

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

## Summary of Consolidated Financial Results for the Six Months Ended February 28, 2017 (Based on Japanese GAAP)

April 14, 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: April 14, 2017  
 Scheduled date to commence dividend payments: May 19, 2017  
 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 28, 2017 (from September 1, 2016 to February 28, 2017)

(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 28, 2017	15,443	(2.1)	424	(6.7)	520	(5.0)	345	(1.8)
Six months ended February 29, 2016	15,774	(1.2)	455	(23.1)	548	(21.5)	352	(20.9)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended February 28, 2017	23.73		-	
Six months ended February 29, 2016	24.06		-	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of February 28, 2017	37,530	23,177	61.8
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	Yen	Yen	Yen	Yen
Year ended August 31, 2016	-	19.00	-	19.00	38.00
Year ending August 31, 2017	-	19.00	-	-	-
Year ending August 31, 2017 (Forecast)	-	-	-	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
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 six months ended February 28, 2017  
(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 February 28, 2017	14,884,300 shares	As of August 31, 2016	14,884,300 shares
-------------------------	-------------------	-----------------------	-------------------

Number of treasury shares at the end of the period

As of February 28, 2017	303,554 shares	As of August 31, 2016	303,554 shares
-------------------------	----------------	-----------------------	----------------

Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended February 28, 2017	14,580,746 shares	Six months ended February 29, 2016	14,646,063 shares
------------------------------------	-------------------	------------------------------------	-------------------

**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Thousands of yen)

	As of August 31, 2016	As of February 28, 2017
<b>Assets</b>		
Current assets		
Cash and deposits	12,432,074	12,083,405
Notes receivable, accounts receivable from completed construction contracts and other	1,213,699	2,072,615
Real estate for sale	1,590,346	1,334,917
Development projects in progress	14,112,250	15,443,364
Costs on uncompleted construction contracts	1,100,851	1,846,362
Raw materials and supplies	9,975	8,583
Other	586,038	615,050
Allowance for doubtful accounts	(326)	(326)
Total current assets	31,044,910	33,403,973
Non-current assets		
Property, plant and equipment	2,558,971	2,717,174
Intangible assets	158,441	214,336
Investments and other assets		
Investment securities	889,997	879,180
Other	311,430	318,460
Allowance for doubtful accounts	(3,000)	(3,000)
Total investments and other assets	1,198,428	1,194,641
Total non-current assets	3,915,841	4,126,151
Total assets	34,960,751	37,530,125
<b>Liabilities</b>		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	2,841,637	2,911,722
Short-term loans payable	5,146,000	6,716,131
Current portion of long-term loans payable	427,000	511,228
Income taxes payable	277,933	242,040
Advances received on uncompleted construction contracts	999,834	982,803
Provision for bonuses	112,893	91,646
Provision for warranties for completed construction	19,736	21,306
Other	864,937	820,071
Total current liabilities	10,689,972	12,296,949
Non-current liabilities		
Long-term loans payable	180,000	992,053
Provision for directors' retirement benefits	434,387	487,674
Net defined benefit liability	185,463	216,269
Other	352,395	359,815
Total non-current liabilities	1,152,246	2,055,812
Total liabilities	11,842,219	14,352,762

(Thousands of yen)

	As of August 31, 2016	As of February 28, 2017
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	16,706,193
Treasury shares	(346,800)	(346,800)
Total shareholders' equity	23,007,707	23,076,655
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	110,824	100,707
Total accumulated other comprehensive income	110,824	100,707
Total net assets	23,118,531	23,177,362
Total liabilities and net assets	34,960,751	37,530,125

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

**Consolidated statements of income (cumulative)**

(Thousands of yen)

	Six months ended February 29, 2016	Six months ended February 28, 2017
Net sales	15,774,529	15,443,952
Cost of sales	13,254,244	12,909,708
Gross profit	2,520,284	2,534,244
Selling, general and administrative expenses	2,065,060	2,109,629
Operating income	455,224	424,615
Non-operating income		
Interest income	4,871	3,510
Dividend income	2,078	2,330
Office work fee	18,900	15,506
Cancellation Penalty Income	5,450	–
Refunded real-estate acquisition tax	38,848	41,668
IncomeFromSafetyCooperatingAssociation	20,635	18,623
Other	30,757	48,147
Total non-operating income	121,542	129,787
Non-operating expenses		
Interest expenses	23,270	23,372
Other	4,955	10,080
Total non-operating expenses	28,225	33,452
Ordinary income	548,540	520,950
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	153	2,490
Other	44	–
Total extraordinary losses	197	2,490
Profit before income taxes	550,074	518,540
Income taxes	197,654	172,557
Profit	352,420	345,982
Profit attributable to owners of parent	352,420	345,982

**Consolidated statements of comprehensive income (cumulative)**

(Thousands of yen)

	Six months ended February 29, 2016	Six months ended February 28, 2017
Profit	352,420	345,982
Other comprehensive income		
Valuation difference on available-for-sale securities	(3,126)	(10,117)
Total other comprehensive income	(3,126)	(10,117)
Comprehensive income	349,293	335,865
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	349,293	335,865
Comprehensive income attributable to non-controlling interests	—	—

## Consolidated statements of cash flows

(Thousands of yen)

	Six months ended February 29, 2016	Six months ended February 28, 2017
Cash flows from operating activities		
Profit before income taxes	550,074	518,540
Depreciation	87,976	88,464
Amortization of goodwill	5,194	12,343
Increase (decrease) in provision for bonuses	(31,708)	(23,371)
Increase (decrease) in provision for warranties for completed construction	(171)	(450)
Increase (decrease) in net defined benefit liability	4,960	4,828
Increase (decrease) in provision for directors' retirement benefits	25,020	18,325
Interest and dividend income	(6,949)	(5,840)
Interest expenses	23,270	23,372
Loss (gain) on sales of property, plant and equipment	(1,731)	(79)
Loss on retirement of property, plant and equipment	153	2,490
Decrease (increase) in notes and accounts receivable - trade	85,880	(858,915)
Decrease (increase) in inventories	(1,672,176)	(1,309,267)
Increase (decrease) in notes and accounts payable - trade	(475,712)	23,660
Increase (decrease) in advances received on uncompleted construction contracts	(37,933)	(129,291)
Other, net	(184,157)	(23,819)
Subtotal	(1,628,010)	(1,659,011)
Interest and dividend income received	4,253	4,200
Interest expenses paid	(23,009)	(23,691)
Income taxes paid	(219,195)	(250,348)
Net cash provided by (used in) operating activities	(1,865,962)	(1,928,851)
Cash flows from investing activities		
Payments into time deposits	(665,934)	(666,673)
Proceeds from withdrawal of time deposits	665,216	700,060
Purchase of property, plant and equipment	(2,614)	(49,681)
Proceeds from sales of property, plant and equipment	2,011	29,080
Purchase of intangible assets	(33,408)	(17,592)
Purchase of investment securities	(19,880)	(1,200)
Purchase of shares of subsidiaries	–	(73,686)
Other, net	3,114	(1,735)
Net cash provided by (used in) investing activities	(51,495)	(81,426)
Cash flows from financing activities		
Increase in short-term loans payable	5,047,000	5,259,131
Decrease in short-term loans payable	(4,199,000)	(3,876,200)
Proceeds from long-term loans payable	261,000	793,000
Repayments of long-term loans payable	(490,000)	(240,862)
Purchase of treasury shares	(299,956)	–
Cash dividends paid	(281,540)	(277,034)
Net cash provided by (used in) financing activities	37,503	1,658,034
Net increase (decrease) in cash and cash equivalents	(1,879,955)	(352,243)
Cash and cash equivalents at beginning of period	12,287,144	10,770,086
Cash and cash equivalents at end of period	10,407,188	10,417,843