

Translation

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**Summary of Consolidated Financial Results
for the Year Ended August 31, 2015
(Based on Japanese GAAP)**

October 15, 2015

Company name: SANYO HOUSING NAGOYA CO., LTD.
 Stock exchange listing: Tokyo, Nagoya
 Stock code: 8904 URL <http://www.sanyo-hn.co.jp>
 Representative: Representative Director Souichi Miyazaki
 President
 Managing Director
 Department Manager of Administration Eiji Sugiura TEL 052-859-0034
 Inquiries: Eiji Sugiura
 Scheduled date of ordinary general meeting of shareholders: November 25, 2015
 Scheduled date to file Securities Report: November 26, 2015
 Scheduled date to commence dividend payments: November 11, 2015
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended August 31, 2015 (from September 1, 2014 to August 31, 2015)

(1) Consolidated financial results

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended August 31, 2015	34,739	(6.6)	1,529	(31.2)	1,743	(27.5)	1,082	(25.9)
Year ended August 31, 2014	37,195	(2.0)	2,224	(35.5)	2,404	(33.4)	1,462	(34.6)

	Net income per share	Diluted net income per share	Net income/equity	Ordinary income/total assets	Operating income/net sales
	Yen	Yen	%	%	%
Year ended August 31, 2015	73.11	73.10	4.8	4.9	4.4
Year ended August 31, 2014	98.97	98.89	6.6	6.6	6.0

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of August 31, 2015	35,786	23,059	64.4	1,556.16
As of August 31, 2014	35,971	22,477	62.5	1,519.82

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended August 31, 2015	189	(202)	(1,149)	12,287
Year ended August 31, 2014	3,546	(894)	(2,433)	13,450

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended August 31, 2014	—	19.00	—	19.00	38.00	561	38.4	2.6
Year ended August 31, 2015	—	19.00	—	19.00	38.00	563	52.0	2.5
Year ending August 31, 2016 (Forecast)	—	19.00	—	19.00	38.00		39.5	

3. Forecast of consolidated financial results for the year ending August 31, 2016 (from September 1, 2015 to August 31, 2016)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending February 29, 2016	16,735	4.9	611	3.2	716	2.5	470	5.5	31.74
Full year	38,895	12.0	1,940	26.9	2,151	23.4	1,425	31.6	96.20

4. Notes

(1) Changes in significant subsidiaries during the year ended August 31, 2015

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements after error corrections: No

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of August 31, 2015	14,884,300 shares	As of August 31, 2014	14,884,300 shares
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Number of treasury shares at the end of the period

As of August 31, 2015	66,354 shares	As of August 31, 2014	98,406 shares
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Average number of shares during the period

Year ended August 31, 2015	14,811,908 shares	Year ended August 31, 2014	14,776,378 shares
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Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of August 31, 2014	As of August 31, 2015
Assets		
Current assets		
Cash and deposits	15,085,302	13,944,176
Notes receivable, accounts receivable from completed construction contracts and other	1,212,244	1,571,520
Real estate for sale	2,344,679	2,024,097
Development projects in progress	11,960,097	12,733,633
Costs on uncompleted construction contracts	818,418	1,019,919
Raw materials and supplies	15,550	7,666
Deferred tax assets	151,984	149,446
Other	499,023	492,599
Total current assets	32,087,299	31,943,060
Non-current assets		
Property, plant and equipment		
Buildings and structures	1,778,853	1,767,995
Accumulated depreciation	(501,277)	(577,979)
Buildings and structures, net	1,277,576	1,190,015
Vehicles	166,905	171,402
Accumulated depreciation	(100,819)	(127,646)
Vehicles, net	66,086	43,756
Land	1,109,453	1,074,487
Other	421,541	370,476
Accumulated depreciation	(271,227)	(227,367)
Other, net	150,314	143,108
Total property, plant and equipment	2,603,430	2,451,368
Intangible assets		
Goodwill	44,152	33,763
Software	143,952	100,446
Other	18,053	17,682
Total intangible assets	206,159	151,892
Investments and other assets		
Investment securities	597,354	788,530
Deferred tax assets	218,948	191,015
Net defined benefit asset	56,743	70,101
Other	204,914	193,448
Allowance for doubtful accounts	(3,040)	(2,800)
Total investments and other assets	1,074,921	1,240,295
Total non-current assets	3,884,510	3,843,556
Total assets	35,971,810	35,786,617

(Thousands of yen)

	As of August 31, 2014	As of August 31, 2015
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	3,191,639	3,137,244
Short-term loans payable	4,990,000	4,857,000
Current portion of long-term loans payable	897,500	490,000
Income taxes payable	263,952	233,386
Advances received on uncompleted construction contracts	1,456,484	1,370,468
Provision for bonuses	113,922	116,940
Provision for warranties for completed construction	17,233	18,575
Other	1,009,270	986,289
Total current liabilities	11,940,002	11,209,905
Non-current liabilities		
Long-term loans payable	702,000	628,000
Deferred tax liabilities	30,166	34,008
Provision for directors' retirement benefits	343,833	385,899
Net defined benefit liability	139,723	153,247
Other	339,076	316,508
Total non-current liabilities	1,554,800	1,517,664
Total liabilities	13,494,802	12,727,570
Net assets		
Shareholders' equity		
Capital stock	3,732,673	3,732,673
Capital surplus	2,976,347	2,984,589
Retained earnings	15,823,423	16,343,892
Treasury shares	(69,432)	(46,844)
Total shareholders' equity	22,463,012	23,014,310
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,911	44,736
Total accumulated other comprehensive income	8,911	44,736
Subscription rights to shares	5,083	–
Total net assets	22,477,007	23,059,046
Total liabilities and net assets	35,971,810	35,786,617

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Thousands of yen)

	Fiscal year ended August 31, 2014	Fiscal year ended August 31, 2015
Net sales	37,195,186	34,739,855
Cost of sales	30,459,904	28,771,340
Gross profit	6,735,281	5,968,515
Selling, general and administrative expenses		
Directors' compensations	312,477	329,335
Employees' salaries and allowances	1,607,035	1,636,545
Provision for bonuses	65,179	66,543
Retirement benefit expenses	10,258	22,135
Provision for directors' retirement benefits	44,122	46,348
Advertising expenses	579,617	476,267
Taxes and dues	306,898	325,872
Other	1,584,779	1,535,712
Total selling, general and administrative expenses	4,510,369	4,438,760
Operating income	2,224,911	1,529,754
Non-operating income		
Interest income	9,608	9,705
Dividend income	3,170	4,278
Office work fee	43,418	34,364
Cancellation Penalty Income	24,400	33,250
RefundedRealEstateAcquisitionTax	74,419	85,801
IncomeFromSafetyCooperatingAssociation	38,366	36,521
Miscellaneous income	72,267	68,678
Total non-operating income	265,651	272,600
Non-operating expenses		
Interest expenses	83,551	51,791
Miscellaneous loss	2,675	6,831
Total non-operating expenses	86,226	58,622
Ordinary income	2,404,337	1,743,731
Extraordinary income		
Gain on sales of non-current assets	5,464	1,000
Gain on reversal of subscription rights to shares	178	1,252
GainOnReversalOfAssetRetirementObligations	3,095	293
Other	–	907
Total extraordinary income	8,738	3,453
Extraordinary losses		
Loss on sales of non-current assets	445	3,984
Loss on retirement of non-current assets	21,929	4,296
Impairment loss	–	12,267
Retirement benefit expenses	63,227	–
Other	10	614
Total extraordinary losses	85,613	21,163
Income before income taxes and minority interests	2,327,462	1,726,021

(Thousands of yen)

	Fiscal year ended August 31, 2014	Fiscal year ended August 31, 2015
Income taxes - current	870,761	636,084
Income taxes - deferred	(5,718)	6,995
Total income taxes	865,042	643,080
Income before minority interests	1,462,419	1,082,941
Net income	1,462,419	1,082,941

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended August 31, 2014	Fiscal year ended August 31, 2015
Income before minority interests	1,462,419	1,082,941
Other comprehensive income		
Valuation difference on available-for-sale securities	13,089	35,824
Total other comprehensive income	13,089	35,824
Comprehensive income	1,475,509	1,118,765
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,475,509	1,118,765
Comprehensive income attributable to minority interests	—	—

Consolidated statements of changes in equity

Fiscal year ended August 31, 2014

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	3,732,673	2,970,416	14,922,343	(85,731)	21,539,702
Changes of items during period					
Dividends of surplus			(561,339)		(561,339)
Net income			1,462,419		1,462,419
Purchase of treasury shares					
Disposal of treasury shares		5,931		16,298	22,229
Net changes of items other than shareholders' equity					
Total changes of items during period	–	5,931	901,080	16,298	923,310
Balance at end of current period	3,732,673	2,976,347	15,823,423	(69,432)	22,463,012

	Accumulated other comprehensive income	Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities		
Balance at beginning of current period	(4,177)	8,018	21,543,543
Changes of items during period			
Dividends of surplus			(561,339)
Net income			1,462,419
Purchase of treasury shares			
Disposal of treasury shares			22,229
Net changes of items other than shareholders' equity	13,089	(2,935)	10,153
Total changes of items during period	13,089	(2,935)	933,464
Balance at end of current period	8,911	5,083	22,477,007

Fiscal year ended August 31, 2015

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	3,732,673	2,976,347	15,823,423	(69,432)	22,463,012
Changes of items during period					
Dividends of surplus			(562,472)		(562,472)
Net income			1,082,941		1,082,941
Purchase of treasury shares				(61)	(61)
Disposal of treasury shares		8,241		22,648	30,890
Net changes of items other than shareholders' equity					
Total changes of items during period	–	8,241	520,468	22,587	551,298
Balance at end of current period	3,732,673	2,984,589	16,343,892	(46,844)	23,014,310

	Accumulated other comprehensive income	Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities		
Balance at beginning of current period	8,911	5,083	22,477,007
Changes of items during period			
Dividends of surplus			(562,472)
Net income			1,082,941
Purchase of treasury shares			(61)
Disposal of treasury shares			30,890
Net changes of items other than shareholders' equity	35,824	(5,083)	30,740
Total changes of items during period	35,824	(5,083)	582,038
Balance at end of current period	44,736	–	23,059,046

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended August 31, 2014	Fiscal year ended August 31, 2015
Cash flows from operating activities		
Income before income taxes and minority interests	2,327,462	1,726,021
Depreciation	199,909	235,567
Amortization of goodwill	7,791	10,388
Gain on reversal of subscription rights to shares	(178)	(1,252)
GainOnReversalOfAssetRetirementObligations	(3,095)	(293)
Impairment loss	–	12,267
Retirement benefit expenses	63,227	–
Increase (decrease) in allowance for doubtful accounts	(560)	(240)
Increase (decrease) in provision for bonuses	(12,999)	3,018
Increase (decrease) in provision for warranties for completed construction	(2,998)	1,342
Increase (decrease) in net defined benefit liability	45,221	13,524
Increase (decrease) in provision for directors' retirement benefits	44,122	42,066
Interest and dividend income	(12,778)	(13,984)
Interest expenses	83,551	51,791
Loss (gain) on sales of property, plant and equipment	(5,019)	2,984
Loss on retirement of property, plant and equipment	21,098	4,296
Loss on retirement of intangible assets	831	–
Decrease (increase) in notes and accounts receivable - trade	346,745	(359,276)
Decrease (increase) in inventories	1,977,910	(646,572)
Increase (decrease) in notes and accounts payable - trade	(418,042)	(54,394)
Increase (decrease) in advances received on uncompleted construction contracts	304,231	(86,016)
Other, net	(112,033)	(42,759)
Subtotal	4,854,398	898,479
Interest and dividend income received	8,323	9,245
Interest expenses paid	(82,218)	(51,525)
Income taxes paid	(1,234,255)	(666,879)
Net cash provided by (used in) operating activities	3,546,247	189,319

(Thousands of yen)

	Fiscal year ended August 31, 2014	Fiscal year ended August 31, 2015
Cash flows from investing activities		
Payments into time deposits	(1,632,270)	(1,742,589)
Proceeds from withdrawal of time deposits	1,619,541	1,720,234
Purchase of property, plant and equipment	(705,703)	(50,025)
Proceeds from sales of property, plant and equipment	10,008	32,094
Purchase of intangible assets	(39,164)	(39,753)
Purchase of investment securities	(45,141)	(133,768)
Purchase of shares of subsidiaries	(113,113)	–
Other, net	11,069	10,982
Net cash provided by (used in) investing activities	(894,772)	(202,826)
Cash flows from financing activities		
Increase in short-term loans payable	7,636,200	8,271,000
Decrease in short-term loans payable	(8,617,200)	(8,404,000)
Proceeds from long-term loans payable	422,000	466,000
Repayments of long-term loans payable	(1,332,700)	(947,500)
Purchase of treasury shares	–	(61)
Proceeds from exercise of share options	19,473	27,060
Cash dividends paid	(561,339)	(562,472)
Net cash provided by (used in) financing activities	(2,433,566)	(1,149,973)
Net increase (decrease) in cash and cash equivalents	217,908	(1,163,480)
Cash and cash equivalents at beginning of period	13,232,716	13,450,625
Cash and cash equivalents at end of period	13,450,625	12,287,144