



May 9, 2018
 Shinoken Group Co., Ltd.
 President and Representative Director
 Hideaki Shinohara
 (TSE JASDAQ 8909)

Reference Materials for 1Q of Fiscal Year Ending December 31, 2018 (Consolidated)

TOPICS

■ Net Sales ¥31,225 million, Ordinary Income ¥3,303 million

- ⇒ Net Sales Set Record Highs for Every 1Q
- ⇒ Profits Exceeding Forecasts

■ Real Estate Sales Business Continues to Grow

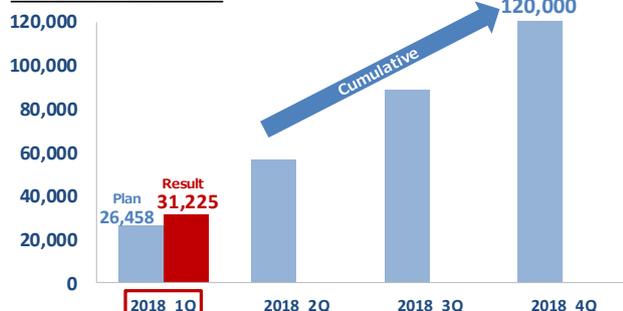
- Total of Apartment Sales and Condominium Sales (Deliveries)
- ⇒ Net Sales ¥22,859 million (YoY 112.0%) Setting Record High

■ Equity Ratio Reached 30%

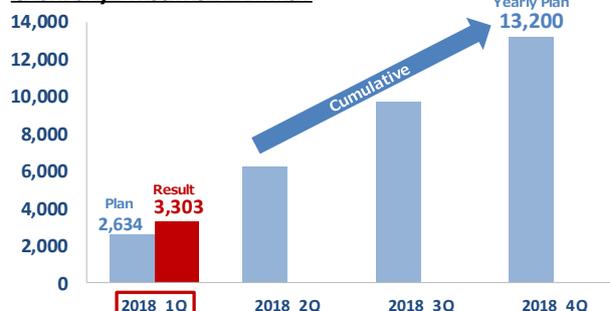
1. Consolidated Results for 1Q FY 12/2018

For the 1Q FY 12/2018, in the mainstay Real Estate Sales Business, sales trended smoothly, and Real Estate Management Related, General Contractor, Energy, Elderly Care and Other Businesses have increased steadily. As a result, our Group recorded Net Sales of ¥31,225 million (up 15.1% YoY), Operating Income of ¥3,742 million (down 4.9% YoY), Ordinary Income of ¥3,303 million (down 8.2% YoY) and Profit attributable to owners of parent of ¥2,255 million (down 6.6% YoY), setting Net Sales record highs for every 1Q, and Profits Exceeding Forecasts.

Net Sales ¥ Million



Ordinary Income ¥ Million



(1). Compared with the Same Period Last Year

(Unit: ¥ Million)

	1Q FY 12/2017	1Q FY 12/2018	Change YoY (%)
Net Sales	27,113	31,225	115.1
Operating Income	3,936	3,742	95.1
Ordinary Income	3,600	3,303	91.8
Profit Attributable to Owners of Parent	2,415	2,255	93.4

(2). Compared with Plan

(Unit: ¥ Million)

	Full Year Plan Announced February 14, 2018	1Q FY 12/2018	Achievement Rate vs. Plan
Net Sales	120,000	31,225	26.0
Operating Income	13,500	3,742	27.7
Ordinary Income	13,200	3,303	25.0
Profit Attributable to Owners of Parent	9,200	2,255	24.5

2. Consolidated Balance Sheet Summary

Summary of the consolidated balance sheet at the end of 1Q FY 12/2018 is as follows.

(Unit:¥ Million)

	End of FY 12/2017 (as of December 31, 2017)	End of 1Q FY 12/2018 (as of March 31, 2018)	Change YoY
Cash and Deposit	23,502	29,301	5,798
A/R from Completed Construction Contracts	5,324	5,158	△165
Real Estate for Sale	28,631	29,224	592
Costs of Real Estate Business	19,285	15,816	△3,459
Property, Plant and Equipment	6,881	7,068	186
Goodwill	1,128	1,054	△74
Total Assets	90,972	93,637	2,665
Accounts payable - Real Estate	4,868	5,267	398
A/P for Construction Contracts	3,035	3,288	253
Short-term Loans Payable	23,611	24,103	491
Long-term Loans Payable	22,400	23,876	1,476
Total Liabilities	64,582	65,406	824
Net Assets	26,390	28,231	1,841
Total Liabilities and Net Assets	90,972	93,637	2,665
Equity Ratio	29.0%	30.0%	1.0pt

3. Summary of Results by Segments

Results by Segments for the 1Q FY 12/2018 are as follows.

(Unit:¥ Million)

Segment	Item/Term	1Q FY 12/2017	1Q FY 12/2018	Change YoY
Real Estate Sales Business	Net Sales	26,337	22,859	2,452
	Segment Profit	4,569	2,795	△641
Real Estate Management Related Business	Net Sales	4,074	3,193	647
	Segment Profit	590	682	268
General Contractor Business	Net Sales	5,018	4,280	758
	Segment Profit	793	488	50
Energy Business	Net Sales	444	504	193
	Segment Profit	115	145	82
Elderly Care Business	Net Sales	495	348	63
	Segment Profit	67	42	9
Other (Overseas)	Net Sales	55	37	△2
	Segment Profit	56	53	11
Total	Net Sales	36,427	31,225	4,112
	Segment Profit	5,171	3,742	△194

Note: Adjusted amounts are not shown.

Main reasons for the YoY change in the Real Estate Sales Business:

- An irregular land sell off in the condominium business occurred in the previous 1Q, but not this year.
- By Re-structuring internal transaction within our Group, commission revenue was terminated from this year.

4. Real Estate Sales Business Results

Real Estate Sales Business contracts (orders), sales (deliveries) and contract backlog are shown below. Apartment sales continued to see sales (deliveries) increase from the previous term and renewed record high sales for every Quarter. Also, order backlog has set record highs for both money sum and Apartment building units. As for condominium sales, it is our policy to keep annual sales at a certain level, and sales figures are proceeding according to our plan.

(Note) In the case of Apartment sales, net sales are recorded 6-8 months after the orders are placed, since the construction begins after the contract.

① Contracts (Orders)

Segment Title	Amount (¥ Million)	YoY
Real Estate Sales Business	26,303	126.4%
Apartment Sales	21,060	133.7%
Condominium Sales	5,242	103.6%

② Sales (Deliveries)

Segment Title	Amount (¥ Million)	YoY
Real Estate Sales Business	22,859	112.0%
Apartment Sales	18,418	127.6%
Condominium Sales	4,441	74.2%

③ Order Backlog

Segment Title	Amount (¥ Million)	YoY
Real Estate Sales Business	61,265	112.2%
Apartment Sales	58,757	111.9%
Condominium Sales	2,507	120.7%

5. Future Outlook

Regarding the consolidated forecast for the fiscal year ending December 2018, announcements will be made promptly once it is possible to disclosure information upon a detailed examination of Apartment Sales, Condominium Sales and progress in construction contracts.

6. News Releases from the 1Q FY 12/2018 (Partial)

Apartment Fund for Institutional Investors, First Case in Japan

Introducing our first Real Estate Fund 『HTT-1』, with 21 Apartment building units located in central Tokyo area, total ¥3,000 Million in scale.

We plan to **launch new Funds every year, that are ¥3,000 to 5,000 Million in scale** with various high demand concepts, thus widening our sales range from our current individual investors to Institutional Investors both domestic and overseas. We aim to **establish a business model that can obtain profits through Asset Management Fee income.**

Subsidiarizing local General Contractor in Indonesia

Strengthening the basis of General Contractor Business in the upgrowing Indonesian market with increasing demands for construction projects, and also strengthening the collaboration with Ogawa corporation to further propel Shinoken's General Contractor Business in Indonesia. Along with the current Large-Scale Infrastructure construction projects, **we aim to establish and strengthen the same business model as in Japan**, including Real Estate Management, in addition to the Development and Construction of "Sakura Terrace" in Central Jakarta.



Establishing Tokyo Head Office and office transfer

Changing our "Tokyo Office" to "Tokyo Head Office", Initiating double Head Office system. Transferring the Office to the 20th floor of "Nippon Life Hamamatsu Cho Crea Tower" in November.

Integrating the office to a single 2,600 sqm space, from the current 4 floors.

We aim to further expand our business in the capital area, Strengthen the force of Sales, Gathering/Dispatching of information, IR activities, and Obtaining a wide range of employees



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