

Translation

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Summary of Consolidated Financial Results for the Three Months Ended November 30, 2016 (Based on Japanese GAAP)

January 13, 2017

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 to file Quarterly Securities Report: January 13, 2017
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended November 30, 2016 (from September 1, 2016 to November 30, 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	%
Three months ended November 30, 2016	5,049	(18.4)	(266)	–	(219)	–	(161)	–
Three months ended November 30, 2015	6,191	(9.1)	(54)	–	(7)	–	(3)	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended November 30, 2016	(11.08)		–	
Three months ended November 30, 2015	(0.27)		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of November 30, 2016	35,438	22,686	64.0
As of August 31, 2016	34,960	23,118	66.1

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, 2016	–	19.00	–	19.00	38.00
Year ending August 31, 2017	–				
Year ending August 31, 2017 (Forecast)		19.00	–	19.00	38.00

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 three months ended November 30, 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: No
- 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 November 30, 2016	14,884,300 shares	As of August 31, 2016	14,884,300 shares
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Number of treasury shares at the end of the period

As of November 30, 2016	303,554 shares	As of August 31, 2016	303,554 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended November 30, 2016	14,580,746 shares	Three months ended November 30, 2015	14,711,380 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of August 31, 2016	As of November 30, 2016
Assets		
Current assets		
Cash and deposits	12,432,074	9,769,068
Notes receivable, accounts receivable from completed construction contracts and other	1,213,699	1,378,324
Real estate for sale	1,590,346	1,921,208
Development projects in progress	14,112,250	15,673,001
Costs on uncompleted construction contracts	1,100,851	1,929,321
Raw materials and supplies	9,975	9,910
Other	586,038	578,048
Allowance for doubtful accounts	(326)	(326)
Total current assets	31,044,910	31,258,556
Non-current assets		
Property, plant and equipment	2,558,971	2,745,365
Intangible assets	158,441	220,157
Investments and other assets		
Investment securities	889,997	900,910
Other	311,430	316,540
Allowance for doubtful accounts	(3,000)	(3,000)
Total investments and other assets	1,198,428	1,214,451
Total non-current assets	3,915,841	4,179,973
Total assets	34,960,751	35,438,530
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	2,841,637	2,235,289
Short-term loans payable	5,146,000	5,627,880
Current portion of long-term loans payable	427,000	476,428
Income taxes payable	277,933	32,402
Advances received on uncompleted construction contracts	999,834	1,538,659
Provision for bonuses	112,893	210,614
Provision for warranties for completed construction	19,736	21,365
Other	864,937	731,633
Total current liabilities	10,689,972	10,874,273
Non-current liabilities		
Long-term loans payable	180,000	832,810
Provision for directors' retirement benefits	434,387	477,811
Net defined benefit liability	185,463	212,433
Other	352,395	354,855
Total non-current liabilities	1,152,246	1,877,911
Total liabilities	11,842,219	12,752,184

(Thousands of yen)

	As of August 31, 2016	As of November 30, 2016
Net assets		
Shareholders' equity		
Capital stock	3,732,673	3,732,673
Capital surplus	2,984,589	2,984,589
Retained earnings	16,637,245	16,198,723
Treasury shares	(346,800)	(346,800)
Total shareholders' equity	23,007,707	22,569,185
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	110,824	117,160
Total accumulated other comprehensive income	110,824	117,160
Total net assets	23,118,531	22,686,346
Total liabilities and net assets	34,960,751	35,438,530

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

Consolidated statements of income (cumulative)

(Thousands of yen)

	Three months ended November 30, 2015	Three months ended November 30, 2016
Net sales	6,191,794	5,049,972
Cost of sales	5,198,671	4,242,915
Gross profit	993,123	807,056
Selling, general and administrative expenses	1,047,331	1,073,666
Operating loss	(54,208)	(266,610)
Non-operating income		
Interest income	2,413	1,877
Dividend income	300	300
Office work fee	12,736	9,194
Cancellation Penalty Income	750	–
RefundedRealEstateAcquisitionTax	19,453	22,812
IncomeFromSafetyCooperatingAssociation	9,185	8,555
Other	17,419	21,644
Total non-operating income	62,258	64,384
Non-operating expenses		
Interest expenses	11,640	11,129
Other	4,384	5,676
Total non-operating expenses	16,024	16,806
Ordinary loss	(7,975)	(219,032)
Extraordinary income		
Gain on sales of non-current assets	1,731	79
Total extraordinary income	1,731	79
Extraordinary losses		
Loss on retirement of non-current assets	47	1,972
Other	44	–
Total extraordinary losses	92	1,972
Loss before income taxes	(6,335)	(220,924)
Income taxes	(2,390)	(59,437)
Loss	(3,945)	(161,487)
Loss attributable to owners of parent	(3,945)	(161,487)

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Three months ended November 30, 2015	Three months ended November 30, 2016
Loss	(3,945)	(161,487)
Other comprehensive income		
Valuation difference on available-for-sale securities	24,215	6,335
Total other comprehensive income	24,215	6,335
Comprehensive income	20,270	(155,151)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	20,270	(155,151)
Comprehensive income attributable to non-controlling interests	—	—