

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, 2018 (Japanese Standard)

May 7, 2018

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

Stock Exchange: Tokyo

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

(Figures are rounded down to the nearest million yen)

1. Business Results (April 1, 2017 to March 31, 2018)
(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	%
Year ended March 31, 2018	14,994	32.7	1,171	40.1	1,043	42.9	1,076	60.9
Year ended March 31, 2017	11,301	17.4	835	25.4	730	21.4	669	21.7

	Net income per share	Diluted net income per share	Return on equity	Ratio of ordinary income to total assets	Operating income margin
	Yen	Yen	%	%	%
Year ended March 31, 2018	54.08	—	26.9	7.8	7.8
Year ended March 31, 2017	33.61	28.85	19.4	8.1	7.4

(Reference) Equity in net income of affiliates:

March 31, 2018:

— million yen

March 31, 2017:

— million yen

(2) Financial Condition

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
March 31, 2018	16,924	4,385	25.9	220.31
March 31, 2017	9,964	3,635	36.5	167.62

(Reference) Shareholders' equity:

March 31, 2018:

4,385 million yen

March 31, 2017:

3,635 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
Year ended March 31, 2018	(4,224)	(441)	5,499	3,714
Year ended March 31, 2017	(705)	(351)	1,192	2,881

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	%	%
Year ended March 31, 2017	—	0.00	—	5.00	5.00	99	14.9	3.3
Year ended March 31, 2018	—	0.00	—	10.00	10.00	199	18.5	5.2
(Forecast) Year ending March 31, 2019	—	0.00	—	10.00	10.00		17.6	

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3. Forecast of Business Results (April 1, 2018 to March 31, 2019)

(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	18,870	25.8	1,550	32.4	1,310	25.6	1,130	5.0	56.77

* 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, 2018: 19,914,617 shares
 March 31, 2017: 19,914,617 shares

(ii) Total number of treasury stock:

March 31, 2018: 8,336 shares
 March 31, 2017: 4,536 shares

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

Fiscal Year ended March 31, 2018: 19,908,572 shares
 Fiscal Year ended March 31, 2017: 19,911,292 shares

- This summary of financial statements is not subject to accounting audit.

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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
Year ended March 31, 2017	—	0.00	—	0.00	0.00
Year ended March 31, 2018	—	—	—	—	—

(Note) For Class A Preferred Shares, we completed acquisition and amortization of all shares on May 29, 2017.

Financial Statements

(1) Balance Sheets

	(Thousand yen)	
	March 31, 2017	March 31, 2018
Assets		
Current assets		
Cash and deposits	2,881,157	3,714,933
Real estate for sale	999,716	1,213,052
Real estate for sale in process	4,790,355	10,365,853
Raw materials and supplies	748	537
Advance payments–trade	132,800	34,100
Prepaid expenses	20,065	17,588
Deferred tax assets	-	228,690
Short-term loans receivable	-	50,000
Short-term loans receivable from subsidiaries and associates	19,000	-
Others	313,557	23,823
Total current assets	9,157,401	15,648,579
Noncurrent assets		
Property, plant and equipment		
Buildings	416,572	697,210
Accumulated depreciation	(99,170)	(110,692)
Buildings, net	317,401	586,518
Structures	27,496	36,451
Accumulated depreciation	(18,219)	(19,183)
Structures, net	9,277	17,268
Tools, furniture and fixtures	36,031	55,564
Accumulated depreciation	(14,222)	(19,749)
Tools, furniture and fixtures, net	21,808	35,815
Land	189,603	189,603
Construction in progress	4,248	-
Total property, plant and equipment	542,338	829,205
Intangible assets		
Leasehold right	-	1,465
Software	4,192	2,533
Total intangible assets	4,192	3,998
Investments and other assets		
Investment securities	38,702	173,662
Stocks of subsidiaries and affiliates	40,000	31,240
Investments in capital	15,630	15,730
Long-term loans receivable from subsidiaries and associates	-	79,148
Claims provable in bankruptcy, claims provable in rehabilitation and others	7,700	6,299
Long-term prepaid expenses	9,283	7,220
Guarantee deposits	136,931	126,078
Others	24,845	16,145
Allowance for doubtful accounts	(18,718)	(17,317)
Total investments and other assets	254,375	438,207
Total noncurrent assets	800,906	1,271,411
Deferred assets		
Bond issuance cost	6,093	4,739
Total deferred assets	6,093	4,739
Total assets	9,964,402	16,924,730

(Thousand yen)

	March 31, 2017	March 31, 2018
Liabilities		
Current liabilities		
Accounts payable for construction contracts	163,722	149,318
Short-term loans payable	2,194,400	2,878,240
Current portion of long-term loans payable	195,230	2,451,778
Accounts payable—other	9,291	7,851
Accrued expenses	88,352	76,783
Income taxes payable	1,668	194,259
Advances received	113,360	198,077
Deposits received	120,367	63,113
Provision for bonuses	30,746	47,670
Provision for director's bonuses	-	26,800
Others	-	22,780
Total current liabilities	2,917,139	6,116,673
Noncurrent liabilities		
Bonds	250,000	250,000
Long-term loans payable	3,064,470	6,022,092
Provision for retirement benefits	41,925	38,121
Provision for directors' retirement benefits	33,446	54,208
Deferred tax liabilities	-	27,550
Others	22,005	30,484
Total noncurrent liabilities	3,411,847	6,422,457
Total liabilities	6,328,986	12,539,130
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		
Legal retained earnings	-	9,955
Other retained earnings		
Retained earnings brought forward	2,741,129	3,410,298
Total retained earnings	2,741,129	3,420,253
Treasury stock	(1,196)	(2,264)
Total shareholders' equity	3,635,416	4,313,472
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	-	72,127
Total valuation and translation adjustments	-	72,127
Total net assets	3,635,416	4,385,600
Total liabilities and net assets	9,964,402	16,924,730

(2) Statements of Income

	Fiscal Year ended March 31, 2017 (April 1, 2016 to March 31, 2017)	(Thousand yen) Fiscal Year ended March 31, 2018 (April 1, 2017 to March 31, 2018)
Net sales		
Net sales from the Asset solution business	5,487,593	9,882,079
Net sales from the condominium unit sales business	4,027,693	2,411,292
Net sales from the residential housing sales business	1,769,360	2,633,759
Others	17,127	67,709
Total net sales	11,301,773	14,994,841
Cost of sales		
Cost of sales of the Asset solution business	4,470,653	8,050,716
Cost of sales of the condominium unit sales business	3,258,714	1,954,562
Cost of sales of the residential housing sales business	1,442,530	2,252,579
Others	1,098	19,008
Total cost of sales	9,172,997	12,276,867
Gross profit	2,128,776	2,717,973
Selling, general and administrative expenses	1,292,984	1,546,934
Operating income	835,791	1,171,038
Non-operating income		
Interest income	886	4,608
Dividends income	1,213	1,162
Land and house rent received	12,482	14,506
Guarantee commission received	-	5,960
Others	713	2,954
Total non-operating income	15,295	29,191
Non-operating expenses		
Interest expenses	118,637	137,331
Others	2,234	19,525
Total non-operating expenses	120,872	156,857
Ordinary income	730,213	1,043,373
Extraordinary loss		
Compensation loss for construction	59,791	-
Consumption taxes for prior fiscal periods	-	22,780
Loss on sales of golf membership rights	-	4,796
Loss on sales of shares of subsidiaries and associates	-	2,898
Total extraordinary loss	59,791	30,475
Income before income taxes	670,422	1,012,897
Income taxes-current	1,124	169,195
Income taxes - deferred	-	(232,972)
Total income taxes	1,124	(63,776)
Net income	669,298	1,076,674

(3) Statements of Changes in Net Assets

Fiscal Year ended March 31, 2017 (April 1, 2016 to March 31, 2017)

(Thousand yen)

	Shareholders' equity					
	Capital stock	Capital surplus		Retained earnings		
		Legal capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings	Total retained earnings
				Retained earnings brought forward		
Balance at the beginning of the period	854,500	40,983	40,983	—	2,372,831	2,372,831
Changes during the period						
Dividends of surplus						
Net income					669,298	669,298
Purchase of treasury shares						
Retirement of treasury shares					(301,000)	(301,000)
Net changes of items other than shareholders' equity						
Total changes during the period	—	—	—	—	368,298	368,298
Balance at the end of the period	854,500	40,983	40,983	—	2,741,129	2,741,129

	Shareholder's equity		Valuation and translation adjustments		Total net assets
	Treasury stock	Total shareholder's equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at the beginning of the period	(717)	3,267,597	—	—	3,267,597
Changes during the period					
Dividends of surplus		—			—
Net income		669,298			669,298
Purchase of treasury shares	(301,479)	(301,479)			(301,479)
Retirement of treasury shares	301,000	—			—
Net changes of items other than shareholders' equity				—	—
Total changes during the period	(479)	367,818	—	—	367,818
Balance at the end of the period	(1,196)	3,635,416	—	—	3,635,416

Fiscal Year ended March 31, 2018 (April 1, 2017 to March 31, 2018)

(Thousand yen)

	Shareholders' equity					
	Capital stock	Capital surplus		Retained earnings		
		Legal capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings	Total retained earnings
				Retained earnings brought forward		
Balance at the beginning of the period	854,500	40,983	40,983	—	2,741,129	2,741,129
Changes during the period						
Dividends of surplus				9,955	(109,505)	(99,550)
Net income					1,076,674	1,076,674
Purchase of treasury shares						
Retirement of treasury shares					(298,000)	(298,000)
Net changes of items other than shareholders' equity						
Total changes during the period	—	—	—	9,955	669,169	679,124
Balance at the end of the period	854,500	40,983	40,983	9,955	3,410,298	3,420,253

	Shareholder's equity		Valuation and translation adjustments		Total net assets
	Treasury stock	Total shareholder's equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at the beginning of the period	(1,196)	3,635,416	—	—	3,635,416
Changes during the period					
Dividends of surplus		(99,550)			(99,550)
Net income		1,076,674			1,076,674
Purchase of treasury shares	(299,067)	(299,067)			(299,067)
Retirement of treasury shares	298,000	—			—
Net changes of items other than shareholders' equity			72,127	72,127	72,127
Total changes during the period	(1,067)	678,056	72,127	72,127	750,184
Balance at the end of the period	(2,264)	4,313,472	72,127	72,127	4,385,600

(4) Statements of Cash Flows

(Thousand yen)

	Fiscal Year ended March 31, 2017 (April 1, 2016 to March 31, 2017)	Fiscal Year ended March 31, 2018 (April 1, 2017 to March 31, 2018)
Net cash from (used in) operating activities		
Income before income taxes	670,422	1,012,897
Depreciation and amortization	12,496	22,582
Increase (decrease) in allowance for doubtful accounts	10,758	(1,400)
Increase (decrease) in provision for retirement benefits	(14,353)	(3,803)
Increase (decrease) in provision for directors' retirement benefits	14,553	20,762
Interest and dividends income	(2,099)	(5,770)
Interest expenses	118,637	137,331
Decrease (increase) in notes and accounts receivable-trade	3,780	–
Decrease (increase) in inventories	(1,245,424)	(5,788,833)
Decrease (increase) in advance payments	(85,420)	98,700
Increase (decrease) in notes and accounts payable-trade	7,736	(14,404)
Increase (decrease) in advances received	(82,353)	84,717
Increase (decrease) in deposits received	106,336	(57,254)
Loss (gain) on sales of shares of subsidiaries and associates	–	2,898
Loss (gain) on sales of golf membership rights	–	4,796
Others, net	(97,992)	390,628
Subtotal	(582,921)	(4,096,153)
Interest and dividends income received	2,015	5,249
Interest expenses paid	(123,805)	(132,105)
Income taxes paid	(1,130)	(1,145)
Net cash from (used in) operating activities	(705,842)	(4,224,154)
Net cash from (used in) investing activities		
Purchase of property, plant and equipment	(291,730)	(304,879)
Purchase of intangible assets	(980)	(1,915)
Purchase of investment securities	(29,900)	(20,000)
Purchase of stocks of subsidiaries and affiliates	(10,000)	(11,240)
Proceeds from sales of stocks of subsidiaries and affiliates	–	6,102
Net decrease (increase) in short-term loans receivable	(19,000)	(31,000)
Payments of Long-term loans receivable	–	(84,084)
Collection of long-term loans receivable	240	1,400
Others, net	195	4,155
Net cash from (used in) investing activities	(351,175)	(441,460)
Net cash from (used in) financing activities		
Net increase (decrease) in short-term loans payable	(1,455,800)	683,840
Proceeds from long-term loans payable	3,259,000	7,470,500
Repayment of long-term loans payable	(3,463,800)	(2,256,330)
Proceeds from issuance of bonds	243,229	–
Purchase of preferred shares	(301,000)	(298,000)
Cash dividends paid	–	(99,550)
Others, net	(479)	(1,067)
Net cash from (used in) financing activities	1,192,749	5,499,391
Net increase (decrease) in cash and cash equivalents	135,731	833,776
Cash and cash equivalents at the beginning of the period	2,745,425	2,881,157
Cash and cash equivalents at the end of the period	2,881,157	3,714,933