

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, 2019 (Japanese Standard)

May 15, 2019

Shin-Nihon Tatemono Co., Ltd.

Stock Exchange: Tokyo

Code Number: 8893

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

Representative: Tomohiko Ikeda, President and Chief Executive Officer

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

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(Figures are rounded down to the nearest million yen)

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

(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, 2019	13,122	(12.5)	1,591	35.9	1,388	33.1	1,167	8.4
Year ended March 31, 2018	14,994	32.7	1,171	40.1	1,043	42.9	1,076	60.9

	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, 2019	58.63	—	24.0	7.8	12.1
Year ended March 31, 2018	54.08	—	26.9	7.8	7.8

(Reference) Equity in net income of affiliates:

March 31, 2019:

— million yen

March 31, 2018:

— million yen

(2) Financial Condition

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
March 31, 2019	18,882	5,322	28.2	267.38
March 31, 2018	16,897	4,385	26.0	220.31

(Reference) Shareholders' equity:

March 31, 2019:

5,322 million yen

March 31, 2018:

4,385 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, 2019	(32)	(191)	700	4,191
Year ended March 31, 2018	(4,224)	(441)	5,499	3,714

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, 2018	—	0.00	—	10.00	10.00	199	18.5	5.2
Year ended March 31, 2019	—	0.00	—	18.00	18.00	358	30.7	7.4
(Forecast) Year ending March 31, 2020	—	0.00	—	20.00	20.00		30.2	

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3. Forecast of Business Results (April 1, 2019 to March 31, 2020)

(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	17,850	36.0	1,710	7.0	1,540	10.9	1,320	13.1	66.31

* 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, 2019: 19,914,617 shares
 March 31, 2018: 19,914,617 shares

(ii) Total number of treasury stock:

March 31, 2019: 9,456 shares
 March 31, 2018: 8,336 shares

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

Fiscal Year ended March 31, 2019: 19,905,452 shares
 Fiscal Year ended March 31, 2018: 19,908,572 shares

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

Financial Statements

(1) Balance Sheets

	(Thousand yen)	
	March 31, 2018	March 31, 2019
Assets		
Current assets		
Cash and deposits	3,714,933	4,191,103
Real estate for sale	1,213,052	3,677,047
Real estate for sale in process	10,365,853	9,204,478
Raw materials and supplies	537	1,511
Advance payments–trade	34,100	67,850
Prepaid expenses	17,588	53,109
Short-term loans receivable	50,000	-
Short-term loans receivable from subsidiaries and associates	-	11,000
Others	23,823	52,781
Total current assets	15,419,889	17,258,881
Noncurrent assets		
Property, plant and equipment		
Buildings	697,210	571,123
Accumulated depreciation	(110,692)	(39,819)
Buildings, net	586,518	531,303
Structures	36,451	39,268
Accumulated depreciation	(19,183)	(26,770)
Structures, net	17,268	12,498
Tools, furniture and fixtures	55,564	55,564
Accumulated depreciation	(19,749)	(27,944)
Tools, furniture and fixtures, net	35,815	27,620
Land	189,603	79,594
Leased assets	-	9,510
Accumulated depreciation	-	(1,743)
Leased assets, net	-	7,766
Total property, plant and equipment	829,205	658,784
Intangible assets		
Leasehold right	1,465	1,465
Software	2,533	2,170
Leased assets	-	4,675
Total intangible assets	3,998	8,311
Investments and other assets		
Investment securities	173,662	97,927
Stocks of subsidiaries and affiliates	31,240	61,120
Investments in capital	15,730	18,030
Long-term loans receivable from subsidiaries and associates	79,148	415,698
Claims provable in bankruptcy, claims provable in rehabilitation and others	6,299	5,779
Long-term prepaid expenses	7,220	5,157
Guarantee deposits	126,078	115,595
Deferred tax assets	201,139	233,203
Others	16,145	17,344
Allowance for doubtful accounts	(17,317)	(16,797)
Total investments and other assets	639,346	953,059
Total noncurrent assets	1,472,550	1,620,154
Deferred assets		
Bond issuance cost	4,739	3,385
Total deferred assets	4,739	3,385
Total assets	16,897,180	18,882,421

(Thousand yen)

	March 31, 2018	March 31, 2019
Liabilities		
Current liabilities		
Accounts payable for construction contracts	149,318	243,332
Short-term loans payable	2,878,240	3,132,100
Current portion of long-term loans payable	2,451,778	3,868,020
Lease obligations	-	2,922
Accounts payable—other	7,851	19,893
Accrued expenses	76,783	93,624
Income taxes payable	194,259	139,742
Advances received	198,077	226,406
Deposits received	63,113	101,870
Provision for bonuses	47,670	46,592
Provision for director's bonuses	26,800	-
Others	22,780	-
Total current liabilities	6,116,673	7,874,504
Noncurrent liabilities		
Bonds	250,000	250,000
Long-term loans payable	6,022,092	5,253,037
Lease obligations	-	10,514
Provision for retirement benefits	38,121	38,674
Provision for directors' retirement benefits	54,208	75,023
Others	30,484	58,482
Total noncurrent liabilities	6,394,906	5,685,732
Total liabilities	12,511,579	13,560,237
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	29,861
Other retained earnings		
Retained earnings brought forward	3,410,298	4,358,437
Total retained earnings	3,420,253	4,388,299
Treasury stock	(2,264)	(2,687)
Total shareholders' equity	4,313,472	5,281,094
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	72,127	41,090
Total valuation and translation adjustments	72,127	41,090
Total net assets	4,385,600	5,322,184
Total liabilities and net assets	16,897,180	18,882,421

(2) Statements of Income

	Fiscal Year ended March 31, 2018 (April 1, 2017 to March 31, 2018)	(Thousand yen) Fiscal Year ended March 31, 2019 (April 1, 2018 to March 31, 2019)
Net sales		
Net sales from the Asset solution business	9,882,079	8,335,648
Net sales from the condominium unit sales business	2,411,292	3,119,869
Net sales from the residential housing sales business	2,633,759	1,525,577
Others	67,709	141,607
Total net sales	14,994,841	13,122,702
Cost of sales		
Cost of sales of the Asset solution business	8,050,716	6,293,502
Cost of sales of the condominium unit sales business	1,954,562	2,436,638
Cost of sales of the residential housing sales business	2,252,579	1,229,895
Others	19,008	53,590
Total cost of sales	12,276,867	10,013,627
Gross profit	2,717,973	3,109,075
Selling, general and administrative expenses	1,546,934	1,517,243
Operating income	1,171,038	1,591,832
Non-operating income		
Interest income	4,608	3,396
Dividends income	1,162	1,233
Land and house rent received	14,506	16,823
Guarantee commission received	5,960	4,245
Others	2,954	2,922
Total non-operating income	29,191	28,621
Non-operating expenses		
Interest expenses	137,331	215,155
Others	19,525	16,512
Total non-operating expenses	156,857	231,668
Ordinary income	1,043,373	1,388,785
Extraordinary income		
Gain on sales of non-current assets	-	14,160
Others	-	1,200
Total extraordinary income	-	15,360
Extraordinary loss		
Consumption taxes for prior fiscal periods	22,780	-
Loss on sales of golf membership rights	4,796	-
Impairment loss	-	49,536
Loss on sales of shares of subsidiaries and associates	2,898	-
Others	-	374
Total extraordinary loss	30,475	49,910
Income before income taxes	1,012,897	1,354,234
Income taxes—current	169,195	205,492
Income taxes - deferred	(232,972)	(18,365)
Total income taxes	(63,776)	187,126
Net income	1,076,674	1,167,108

(3) Statements of Changes in Net Assets

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

Fiscal Year ended March 31, 2019 (April 1, 2018 to March 31, 2019)

(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	9,955	3,410,298	3,420,253
Changes during the period						
Dividends of surplus				19,906	(218,969)	(199,062)
Net income					1,167,108	1,167,108
Purchase of treasury shares						
Retirement of treasury shares						
Net changes of items other than shareholders' equity						
Total changes during the period	—	—	—	19,906	948,139	968,045
Balance at the end of the period	854,500	40,983	40,983	29,861	4,358,437	4,388,299

	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	(2,264)	4,313,472	72,127	72,127	4,385,600
Changes during the period					
Dividends of surplus		(199,062)			(199,062)
Net income		1,167,108			1,167,108
Purchase of treasury shares	(423)	(423)			(423)
Retirement of treasury shares		—			—
Net changes of items other than shareholders' equity			(31,037)	(31,037)	(31,037)
Total changes during the period	(423)	967,621	(31,037)	(31,037)	936,584
Balance at the end of the period	(2,687)	5,281,094	41,090	41,090	5,322,184

(4) Statements of Cash Flows

(Thousand yen)

	Fiscal Year ended March 31, 2018 (April 1, 2017 to March 31, 2018)	Fiscal Year ended March 31, 2019 (April 1, 2018 to March 31, 2019)
Net cash from (used in) operating activities		
Income before income taxes	1,012,897	1,354,234
Depreciation and amortization	22,582	52,033
Impairment loss	-	49,536
Loss (gain) on sales of non-current assets	-	(14,160)
Increase (decrease) in allowance for doubtful accounts	(1,400)	(520)
Increase (decrease) in provision for retirement benefits	(3,803)	553
Increase (decrease) in provision for directors' retirement benefits	20,762	20,815
Interest and dividends income	(5,770)	(4,629)
Interest expenses	137,331	215,155
Decrease (increase) in inventories	(5,788,833)	(1,302,620)
Decrease (increase) in advance payments	98,700	(33,750)
Increase (decrease) in notes and accounts payable-trade	(14,404)	94,014
Increase (decrease) in advances received	84,717	28,328
Increase (decrease) in deposits received	(57,254)	38,756
Loss (gain) on sales of shares of subsidiaries and associates	2,898	-
Loss (gain) on sales of golf membership rights	4,796	-
Others, net	390,628	(67,945)
Subtotal	(4,096,153)	429,802
Interest and dividends income received	5,249	1,752
Interest expenses paid	(132,105)	(211,974)
Income taxes paid	(1,145)	(252,453)
Net cash from (used in) operating activities	(4,224,154)	(32,873)
Net cash from (used in) investing activities		
Purchase of property, plant and equipment	(304,879)	-
Proceeds from sales of property, plant and equipment	-	113,706
Purchase of intangible assets	(1,915)	(1,198)
Purchase of investment securities	(20,000)	-
Proceeds from sales of investment securities	-	31,826
Purchase of stocks of subsidiaries and affiliates	(11,240)	(29,880)
Proceeds from sales of stocks of subsidiaries and affiliates	6,102	-
Net decrease (increase) in short-term loans receivable	(31,000)	50,000
Payments of Long-term loans receivable	(84,084)	(370,894)
Collection of long-term loans receivable	1,400	20,694
Others, net	4,155	(5,599)
Net cash from (used in) investing activities	(441,460)	(191,344)
Net cash from (used in) financing activities		
Net increase (decrease) in short-term loans payable	683,840	253,860
Proceeds from long-term loans payable	7,470,500	5,614,950
Repayment of long-term loans payable	(2,256,330)	(4,967,763)
Purchase of preferred shares	(298,000)	-
Cash dividends paid	(99,550)	(199,062)
Others, net	(1,067)	(1,596)
Net cash from (used in) financing activities	5,499,391	700,387
Net increase (decrease) in cash and cash equivalents	833,776	476,169
Cash and cash equivalents at the beginning of the period	2,881,157	3,714,933
Cash and cash equivalents at the end of the period	3,714,933	4,191,103