

**Translation**

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**Summary of Consolidated Financial Results  
for the Year Ended August 31, 2016  
(Based on Japanese GAAP)**

October 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 Souichi Miyazaki  
 President  
 Director and Executive Officer,  
 Inquiries: Department Manager of Administration Takaharu Omori TEL 052-859-0034  
 and Department Head of Personnel  
 Scheduled date of ordinary general meeting of shareholders: November 29, 2016  
 Scheduled date to file Securities Report: November 30, 2016  
 Scheduled date to commence dividend payments: November 14, 2016  
 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, 2016 (from September 1, 2015 to August 31, 2016)

(1) Consolidated operating results

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	%
Year ended August 31, 2016	34,685	(0.2)	1,367	(10.6)	1,566	(10.1)	851	(21.3)
Year ended August 31, 2015	34,739	(6.6)	1,529	(31.2)	1,743	(27.5)	1,082	(25.9)

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary income/total assets	Operating income/net sales
	Yen	Yen	%	%	%
Year ended August 31, 2016	58.30	–	3.7	4.4	3.9
Year ended August 31, 2015	73.11	73.10	4.8	4.9	4.4

(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, 2016	34,960	23,118	66.1	1,585.55
As of August 31, 2015	35,786	23,059	64.4	1,556.16

(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, 2016	(156)	(279)	(1,080)	10,770
Year ended August 31, 2015	189	(202)	(1,149)	12,287

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, 2015	–	19.00	–	19.00	38.00	563	52.0	2.5
Year ended August 31, 2016	–	19.00	–	19.00	38.00	554	65.2	2.4
Year ending August 31, 2017 (Forecast)	–	19.00	–	19.00	38.00		50.1	

3. Forecast of consolidated financial results for the year ending August 31, 2017 (from September 1, 2016 to August 31, 2017)

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
Six months ending February 28, 2017	16,382	3.9	444	(2.4)	531	(3.0)	360	2.3	24.74
Full year	37,911	9.3	1,475	8.0	1,644	4.9	1,106	29.8	75.86

4. Notes

(1) Changes in significant subsidiaries during the year ended August 31, 2016

(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: 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, 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 August 31, 2016	303,554 shares	As of August 31, 2015	66,354 shares
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Average number of shares during the period

Year ended August 31, 2016	14,613,226 shares	Year ended August 31, 2015	14,811,908 shares
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**Consolidated financial statements**  
**Consolidated balance sheets**

(Thousands of yen)

	As of August 31, 2015	As of August 31, 2016
Assets		
Current assets		
Cash and deposits	13,944,176	12,432,074
Notes receivable, accounts receivable from completed construction contracts and other	1,571,520	1,213,699
Real estate for sale	2,024,097	1,590,346
Development projects in progress	12,733,633	14,112,250
Costs on uncompleted construction contracts	1,019,919	1,100,851
Raw materials and supplies	7,666	9,975
Deferred tax assets	149,446	132,608
Other	492,599	453,430
Allowance for doubtful accounts	–	(326)
Total current assets	31,943,060	31,044,910
Non-current assets		
Property, plant and equipment		
Buildings and structures	1,767,995	1,937,082
Accumulated depreciation	(577,979)	(638,568)
Buildings and structures, net	1,190,015	1,298,514
Vehicles	171,402	164,681
Accumulated depreciation	(127,646)	(140,419)
Vehicles, net	43,756	24,262
Land	1,074,487	1,103,504
Other	370,476	372,684
Accumulated depreciation	(227,367)	(239,993)
Other, net	143,108	132,690
Total property, plant and equipment	2,451,368	2,558,971
Intangible assets		
Goodwill	33,763	23,374
Software	100,446	115,635
Other	17,682	19,430
Total intangible assets	151,892	158,441
Investments and other assets		
Investment securities	788,530	889,997
Deferred tax assets	191,015	57,829
Net defined benefit asset	70,101	32,594
Other	193,448	221,006
Allowance for doubtful accounts	(2,800)	(3,000)
Total investments and other assets	1,240,295	1,198,428
Total non-current assets	3,843,556	3,915,841
Total assets	35,786,617	34,960,751

(Thousands of yen)

	As of August 31, 2015	As of August 31, 2016
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes payable, accounts payable for construction contracts and other	3,137,244	2,841,637
Short-term loans payable	4,857,000	5,146,000
Current portion of long-term loans payable	490,000	427,000
Income taxes payable	233,386	277,933
Advances received on uncompleted construction contracts	1,370,468	999,834
Provision for bonuses	116,940	112,893
Provision for warranties for completed construction	18,575	19,736
Other	986,289	864,937
<b>Total current liabilities</b>	<b>11,209,905</b>	<b>10,689,972</b>
<b>Non-current liabilities</b>		
Long-term loans payable	628,000	180,000
Deferred tax liabilities	34,008	34,403
Provision for directors' retirement benefits	385,899	434,387
Net defined benefit liability	153,247	185,463
Other	316,508	317,992
<b>Total non-current liabilities</b>	<b>1,517,664</b>	<b>1,152,246</b>
<b>Total liabilities</b>	<b>12,727,570</b>	<b>11,842,219</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	3,732,673	3,732,673
Capital surplus	2,984,589	2,984,589
Retained earnings	16,343,892	16,637,245
Treasury shares	(46,844)	(346,800)
<b>Total shareholders' equity</b>	<b>23,014,310</b>	<b>23,007,707</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	44,736	110,824
<b>Total accumulated other comprehensive income</b>	<b>44,736</b>	<b>110,824</b>
<b>Total net assets</b>	<b>23,059,046</b>	<b>23,118,531</b>
<b>Total liabilities and net assets</b>	<b>35,786,617</b>	<b>34,960,751</b>

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

(Thousands of yen)

	Fiscal year ended August 31, 2015	Fiscal year ended August 31, 2016
Net sales	34,739,855	34,685,137
Cost of sales	28,771,340	29,025,946
Gross profit	5,968,515	5,659,191
Selling, general and administrative expenses		
Directors' compensations	329,335	346,786
Employees' salaries and allowances	1,643,416	1,577,035
Provision for bonuses	66,543	63,333
Retirement benefit expenses	22,135	66,432
Provision for directors' retirement benefits	46,348	50,750
Advertising expenses	476,267	412,986
Taxes and dues	325,872	340,314
Provision of allowance for doubtful accounts	–	326
Other	1,528,841	1,434,166
Total selling, general and administrative expenses	4,438,760	4,292,130
Operating income	1,529,754	1,367,060
Non-operating income		
Interest income	9,705	10,099
Dividend income	4,278	6,681
Office work fee	34,364	35,633
Cancellation Penalty Income	33,250	6,450
RefundedRealEstateAcquisitionTax	85,801	83,479
IncomeFromSafetyCooperatingAssociation	36,521	43,020
Miscellaneous income	68,678	76,692
Total non-operating income	272,600	262,056
Non-operating expenses		
Interest expenses	51,791	44,617
Provision of allowance for doubtful accounts	–	200
Miscellaneous loss	6,831	17,513
Total non-operating expenses	58,622	62,331
Ordinary income	1,743,731	1,566,785
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	262
Total extraordinary income	3,453	1,994
Extraordinary losses		
Loss on sales of non-current assets	3,984	–
Loss on retirement of non-current assets	4,296	2,662
Impairment loss	12,267	1,656
Repayment of Cancellation Penalty Income	–	36,900
Other	614	44
Total extraordinary losses	21,163	41,263
Profit before income taxes	1,726,021	1,527,516

(Thousands of yen)

	Fiscal year ended August 31, 2015	Fiscal year ended August 31, 2016
Income taxes - current	636,084	552,827
Income taxes - deferred	6,995	122,761
Total income taxes	643,080	675,588
Profit	1,082,941	851,927
Profit attributable to owners of parent	1,082,941	851,927

## Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended August 31, 2015	Fiscal year ended August 31, 2016
Profit	1,082,941	851,927
Other comprehensive income		
Valuation difference on available-for-sale securities	35,824	66,088
Total other comprehensive income	35,824	66,088
Comprehensive income	1,118,765	918,016
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,118,765	918,016
Comprehensive income attributable to non-controlling interests	—	—

## Consolidated statements of changes in equity

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)
Profit attributable to owners of parent			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)
Profit attributable to owners of parent			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



Fiscal year ended August 31, 2016

(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	2,984,589	16,343,892	(46,844)	23,014,310
Changes of items during period					
Dividends of surplus			(558,575)		(558,575)
Profit attributable to owners of parent			851,927		851,927
Purchase of treasury shares				(299,956)	(299,956)
Disposal of treasury shares					–
Net changes of items other than shareholders' equity					
Total changes of items during period	–	–	293,352	(299,956)	(6,603)
Balance at end of current period	3,732,673	2,984,589	16,637,245	(346,800)	23,007,707

	Accumulated other comprehensive income	Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities		
Balance at beginning of current period	44,736	–	23,059,046
Changes of items during period			
Dividends of surplus			(558,575)
Profit attributable to owners of parent			851,927
Purchase of treasury shares			(299,956)
Disposal of treasury shares			–
Net changes of items other than shareholders' equity	66,088	–	66,088
Total changes of items during period	66,088	–	59,485
Balance at end of current period	110,824	–	23,118,531

## Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended August 31, 2015	Fiscal year ended August 31, 2016
Cash flows from operating activities		
Profit before income taxes	1,726,021	1,527,516
Depreciation	235,567	175,065
Amortization of goodwill	10,388	10,388
Gain on reversal of subscription rights to shares	(1,252)	–
GainOnReversalOfAssetRetirementObligations	(293)	–
Impairment loss	12,267	1,656
Increase (decrease) in allowance for doubtful accounts	(240)	526
Increase (decrease) in provision for bonuses	3,018	(4,047)
Increase (decrease) in provision for warranties for completed construction	1,342	1,160
Increase (decrease) in net defined benefit liability	13,524	32,215
Increase (decrease) in provision for directors' retirement benefits	42,066	48,487
Interest and dividend income	(13,984)	(16,781)
Interest expenses	51,791	44,617
Loss (gain) on sales of property, plant and equipment	2,984	(1,731)
Loss on retirement of property, plant and equipment	4,296	2,662
Decrease (increase) in notes and accounts receivable - trade	(359,276)	357,821
Decrease (increase) in inventories	(646,572)	(1,028,106)
Increase (decrease) in notes and accounts payable - trade	(54,394)	(295,607)
Increase (decrease) in advances received on uncompleted construction contracts	(86,016)	(370,633)
Other, net	(42,759)	(89,348)
Subtotal	898,479	395,862
Interest and dividend income received	9,245	12,034
Interest expenses paid	(51,525)	(44,237)
Income taxes paid	(666,879)	(520,512)
Net cash provided by (used in) operating activities	189,319	(156,852)

(Thousands of yen)

	Fiscal year ended August 31, 2015	Fiscal year ended August 31, 2016
Cash flows from investing activities		
Payments into time deposits	(1,742,589)	(1,740,136)
Proceeds from withdrawal of time deposits	1,720,234	1,735,182
Purchase of property, plant and equipment	(50,025)	(228,005)
Proceeds from sales of property, plant and equipment	32,094	2,011
Purchase of intangible assets	(39,753)	(61,130)
Purchase of investment securities	(133,768)	(21,080)
Proceeds from redemption of investment securities	–	15,000
Other, net	10,982	18,486
Net cash provided by (used in) investing activities	(202,826)	(279,673)
Cash flows from financing activities		
Increase in short-term loans payable	8,271,000	8,876,000
Decrease in short-term loans payable	(8,404,000)	(8,587,000)
Proceeds from long-term loans payable	466,000	261,000
Repayments of long-term loans payable	(947,500)	(772,000)
Purchase of treasury shares	(61)	(299,956)
Proceeds from exercise of share options	27,060	–
Cash dividends paid	(562,472)	(558,575)
Net cash provided by (used in) financing activities	(1,149,973)	(1,080,531)
Net increase (decrease) in cash and cash equivalents	(1,163,480)	(1,517,057)
Cash and cash equivalents at beginning of period	13,450,625	12,287,144
Cash and cash equivalents at end of period	12,287,144	10,770,086