

**Consolidated Financial Results for the Fiscal Year Ended June 30, 2014**  
<Japanese Accounting Standards>

13-Aug-14

Company name: SUNNY SIDE UP Inc.  
Stock exchange listing: Tokyo Stock Exchange  
Securities code: 2180  
URL: <http://www.ssu.co.jp>

Representative: Etsuko Tsugihara, Representative Director  
Contact: Toshimitsu Aida, Corporate Officer, Administration Div. Manager, Public Relations / Investor Relations Dept. Manager  
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Scheduled date of general shareholders' meeting: September 26, 2014  
Scheduled date of commencement of dividend payment: September 29, 2014  
Scheduled date for filing of annual securities report: September 29, 2014  
Supplementary materials for financial results: Yes  
Financial results briefing: Yes (for institutional investors and general investors)

Figures shown are rounded down to the nearest million yen

**1. Consolidated Financial Results for the Fiscal Year Ended June 30, 2014 (July 1, 2013 - June 30, 2014)**

| (1) Consolidated operating results |                 | (Percentages show year-on-year changes) |                  |       |                 |       |                 |       |  |
|------------------------------------|-----------------|-----------------------------------------|------------------|-------|-----------------|-------|-----------------|-------|--|
|                                    | Net sales       |                                         | Operating income |       | Ordinary income |       | Net income      |       |  |
|                                    | millions of yen | YoY %                                   | millions of yen  | YoY % | millions of yen | YoY % | millions of yen | YoY % |  |
| FY2014                             | 12,443          | -4.4                                    | 51               | -88.3 | 153             | -72.5 | (7)             | -     |  |
| FY2013                             | 13,018          | 25.5                                    | 438              | 37.1  | 558             | 61.4  | 353             | 63.8  |  |

(Note) Comprehensive income:

FY2014: ¥(53) million (-%)

FY2013: ¥387 million (66.3%)

|        | Net income per share | Diluted net income per share | Return on equity | Ordinary income to total assets | Operating income to net sales |
|--------|----------------------|------------------------------|------------------|---------------------------------|-------------------------------|
|        | yen                  | yen                          | %                | %                               | %                             |
| FY2014 | (2.18)               | -                            | -0.4             | 3.0                             | 0.4                           |
| FY2013 | 102.54               | 97.89                        | 21.7             | 11.6                            | 3.4                           |

(Reference) Share of profit (loss) of entities accounted for using equity method

FY2014: ¥(0) million

FY2013: ¥(0) million

Diluted net income per share for the FY2014 is not presented because a net loss per share was recorded although dilutive securities existed.

**(2) Consolidated financial position**

|        | Total assets    | Net assets      | Equity ratio | Net assets per share |
|--------|-----------------|-----------------|--------------|----------------------|
|        | millions of yen | millions of yen | %            | yen                  |
| FY2014 | 5,613           | 1,906           | 31.6         | 501.30               |
| FY2013 | 4,751           | 1,949           | 38.4         | 515.8                |

(Reference) Equity

As of June 30, 2014: ¥1,775 million

As of June 30, 2013: ¥1,822 million

**(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 fiscal year |
|--------|--------------------------------------|--------------------------------------|--------------------------------------|-------------------------------------------------|
|        | millions of yen                      | millions of yen                      | millions of yen                      | millions of yen                                 |
| FY2014 | (377)                                | (85)                                 | 551                                  | 996                                             |
| FY2013 | 822                                  | (376)                                | (491)                                | 875                                             |

**2. Dividends**

|                   | Dividend per share |        |        |          |        | Total dividends (annual) | Payout ratio (consolidated) | Dividends to net assets (consolidated) |
|-------------------|--------------------|--------|--------|----------|--------|--------------------------|-----------------------------|----------------------------------------|
|                   | 1Q End             | 2Q End | 3Q End | Year-End | Annual |                          |                             |                                        |
|                   | yen                | yen    | yen    | yen      | yen    | millions of yen          | %                           | %                                      |
| FY2013            | -                  | 0.00   | -      | 20.00    | 20.00  | 70                       | 20.0                        | 4.3                                    |
| FY2014            | -                  | 0.00   | -      | 20.00    | 20.00  | 70                       | -                           | 3.9                                    |
| FY2015 (forecast) | -                  | 0.00   | -      | 20.00    | 20.00  |                          | 38.6                        |                                        |

Payout ratio (consolidated) for the FY2014 is not presented because a net loss per share was recorded.

**3. Consolidated Forecasts for the Fiscal Year Ending June 30, 2015 (July 1, 2014 - June 30, 2015)**

(% changes from the previous corresponding period)

|              | Net sales       |       | Operating income |       | Ordinary income |       | Net income      |       | Net income per share |
|--------------|-----------------|-------|------------------|-------|-----------------|-------|-----------------|-------|----------------------|
|              | millions of yen | YoY % | millions of yen  | YoY % | millions of yen | YoY % | millions of yen | YoY % | yen                  |
| 2Q of FY2015 | 5,836           | -12.1 | 26               | -49.4 | 48              | -50.7 | 0               | -90.6 | 0.23                 |
| Full year    | 11,610          | -6.7  | 287              | 463.5 | 332             | 116.2 | 183             | -     | 51.83                |

**(1) Consolidated Balance Sheet**

|                                        | FY2013              | FY2014              |
|----------------------------------------|---------------------|---------------------|
|                                        | As of June 30, 2013 | As of June 30, 2014 |
|                                        | (thousands of yen)  | (thousands of yen)  |
| <b>Assets</b>                          |                     |                     |
| Current assets                         |                     |                     |
| Cash and deposits                      | 875,061             | 1,001,512           |
| Notes and accounts receivable – trade  | 1,497,323           | 1,838,638           |
| Merchandise and finished goods         | 36,841              | 3,720               |
| Costs on uncompleted services          | 192,266             | 208,760             |
| Raw materials and supplies             | 10,735              | 15,131              |
| Advance payments – trade               | 227,361             | 234,308             |
| Deferred tax assets                    | 20,142              | 27,730              |
| Other                                  | 94,357              | 225,933             |
| Allowance for doubtful accounts        | (803)               | (7,191)             |
| Total current assets                   | 2,953,286           | 3,548,593           |
| Non-current assets                     |                     |                     |
| Property, plant and equipment          |                     |                     |
| Buildings and structures               | 614,241             | 1,044,614           |
| Accumulated depreciation               | (173,892)           | (223,724)           |
| Buildings and structures, net          | 440,348             | 820,890             |
| Machinery, equipment and vehicles      | 22,388              | 33,082              |
| Accumulated depreciation               | (8,404)             | (14,529)            |
| Machinery, equipment and vehicles, net | 13,984              | 18,553              |
| Land                                   | 520,818             | 520,818             |
| Leased assets                          | 81,733              | 95,483              |
| Accumulated depreciation               | (35,268)            | (51,760)            |
| Leased assets, net                     | 46,464              | 43,722              |
| Construction in progress               | 283,797             | 86,846              |
| Other                                  | 210,300             | 318,299             |
| Accumulated depreciation               | (145,378)           | (160,874)           |
| Other, net                             | 64,922              | 157,424             |
| Total property, plant and equipment    | 1,370,336           | 1,648,256           |
| Intangible assets                      |                     |                     |
| Goodwill                               | 11,873              | 22,881              |
| Leased assets                          | 5,705               | 2,966               |
| Other                                  | 10,920              | 6,325               |
| Total intangible assets                | 28,499              | 32,172              |
| Investments and other assets           |                     |                     |
| Investment securities                  | 10,549              | 10,786              |
| Long-term loans receivable             | 1,574               | 50,626              |
| Deferred tax assets                    | 6,881               | 3,139               |
| Lease and guarantee deposits           | 257,422             | 313,268             |
| Other                                  | 152,028             | 54,490              |
| Allowance for doubtful accounts        | (29,504)            | (48,216)            |
| Total investments and other assets     | 398,952             | 384,094             |
| Total non-current assets               | 1,797,788           | 2,064,523           |
| Total assets                           | 4,751,074           | 5,613,117           |

# Liabilities

|                                                       |           |           |
|-------------------------------------------------------|-----------|-----------|
| Current liabilities                                   |           |           |
| Accounts payable – trade                              | 759,647   | 1,011,490 |
| Short-term loans payable                              | 587,247   | 1,066,610 |
| Current portion of long-term loans payable            | 195,209   | 263,790   |
| Lease obligations                                     | 20,191    | 17,910    |
| Income taxes payable                                  | 126,239   | 141,895   |
| Deferred tax liabilities                              | -         | 633       |
| Provision for directors' bonuses                      | 11,000    | -         |
| Asset retirement obligations                          | 4,580     | -         |
| Accrued expenses                                      | 241,640   | 135,219   |
| Other                                                 | 263,909   | 251,482   |
| Total current liabilities                             | 2,209,665 | 2,889,032 |
| Non-current liabilities                               |           |           |
| Long-term loans payable                               | 390,648   | 311,551   |
| Lease obligations                                     | 35,336    | 16,676    |
| Long-term deposits received                           | 18,751    | 326,924   |
| Deferred tax liabilities                              | 11,338    | 14,669    |
| Asset retirement obligations                          | 49,344    | 48,180    |
| Other                                                 | 86,704    | 99,338    |
| Total non-current liabilities                         | 592,124   | 817,340   |
| Total liabilities                                     | 2,801,790 | 3,706,373 |
| Net assets                                            |           |           |
| Shareholders' equity                                  |           |           |
| Capital stock                                         | 451,993   | 453,245   |
| Capital surplus                                       | 512,593   | 513,845   |
| Retained earnings                                     | 835,195   | 801,543   |
| Treasury shares                                       | -         | (106)     |
| Total shareholders' equity                            | 1,799,782 | 1,768,528 |
| Accumulated other comprehensive income                |           |           |
| Valuation difference on available-for-sale securities | 2,039     | 3,180     |
| Foreign currency translation adjustment               | 21,102    | 4,074     |
| Total accumulated other comprehensive income          | 23,141    | 7,254     |
| Minority interests                                    | 126,360   | 130,961   |
| Total net assets                                      | 1,949,284 | 1,906,744 |
| Total liabilities and net assets                      | 4,751,074 | 5,613,117 |

**(2) Consolidated Statement of Income and Comprehensive income**  
**(Consolidated Statement of Income)**

|                                                                           | FY2013<br>(July 1, 2012 – June 30, 2013)<br>(thousands of yen) | FY2014<br>(July 1, 2013 – June 30, 2014)<br>(thousands of yen) |
|---------------------------------------------------------------------------|----------------------------------------------------------------|----------------------------------------------------------------|
| Net sales                                                                 | 13,018,647                                                     | 12,443,202                                                     |
| Cost of sales                                                             | 11,311,235                                                     | 10,996,462                                                     |
| Gross profit                                                              | 1,707,411                                                      | 1,446,740                                                      |
| Selling, general and administrative expenses                              | 1,269,087                                                      | 1,395,644                                                      |
| Operating income                                                          | 438,324                                                        | 51,095                                                         |
| Non-operating income                                                      |                                                                |                                                                |
| Interest income                                                           | 129                                                            | 752                                                            |
| Dividend income                                                           | 159                                                            | 295                                                            |
| Foreign exchange gains                                                    | 111,643                                                        | 16,886                                                         |
| House rent income                                                         | 37,829                                                         | 37,855                                                         |
| Insurance premiums refunded cancellation                                  | 500                                                            | 80,732                                                         |
| Other                                                                     | 11,328                                                         | 6,458                                                          |
| Total non-operating income                                                | 161,590                                                        | 142,980                                                        |
| Non-operating expenses                                                    |                                                                |                                                                |
| Interest expenses                                                         | 14,521                                                         | 12,992                                                         |
| Loss on sales of accounts receivable                                      | 10,246                                                         | 1,210                                                          |
| Rent expenses                                                             | 16,493                                                         | 16,864                                                         |
| Provision of allowance for doubtful accounts                              | -                                                              | 9,000                                                          |
| Share of loss of entities accounted for using equity method               | 176                                                            | 232                                                            |
| Other                                                                     | 33                                                             | 107                                                            |
| Total non-operating expenses                                              | 41,470                                                         | 40,407                                                         |
| Ordinary income                                                           | 558,444                                                        | 153,668                                                        |
| Extraordinary income                                                      |                                                                |                                                                |
| Gain on change in equity                                                  | -                                                              | 9,972                                                          |
| Total extraordinary income                                                | -                                                              | 9,972                                                          |
| Extraordinary losses                                                      |                                                                |                                                                |
| Loss on retirement of non-current assets                                  | 77                                                             | -                                                              |
| Loss on sales of non-current assets                                       | 27                                                             | 17,585                                                         |
| Impairment loss                                                           | 32,373                                                         | 10,593                                                         |
| Loss on transfer of investments in capital of subsidiaries and associates | -                                                              | 31,846                                                         |
| Total extraordinary losses                                                | 32,478                                                         | 60,025                                                         |
| Income before income taxes                                                | 525,965                                                        | 103,615                                                        |
| Income taxes – current                                                    | 155,149                                                        | 211,272                                                        |
| Income taxes – deferred                                                   | 7,898                                                          | 3,643                                                          |
| Total income taxes                                                        | 163,048                                                        | 214,915                                                        |
| Income (loss) before minority interests                                   | 362,916                                                        | (111,300)                                                      |
| Minority interests in income (loss)                                       | 9,197                                                          | (103,572)                                                      |
| Net income (loss)                                                         | 353,719                                                        | (7,728)                                                        |

**(Consolidated Statement of Comprehensive Income)**

|                                                         | FY2013<br>(July 1, 2012 – June 30, 2013)<br>(thousands of yen) | FY2014<br>(July 1, 2013 – June 30, 2014)<br>(thousands of yen) |
|---------------------------------------------------------|----------------------------------------------------------------|----------------------------------------------------------------|
| Income (loss) before minority interests                 | 362,916                                                        | (111,300)                                                      |
| Other comprehensive income                              |                                                                |                                                                |
| Valuation difference on available-for-sale securities   | 1,030                                                          | 1,140                                                          |
| Foreign currency translation adjustment                 | 23,582                                                         | (29,806)                                                       |
| Changes in equity                                       | -                                                              | 86,823                                                         |
| Total other comprehensive income                        | 24,613                                                         | 58,157                                                         |
| Comprehensive income                                    | 387,530                                                        | (53,143)                                                       |
| Comprehensive income attributable to                    |                                                                |                                                                |
| Comprehensive income attributable to owners of parent   | 367,235                                                        | 19,296                                                         |
| Comprehensive income attributable to minority interests | 20,294                                                         | (72,439)                                                       |

**(3) Consolidated Statement of Cash Flows**

|                                                                                                                              | FY2013<br>(July 1, 2012 – June 30, 2013)<br>(thousands of yen) | FY2014<br>(July 1, 2013 – June 30, 2014)<br>(thousands of yen) |
|------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------|----------------------------------------------------------------|
| <b>Cash flows from operating activities</b>                                                                                  |                                                                |                                                                |
| Income before income taxes and minority interests                                                                            | 525,965                                                        | 103,615                                                        |
| Depreciation                                                                                                                 | 105,636                                                        | 112,170                                                        |
| Impairment loss                                                                                                              | 32,373                                                         | 10,593                                                         |
| Amortization of goodwill                                                                                                     | 4,218                                                          | 2,819                                                          |
| Increase (decrease) in allowance for doubtful accounts                                                                       | (5,735)                                                        | 25,100                                                         |
| Increase (decrease) in provision for directors' bonuses                                                                      | (11,500)                                                       | (11,000)                                                       |
| Interest and dividend income                                                                                                 | (288)                                                          | (1,048)                                                        |
| Interest expenses                                                                                                            | 14,521                                                         | 12,992                                                         |
| Foreign exchange losses (gains)                                                                                              | (85,654)                                                       | (24,311)                                                       |
| Share of (profit) loss of entities accounted for using equity method                                                         | 176                                                            | 232                                                            |
| Surrender value of insurance                                                                                                 | (500)                                                          | (80,732)                                                       |
| Loss (gain) on sales and retirement of non-current assets                                                                    | 105                                                            | 17,585                                                         |
| Loss (gain) on transfer of investments in capital of subsidiaries and associates                                             | -                                                              | 31,846                                                         |
| Loss (gain) on change in equity                                                                                              | -                                                              | (9,972)                                                        |
| Decrease (increase) in notes and accounts receivable – trade                                                                 | 484,501                                                        | (586,296)                                                      |
| Payments of business security deposit                                                                                        | -                                                              | (5,000)                                                        |
| Decrease (increase) in inventories                                                                                           | (111,685)                                                      | 12,240                                                         |
| Decrease (increase) in advance payments                                                                                      | 95,696                                                         | (63,721)                                                       |
| Decrease (increase) in other assets                                                                                          | (25,178)                                                       | (123,444)                                                      |
| Increase (decrease) in notes and accounts payable – trade                                                                    | (248,236)                                                      | 344,041                                                        |
| Increase (decrease) in accounts payable – other                                                                              | (7,875)                                                        | 766                                                            |
| Increase (decrease) in accrued consumption taxes                                                                             | 9,604                                                          | (17,544)                                                       |
| Increase (decrease) in advances received                                                                                     | 38,254                                                         | 165,884                                                        |
| Increase (decrease) in other liabilities                                                                                     | 112,250                                                        | (77,648)                                                       |
| Subtotal                                                                                                                     | 926,648                                                        | (160,830)                                                      |
| Interest and dividend income received                                                                                        | 137                                                            | 703                                                            |
| Interest expenses paid                                                                                                       | (11,511)                                                       | (15,844)                                                       |
| Income taxes paid                                                                                                            | (92,582)                                                       | (208,299)                                                      |
| Income taxes refund                                                                                                          | 102                                                            | 6,824                                                          |
| Net cash provided by (used in) operating activities                                                                          | 822,795                                                        | (377,447)                                                      |
| <b>Cash flows from investing activities</b>                                                                                  |                                                                |                                                                |
| Purchase of property, plant and equipment                                                                                    | (336,396)                                                      | (414,104)                                                      |
| Purchase of intangible assets                                                                                                | (420)                                                          | (549)                                                          |
| Purchase of investment securities                                                                                            | -                                                              | (9,000)                                                        |
| Payments for transfer of investments in capital of subsidiaries and associates resulting in change in scope of consolidation | -                                                              | (108,187)                                                      |
| Purchase of shares of subsidiaries and associates                                                                            | -                                                              | (3,000)                                                        |
| Proceeds from Collection of loans receivable                                                                                 | -                                                              | 1,339                                                          |
| Payments for lease and guarantee deposits                                                                                    | (40,630)                                                       | (70,346)                                                       |
| Proceeds from collection of lease and guarantee deposits                                                                     | 1,088                                                          | 14,756                                                         |
| Proceeds from long-term deposits received                                                                                    | -                                                              | 302,317                                                        |
| Purchase of insurance funds                                                                                                  | (11,587)                                                       | (8,939)                                                        |
| Proceeds from cancellation of insurance funds                                                                                | -                                                              | 210,755                                                        |
| Other                                                                                                                        | 11,151                                                         | (400)                                                          |
| Net cash provided by (used in) investing activities                                                                          | (376,792)                                                      | (85,358)                                                       |
| <b>Cash flows from financing activities</b>                                                                                  |                                                                |                                                                |
| Net increase (decrease) in short-term loans payable                                                                          | (552,985)                                                      | 479,362                                                        |
| Proceeds from long-term loans payable                                                                                        | 347,300                                                        | 355,000                                                        |
| Repayments of long-term loans payable                                                                                        | (316,677)                                                      | (365,516)                                                      |
| Proceeds from issuance of common shares                                                                                      | 32,547                                                         | 2,504                                                          |
| Purchase of treasury shares                                                                                                  | -                                                              | (106)                                                          |
| Proceeds from share issuance to minority shareholders                                                                        | 43,379                                                         | 169,968                                                        |
| Cash dividends paid                                                                                                          | (25,582)                                                       | (69,581)                                                       |
| Repayments of lease obligations                                                                                              | (19,628)                                                       | (20,460)                                                       |
| Net cash provided by (used in) financing activities                                                                          | (491,646)                                                      | 551,171                                                        |
| Effect of exchange rate change on cash and cash equivalents                                                                  | 71,252                                                         | 33,085                                                         |
| Net increase (decrease) in cash and cash equivalents                                                                         | 25,608                                                         | 121,450                                                        |
| Cash and cash equivalents at beginning of period                                                                             | 849,452                                                        | 875,061                                                        |
| Cash and cash equivalents at end of period                                                                                   | 875,061                                                        | 996,512                                                        |