



August 11<sup>th</sup> 2014  
 Shinoken Group Co., Ltd.  
 President and Representative Director  
 Hideaki Shinohara  
 (JASDAQ 8909)

## Reference Materials for the Second Quarter Ended June 30, 2014 [Japan GAAP] (Consolidated)

### ■ TOPICS ■

#### ■ Ordinary Profit: ¥2,612 Million

⇒ Achieved record-setting ordinary profit figures for the first half of fiscal 2014  
 Results achieved for the first half of fiscal 2014 are almost identical to the results for the entire period of fiscal 2013 (¥2,667 million for the whole fiscal 2013).

#### ■ Favorable Conditions in the Real Estate Sales Business

Sales results achieved for condominium sales:

318 Units (Compared with 310 units for same period in the previous year)

⇒ In terms of condominium sales, record sales results were achieved during the first half of fiscal 2014.

#### 1. Financial Results for the Second Quarter of Fiscal 2014 Ending December 31<sup>st</sup>

Sales conditions with respect to the core business of the Group, the Real estate sales business, were favorable for the first half of fiscal 2014. The Property management business, the Finance and guarantee business and the Other businesses also transitioned favorably. As a result of this and other factors, the Group was able to achieve better-than-planned results with respect to both sales and profits across the board. Moreover, the results for the first half of fiscal 2014 constituted the achievement of a record net income for the Group.

(Unit: ¥1,000,000)

	First Half of Fiscal 2013	First Half of Fiscal 2014	Compared to the Same Period of the Previous Year (Amount Changed)
Net Sales	14,389	20,254	5,864
Cost of Sales	11,077	15,185	4,107
Gross Profit	3,311	5,068	1,756
Selling, General and Administrative Expenses	1,569	2,275	706
Operating Income	1,742	2,792	1,050
Ordinary Income	1,672	2,612	939
Net Income	1,172	1,650	478

## 2. Consolidated Balance Sheet Briefing

The details pertaining to the consolidated balance sheet at end of the second quarter of fiscal 2014 are as shown below.

(Unit: ¥1,000,000)

	End of Fiscal 2013 (As of December 31 <sup>st</sup> 2013)	End of Q2 of Fiscal 2014 (As of June 30 <sup>th</sup> 2014)	Change
Cash and Deposits	3,623	8,287	4,664
Accounts Receivable from Completed Construction Contracts	—	1,271	1,271
Real Estate for Sale	5,571	6,822	1,251
Costs on Real Estate Business	5,026	6,621	1,595
Property, plant and equipment	4,560	4,749	189
<b>Total Assets</b>	<b>22,202</b>	<b>32,434</b>	<b>10,231</b>
Accounts payable for construction contracts	—	1,244	1,244
Short-Term loans Payable	5,454	7,561	2,106
Long-Term loans Payable	6,985	11,160	4,175
<b>Total Liabilities</b>	<b>17,142</b>	<b>25,707</b>	<b>8,564</b>
<b>Net Assets</b>	<b>5,060</b>	<b>6,727</b>	<b>1,666</b>
<b>Total Liabilities and Net Assets</b>	<b>22,202</b>	<b>32,434</b>	<b>10,231</b>
<b>Equity Ratio</b>	<b>22.8%</b>	<b>20.7%</b>	<b>Δ2.1pt</b>

## 3. Briefing on Results by Segment

The details pertaining to the financial results for the various segments for the first half of fiscal 2014 are as shown below.

(Unit: ¥1,000,000)

Segment	Item/ Each of the terms	First Half of Fiscal 2013	First Half of Fiscal 2014	Changes Period-over-Period
Sales of Apartment Business	Net Sales	4,453	4,768	315
	Operating Income	411	448	37
	OP Margin	9.2%	9.4%	0.1pt
Sales of Condominium Business	Net Sales	7,207	8,239	1,032
	Operating Income	1,185	2,066	881
	OP Margin	16.4%	25.0%	8.6pt
General Contractor Business	Net Sales	—	3,918	—
	Operating Income	—	314	—
	OP Margin	—	8.0%	—
Property Management Business	Net Sales	2,270	2,621	350
	Operating Income	271	281	10
	OP Margin	11.9%	10.7%	Δ1.2pt
Finance and Guarantee Business	Net Sales	114	224	110
	Operating Income	84	88	4
	OP Margin	73.6%	39.5%	Δ34.1pt

(Unit: ¥1,000,000)

Segment	Item/ Each of the terms	First Half of Fiscal 2013	First Half of Fiscal 2014	Changes Period-over-Period
Long-Term Care Business	Net Sales	0	89	88
	Operating Income	△15	△32	△17
	OP Margin	—	—	—
Other Businesses	Net Sales	342	391	48
	Operating Income	60	62	2
	OP Margin	17.5%	16.0%	△1.5pt

#### 4. Sales and Orders Situation for the Real Estate Sales Business

Sales results for the Real estate sales business and details pertaining to backlogged orders and contracts for that business for the first half of fiscal 2014 are shown below. Within the Sales of apartment business, orders increased greatly in comparison with the previous year. In the Sales of condominium business, sales results for the first half of fiscal 2014 were the highest ever posted.

##### ◆ Sales of Apartment Business

	Delivered	Order Backlog	Total
First Half of Fiscal 2014	78	181	259
First Half of Fiscal 2013	80	120	200
Change	97.5%	150.8%	129.5%

##### ◆ Sales of Condominium Business

	Delivered	Order Backlog	Total
First Half of Fiscal 2014	318	66	384
First Half of Fiscal 2013	310	63	373
Change	102.6%	104.8%	102.9%

#### 5. Future Outlook

We are currently conducting a detailed examination in order to ascertain our forecast in terms of results for the entire consolidated period. We will make an announcement regarding our outlook in a timely manner once it has become clear.

<<For Inquiries Regarding this Press Release>>  
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**Disclaimer:** This document was originally prepared and published by the Company in Japanese as it contains timely disclosure materials to be submitted to the Tokyo Stock Exchange. This English translation is for your convenience only. To the extent there is any discrepancy between this English translation and original Japanese version, please refer to the Japanese version.