share	
	Yen		Yen	
Six months ended September 30, 2016	6.95		5.77	
Six months ended September 30, 2015	8.28		7.27	

(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 period of 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, 2016	8,475	3,104	36.6	
March 31, 2016	8,059	3,267	40.5	

(Reference) Shareholders' equity: September 30, 2016: 3,104 million yen  
March 31, 2016: 3,267 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, 2016	—	0.00	—	0.00	0.00
Fiscal Year ending March 31, 2017	—	0.00	—	—	—
(Forecast) Fiscal Year ending March 31, 2017	—	—	—	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, 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
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Annual	11,900	23.6	810	21.5	710	18.0	700	27.2	35.15

(Note) Revisions to the business results forecast published most recently: None  
Forecast of business results of the first half are not made.

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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.: | 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, 2016:	19,914,617 shares
March 31, 2016:	19,914,617 shares

- (ii) Total number of treasury stock:

September 30, 2016:	3,456 shares
March 31, 2016:	2,136 shares

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

Six months ended September 30, 2016:	19,911,780 shares
Six months ended September 30, 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, average number of issued shares (cumulative period) are retroactively adjusted 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 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, 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 2nd quarter	End of the 3rd quarter	Year end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal Year ended March 31, 2016	—	0.00	—	0.00	0.00
Fiscal Year ending March 31, 2017	—	0.00			
(Forecast) Fiscal Year ending March 31, 2017			—	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, 2016	September 30, 2016
<b>Assets</b>		
Current assets		
Cash and deposits	2,745,425	2,389,042
Accounts receivable–trade	3,780	-
Real estate for sale	329,154	266,836
Real estate for sale in process	4,215,492	4,798,939
Raw materials and supplies	1,633	300
Advance payments–trade	55,250	71,000
Prepaid expenses	21,668	28,245
Short-term loans receivable from subsidiaries and associates	-	30,000
Advances paid	157,761	159,852
Other	82,379	121,711
Allowance for doubtful accounts	(20)	-
Total current assets	7,612,525	7,865,928
Non-current assets		
Property, plant and equipment		
Buildings	148,218	148,818
Accumulated depreciation	(96,006)	(97,585)
Buildings, net	52,211	51,233
Structures	22,259	22,259
Accumulated depreciation	(17,724)	(17,972)
Structures, net	4,534	4,287
Tools, furniture and fixtures	15,843	15,843
Accumulated depreciation	(13,531)	(13,877)
Tools, furniture and fixtures, net	2,311	1,966
Land	110,008	110,008
Construction in progress	85,891	179,520
Total property, plant and equipment	254,957	347,016
Intangible assets		
Software	8,900	6,064
Total intangible assets	8,900	6,064
Investments and other assets		
Investment securities	8,802	38,702
Shares of subsidiaries and associates	30,000	40,000
Investments in other securities of subsidiaries and associates	0	0
Investments in capital	15,610	15,630
Claims provable in bankruptcy, claims provable in rehabilitation and other	7,940	7,820
Long-term prepaid expenses	-	10,314
Guarantee deposits	120,261	127,615
Other	8,690	17,075
Allowance for doubtful accounts	(7,940)	(7,820)
Total investments and other assets	183,364	249,338
Total non-current assets	447,222	602,419
Deferred assets		
Bond issuance cost	-	6,770
Total deferred assets	-	6,770
<b>Total assets</b>	<b>8,059,747</b>	<b>8,475,118</b>

(Thousand yen)

	March 31, 2016	September 30, 2016
<b>Liabilities</b>		
Current liabilities		
Accounts payable for construction contracts	155,985	324,068
Short-term loans payable	738,600	1,909,600
Current portion of long-term loans payable	1,527,700	1,128,700
Accounts payable–other	8,437	7,273
Accrued expenses	77,400	46,565
Income taxes payable	1,831	3,281
Advances received	195,714	46,378
Deposits received	14,030	55,437
Provision for bonuses	30,320	14,117
Other	7,441	-
Total current liabilities	2,757,461	3,535,424
Noncurrent liabilities		
Bonds payable	-	250,000
Long-term loans payable	1,936,800	1,497,000
Provision for retirement benefits	56,278	42,813
Provision for directors' retirement benefits	18,892	27,078
Other	22,717	18,015
Total non-current liabilities	2,034,689	1,834,907
<b>Total liabilities</b>	<b>4,792,150</b>	<b>5,370,331</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	854,500	854,500
Capital surplus		
Legal capital surplus	40,983	40,983
Total capital surpluses	40,983	40,983
Retained earnings		
Other retained earnings		
Retained earnings brought forward	2,372,831	2,210,291
Total retained earnings	2,372,831	2,210,291
Treasury shares	(717)	(987)
Total shareholders' equity	3,267,597	3,104,787
<b>Total net assets</b>	<b>3,267,597</b>	<b>3,104,787</b>
<b>Total liabilities and net assets</b>	<b>8,059,747</b>	<b>8,475,118</b>

## (2) Statements of Income

(Thousand yen)

	Six months ended September 30, 2015 (April 1 to September 30, 2015)	Six months ended September 30, 2016 (April 1 to September 30, 2016)
<b>Net sales</b>		
Net sales from the liquidation business	1,414,568	3,140,891
Net sales from the condominium unit sales business	1,929,529	306,562
Net sales from the residential housing sales business	594,966	787,421
Other	14,952	8,556
Total net sales	3,954,018	4,243,432
<b>Cost of sales</b>		
Cost of sales of the liquidation business	1,068,944	2,566,576
Cost of sales of the condominium unit sales business	1,510,062	261,230
Cost of sales of the residential housing sales business	546,493	665,178
Other	3,729	228
Total cost of sales	3,129,230	3,493,214
<b>Gross profit</b>	824,787	750,217
<b>Selling, general and administrative expenses</b>		
Sales commission	37,099	30,157
Advertising expenses	121,000	42,716
Provision of allowance for doubtful accounts	1	(140)
Directors' compensations	42,524	68,168
Salaries and allowances	150,339	141,818
Provision for bonuses	14,379	12,758
Retirement benefit expenses	6,039	7,187
Provision for directors' retirement benefits	4,512	8,186
Legal welfare expenses	23,215	23,914
Welfare expenses	4,944	4,306
Entertainment expenses	36,213	36,431
Commission fee	44,870	33,378
Rent expenses	7,297	7,183
Taxes and dues	18,154	33,022
Rents	25,459	25,702
Depreciation	6,433	6,213
Other	79,191	63,941
Total selling, general and administrative expenses	621,676	544,948
<b>Operating income</b>	203,111	205,269
<b>Non-operating income</b>		
Interest income	808	641
Dividends income	465	466
Land and house rent received	5,315	6,872
Penalty income	2,500	-
Other	13	33
Total non-operating income	9,102	8,013
<b>Non-operating expenses</b>		
Interest expenses	43,337	51,586
Other	737	232
Total non-operating expenses	44,074	51,819
<b>Ordinary income</b>	168,139	161,463
<b>Extraordinary losses</b>		
Compensation loss for construction	-	22,441
Total extraordinary losses	-	22,441
<b>Income before income taxes</b>	168,139	139,022
Income taxes—current	3,165	562
<b>Total income taxes</b>	3,165	562
<b>Net income</b>	164,974	138,459