

Translation

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Summary of Consolidated Financial Results for the Six Months Ended February 29, 2016 (Based on Japanese GAAP)

April 14, 2016

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 President Souichi Miyazaki
 Director and Executive Officer,
 Inquiries: Department Manager of Administration Takaharu Omori TEL 052-859-0034
 and Department Head of Personnel
 Scheduled date to file Quarterly Securities Report: April 14, 2016
 Scheduled date to commence dividend payments: May 20, 2016
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended February 29, 2016 (from September 1, 2015 to February 29, 2016)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended February 29, 2016	15,774	(1.2)	455	(23.1)	548	(21.5)	352	(20.9)
Six months ended February 28, 2015	15,961	6.6	592	3.9	698	8.2	445	25.8

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended February 29, 2016	24.06		-	
Six months ended February 28, 2015	30.10		30.09	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of February 29, 2016	35,374	22,826	64.5
As of August 31, 2015	35,786	23,059	64.4

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended August 31, 2015	-	19.00	-	19.00	38.00
Year ending August 31, 2016	-	19.00	-	-	-
Year ending August 31, 2016 (Forecast)	-	-	-	19.00	38.00

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		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	38,895	12.0	1,940	26.9	2,151	23.4	1,425	31.6	97.55

4. Notes

- (1) Changes in significant subsidiaries during the six months ended February 29, 2016
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: Yes
- (3) 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: No

(4) Number of issued shares (common shares)

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

As of February 29, 2016	14,884,300 shares	As of August 31, 2015	14,884,300 shares
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Number of treasury shares at the end of the period

As of February 29, 2016	303,554 shares	As of August 31, 2015	66,354 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended February 29, 2016	14,646,063 shares	Six months ended February 28, 2015	14,805,769 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of August 31, 2015	As of February 29, 2016
Assets		
Current assets		
Cash and deposits	13,944,176	12,064,940
Notes receivable, accounts receivable from completed construction contracts and other	1,571,520	1,485,639
Real estate for sale	2,024,097	1,223,119
Development projects in progress	12,733,633	14,690,256
Costs on uncompleted construction contracts	1,019,919	1,534,610
Raw materials and supplies	7,666	9,508
Other	642,045	562,379
Total current assets	31,943,060	31,570,454
Non-current assets		
Property, plant and equipment	2,451,368	2,386,018
Intangible assets	151,892	158,905
Investments and other assets		
Investment securities	788,530	802,930
Other	454,565	459,206
Allowance for doubtful accounts	(2,800)	(2,800)
Total investments and other assets	1,240,295	1,259,336
Total non-current assets	3,843,556	3,804,260
Total assets	35,786,617	35,374,714
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	3,137,244	2,661,532
Short-term loans payable	4,857,000	5,705,000
Current portion of long-term loans payable	490,000	282,000
Income taxes payable	233,386	214,792
Advances received on uncompleted construction contracts	1,370,468	1,332,534
Provision for bonuses	116,940	85,231
Provision for warranties for completed construction	18,575	18,403
Other	986,289	727,354
Total current liabilities	11,209,905	11,026,849
Non-current liabilities		
Long-term loans payable	628,000	607,000
Provision for directors' retirement benefits	385,899	410,920
Net defined benefit liability	153,247	158,208
Other	350,517	344,893
Total non-current liabilities	1,517,664	1,521,022
Total liabilities	12,727,570	12,547,871

(Thousands of yen)

	As of August 31, 2015	As of February 29, 2016
Net assets		
Shareholders' equity		
Capital stock	3,732,673	3,732,673
Capital surplus	2,984,589	2,984,589
Retained earnings	16,343,892	16,414,771
Treasury shares	(46,844)	(346,800)
Total shareholders' equity	23,014,310	22,785,233
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	44,736	41,609
Total accumulated other comprehensive income	44,736	41,609
Total net assets	23,059,046	22,826,842
Total liabilities and net assets	35,786,617	35,374,714

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Thousands of yen)

	Six months ended February 28, 2015	Six months ended February 29, 2016
Net sales	15,961,207	15,774,529
Cost of sales	13,221,349	13,254,244
Gross profit	2,739,858	2,520,284
Selling, general and administrative expenses	2,147,589	2,065,060
Operating income	592,268	455,224
Non-operating income		
Interest income	4,821	4,871
Dividend income	1,147	2,078
Office work fee	18,275	18,900
Cancellation Penalty Income	19,950	5,450
Refunded real-estate acquisition tax	43,465	38,848
IncomeFromSafetyCooperatingAssociation	16,776	20,635
Other	32,026	30,757
Total non-operating income	136,462	121,542
Non-operating expenses		
Interest expenses	24,977	23,270
Other	5,069	4,955
Total non-operating expenses	30,047	28,225
Ordinary income	698,684	548,540
Extraordinary income		
Gain on sales of non-current assets	1,000	1,731
Gain on reversal of subscription rights to shares	1,252	–
GainOnReversalOfAssetRetirementObligations	293	–
Other	907	–
Total extraordinary income	3,453	1,731
Extraordinary losses		
Loss on sales and retirement of non-current assets	5,920	153
Other	614	44
Total extraordinary losses	6,534	197
Income before income taxes and minority interests	695,603	550,074
Income taxes	250,023	197,654
Profit	445,579	352,420
Profit attributable to owners of parent	445,579	352,420

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended February 28, 2015	Six months ended February 29, 2016
Profit	445,579	352,420
Other comprehensive income		
Valuation difference on available-for-sale securities	41,658	(3,126)
Total other comprehensive income	41,658	(3,126)
Comprehensive income	487,238	349,293
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	487,238	349,293
Comprehensive income attributable to non-controlling interests	—	—

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended February 28, 2015	Six months ended February 29, 2016
Cash flows from operating activities		
Income before income taxes and minority interests	695,603	550,074
Depreciation	119,840	87,976
Amortization of goodwill	5,194	5,194
Gain on reversal of subscription rights to shares	(1,252)	–
GainOnReversalOfAssetRetirementObligations	(293)	–
Increase (decrease) in allowance for doubtful accounts	(240)	–
Increase (decrease) in provision for bonuses	(29,297)	(31,708)
Increase (decrease) in provision for warranties for completed construction	(87)	(171)
Increase (decrease) in net defined benefit liability	5,028	4,960
Increase (decrease) in provision for directors' retirement benefits	17,826	25,020
Interest and dividend income	(5,968)	(6,949)
Interest expenses	24,977	23,270
Loss (gain) on sales of property, plant and equipment	2,984	(1,731)
Loss on retirement of property, plant and equipment	1,935	153
Decrease (increase) in notes and accounts receivable - trade	(92,450)	85,880
Decrease (increase) in inventories	(902,233)	(1,672,176)
Increase (decrease) in notes and accounts payable - trade	(547,394)	(475,712)
Increase (decrease) in advances received on uncompleted construction contracts	(102,200)	(37,933)
Other, net	(2,982)	(184,157)
Subtotal	(811,011)	(1,628,010)
Interest and dividend income received	3,372	4,253
Interest expenses paid	(24,678)	(23,009)
Income taxes paid	(255,255)	(219,195)
Net cash provided by (used in) operating activities	(1,087,573)	(1,865,962)

(Thousands of yen)

	Six months ended February 28, 2015	Six months ended February 29, 2016
Cash flows from investing activities		
Payments into time deposits	(669,312)	(665,934)
Proceeds from withdrawal of time deposits	648,184	665,216
Purchase of property, plant and equipment	(22,305)	(2,614)
Proceeds from sales of property, plant and equipment	32,094	2,011
Purchase of intangible assets	(19,488)	(33,408)
Purchase of investment securities	(115,921)	(19,880)
Other, net	15,128	3,114
Net cash provided by (used in) investing activities	(131,621)	(51,495)
Cash flows from financing activities		
Increase in short-term loans payable	3,721,000	5,047,000
Decrease in short-term loans payable	(4,079,000)	(4,199,000)
Proceeds from long-term loans payable	384,000	261,000
Repayments of long-term loans payable	(549,500)	(490,000)
Purchase of treasury shares	(61)	(299,956)
Proceeds from exercise of share options	27,060	–
Cash dividends paid	(280,931)	(281,540)
Net cash provided by (used in) financing activities	(777,432)	37,503
Net increase (decrease) in cash and cash equivalents	(1,996,627)	(1,879,955)
Cash and cash equivalents at beginning of period	13,450,625	12,287,144
Cash and cash equivalents at end of period	11,453,997	10,407,188