



May 11, 2016
 Shinoken Group Co., Ltd.
 President and Representative Director
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Reference Materials for 1Q FY12/2016 (Consolidated)

TOPICS

- **Net Sales ¥20,330 million, Ordinary Income ¥2,855 million**
 - Both Net Sales and All Profits Set Record Highs for a 1Q

- **The Flow Business (Sales of Apartments and Condominiums) Continued to Trend Favorably**

| | | |
|----------------------------|---------------|--------------------|
| Deliveries of Apartments | 118 Buildings | (98 Buildings YoY) |
| Deliveries of Condominiums | 231 Units | (200 Units YoY) |

 - The Flow Business Set Record Highs for Deliveries for a 1Q

1. Consolidated Results for 1Q FY12/2016

As a result of sales conditions in the mainstay Flow Business (Sales of Apartment Business, Sales of Condominium Business, General Contractor Business) trending more favorably than the initial forecast and sales conditions in the Stock Business (Property Management Business, Finance and Guarantee Business, Long-term Care Business and Other Business) also trending favorably, consolidated results for 1Q FY12/2016 were net sales of ¥20,330 million (up 22.0%), operating income of ¥3,125 million (up 30.3%), ordinary income of ¥2,855 million (up 17.1%) and profit attributable to owners of parent of ¥1,859 million (up 14.8%), with both net sales and all profits exceeding the plan and setting record highs for a quarter.

(Unit: ¥ Million)

| | 1Q FY12/2015 | 1Q FY12/2016 | Change YoY |
|---|-----------------|-----------------|------------|
| Net Sales | 16,654 | 20,330 | 3,676 |
| Cost of Sales | 12,822 | 15,176 | 2,353 |
| Gross Profit | 3,831 | 5,153 | 1,322 |
| SG&A Expenses | 1,433 | 2,028 | 595 |
| Operating Income | 2,398 | 3,125 | 727 |
| Ordinary Income | 2,347 | 2,855 | 418 |
| Profit Attributable to Owners of Parent | 1,618 | 1,859 | 240 |

2. Consolidated Balance Sheet Summary

A summary of the consolidated balance sheet at the end of 1Q FY12/2016 is shown below.

(Unit: ¥ Million)

| | End of FY12/2015 (as of December 31, 2015) | End of 1Q FY12/2016 (as of March 31, 2016) | Change YoY |
|---|---|---|--------------|
| Cash and Deposits | 7,679 | 11,200 | 3,520 |
| A/R from Completed Construction Contracts | 3,626 | 4,287 | 660 |
| Real Estate for Sale | 18,527 | 17,993 | △533 |
| Costs of Real Estate Business | 10,705 | 14,122 | 3,417 |
| Property, Plant and Equipment | 5,709 | 5,623 | △86 |
| Goodwill | 1,695 | 1,700 | 4 |
| Total Assets | 52,457 | 59,214 | 6,757 |
| Accounts payable - real estate | 3,202 | 2,533 | △668 |
| A/P for Construction Contracts | 2,542 | 2,786 | 244 |
| Short-term Loans Payable | 11,119 | 12,372 | 1,253 |
| Long-term Loans Payable | 16,583 | 20,821 | 4,238 |
| Total Liabilities | 40,111 | 45,158 | 5,046 |
| Net Assets | 12,345 | 14,056 | 1,710 |
| Total Liabilities and Net Assets | 52,457 | 59,214 | 6,757 |
| Equity Ratio | 23.5% | 23.7% | 0.2pt |

3. Summary of Results by Segment

A summary of consolidated results by segment for 1Q FY12/2016 is shown below.

(Unit: ¥ Million)

| Segment | Item/Term | 1Q FY12/2015 | 1Q FY12/2016 | Change YoY |
|--------------------------------|----------------|-----------------|-----------------|------------|
| Sales of Apartment Business | Net Sales | 6,914 | 8,413 | 1,499 |
| | Segment Profit | 887 | 888 | 1 |
| Sales of Condominium Business | Net Sales | 5,053 | 6,273 | 1,219 |
| | Segment Profit | 1,314 | 1,772 | 458 |
| General Contractor Business | Net Sales | 2,628 | 3,075 | 447 |
| | Segment Profit | 317 | 404 | 87 |
| Property Management Business | Net Sales | 1,600 | 1,881 | 280 |
| | Segment Profit | 109 | 242 | 133 |
| Finance and Guarantee Business | Net Sales | 156 | 196 | 39 |
| | Segment Profit | 73 | 82 | 9 |
| Long-term Care Business | Net Sales | 78 | 229 | 151 |
| | Segment Profit | 24 | 33 | 8 |
| Other Business | Net Sales | 222 | 259 | 37 |
| | Segment Profit | 47 | 80 | 32 |
| Total | Net Sales | 16,654 | 20,330 | 3,676 |
| | Segment Profit | 2,398 | 3,125 | 727 |

Note: Adjusted amounts are not shown.

4. Flow Business Sales Results

Flow Business deliveries and backlogs for 1Q FY12/2016 are shown below.

The number of deliveries in both the Sales of Apartment Business and the Sales of Condominium Business exceeded results for the same term of the previous year and posted record highs for a quarter.

(Note) In the case of apartment sales, the time lag between orders and the recognition of revenues is six months (since construction begins well after orders are placed) and in the case of condominium sales, it is one month.

◆ Sales of Apartment Business

| | Deliveries | Backlog | Total |
|-----------------|---------------|---------------|---------------|
| 1Q FY12/2016 | 118 Buildings | 452 Buildings | 570 Buildings |
| 1Q FY12/2015 | 98 Buildings | 234 Buildings | 332 Buildings |
| Change YoY | 120.4% | 193.1% | 171.6% |

◆ Sales of Condominium Business

| | Deliveries | Backlog | Total |
|-----------------|------------|-----------|-----------|
| 1Q FY12/2016 | 231 Units | 108 Units | 339 Units |
| 1Q FY12/2015 | 200 Units | 61 Units | 261Units |
| Change YoY | 115.5% | 177.0% | 129.8% |

5. Future Outlook

Regarding the forecast for the first half and full year FY12/2016, an announcement will be made promptly at the time such an announcement is possible upon a detailed examination of sales conditions in apartments and condominiums and progress in construction contracts.

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