

Consolidated Financial Results for the Fiscal Year Ended June 30, 2015

<Japanese Accounting Standards>

18-Aug-15

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

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Scheduled date of general shareholders' meeting: September 28, 2015
 Scheduled date of commencement of dividend payment: September 29, 2015
 Scheduled date for filing of annual securities report: September 29, 2015
 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, 2015 (July 1, 2014 - June 30, 2015)

(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 %
FY2015	11,940	-4.0	(88)	-	83	-45.5	(330)	-
FY2014	12,443	-4.4	51	-88.3	153	-72.5	(7)	-

(Note) Comprehensive income:

FY2015: ¥(429) million (-%)

FY2014: ¥53 million (-%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary income to total assets	Operating income to net sales
	yen	yen	%	%	%
FY2015	(93.76)	-	-21.3	1.5	-0.7
FY2014	(2.18)	-	-0.4	3.0	0.4

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

FY2015: ¥(0) million

FY2014: ¥(0) million

Diluted net income per share for the FY2015 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
FY2015	5,291	1,423	25.1	371.66
FY2014	5,613	1,906	31.6	501.30

(Reference) Equity

As of June 30, 2015: ¥1,330 million

As of June 30, 2014: ¥1,775 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
FY2015	37	(91)	(90)	902
FY2014	(377)	(85)	551	996

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	%	%
FY2014	-	0.00	-	20.00	20.00	70	-	3.9
FY2015	-	0.00	-	10.00	10.00	35	-	2.3
FY2016 (forecast)	-	5.00	-	25.00	30.00	-	141.6	-

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, 2016 (July 1, 2015 - June 30, 2016)

(% 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 FY2016	6,526	-2.7	164	-	174	363.0	106	-	29.69
Full year	12,008	0.6	147	-	166	99.3	88	-	24.71

(1) Consolidated Balance Sheet

	FY2014	FY2015
	As of June 30, 2014	As of June 30, 2015
	(thousands of yen)	(thousands of yen)
Assets		
Current assets		
Cash and deposits	1,001,512	910,437
Notes and accounts receivable – trade	1,838,638	1,784,881
Merchandise and finished goods	3,720	2,294
Costs on uncompleted services	208,760	303,374
Raw materials and supplies	15,131	23,933
Advance payments – trade	234,308	286,309
Deferred tax assets	27,730	26,159
Other	225,933	161,532
Allowance for doubtful accounts	(7,191)	(5,863)
Total current assets	3,548,593	3,493,059
Non-current assets		
Property, plant and equipment		
Buildings and structures	1,044,614	1,063,886
Accumulated depreciation	(223,724)	(339,463)
Buildings and structures, net	820,890	724,422
Machinery, equipment and vehicles	33,082	33,468
Accumulated depreciation	(14,529)	(19,845)
Machinery, equipment and vehicles, net	18,553	13,623
Land	520,818	520,818
Leased assets	95,483	91,022
Accumulated depreciation	(51,760)	(67,510)
Leased assets, net	43,722	23,511
Construction in progress	86,846	-
Other	318,299	301,892
Accumulated depreciation	(160,874)	(194,082)
Other, net	157,424	107,809
Total property, plant and equipment	1,648,256	1,390,186
Intangible assets		
Goodwill	22,881	-
Leased assets	2,966	228
Other	6,325	3,422
Total intangible assets	32,172	3,650
Investments and other assets		
Investment securities	15,376	21,356
Long-term loans receivable	50,626	48,336
Deferred tax assets	3,139	49
Lease and guarantee deposits	313,268	334,109
Other	49,990	56,677
Allowance for doubtful accounts	(48,216)	(55,690)
Total investments and other assets	384,094	404,838
Total non-current assets	2,064,523	1,798,675
Total assets	5,613,117	5,291,734

Liabilities

Current liabilities		
Accounts payable – trade	1,011,490	1,149,045
Short-term loans payable	1,066,610	708,320
Current portion of long-term loans payable	263,790	245,619
Lease obligations	17,910	15,456
Income taxes payable	141,895	76,633
Deferred tax liabilities	633	-
Accrued expenses	135,219	174,418
Other	251,482	292,298
Total current liabilities	2,889,032	2,661,791
Non-current liabilities		
Long-term loans payable	311,551	699,548
Lease obligations	16,676	15,156
Long-term deposits received	326,924	329,543
Deferred tax liabilities	14,669	15,311
Asset retirement obligations	48,180	49,144
Other	99,338	989,093
Total non-current liabilities	817,340	1,206,797
Total liabilities	3,706,373	3,868,589
Net assets		
Shareholders' equity		
Capital stock	453,245	461,996
Capital surplus	513,845	522,596
Retained earnings	801,543	400,026
Treasury shares	(106)	(30,218)
Total shareholders' equity	1,768,528	1,354,400
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,180	4,869
Foreign currency translation adjustment	4,074	(29,022)
Total accumulated other comprehensive income	7,254	(24,152)
Subscription rights to shares	-	19,718
Minority interests	130,961	73,177
Total net assets	1,906,744	1,423,144
Total liabilities and net assets	5,613,117	5,291,734

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

	FY2014 (July 1, 2013 – June 30, 2014) (thousands of yen)	FY2015 (July 1, 2014 – June 30, 2015) (thousands of yen)
Net sales	12,443,202	11,940,401
Cost of sales	10,996,462	10,617,092
Gross profit	1,446,740	1,323,309
Selling, general and administrative expenses	1,395,644	1,411,328
Operating income	51,095	(88,019)
Non-operating income		
Interest income	752	934
Dividend income	295	322
Foreign exchange gains	16,886	101,151
House rent income	37,855	49,900
Insurance premiums refunded cancellation	80,732	-
Dividends distribution from silent partnership	-	38,617
Other	6,458	11,636
Total non-operating income	142,980	202,564
Non-operating expenses		
Interest expenses	12,992	11,917
Loss on sales of accounts receivable	1,210	833
Rent expenses	16,864	16,555
Provision of allowance for doubtful accounts	9,000	-
Share of loss of entities accounted for using equity method	232	474
Other	107	1,038
Total non-operating expenses	40,407	30,819
Ordinary income	153,668	83,725
Extraordinary income		
Gain on change in equity	9,972	-
Total extraordinary income	9,972	-
Extraordinary losses		
Loss on retirement of non-current assets	-	854
Loss on sales of non-current assets	17,585	1,757
Impairment loss	10,593	313,091
Loss on transfer of investments in capital of subsidiaries and associates	31,846	-
Loss on sales of stocks of subsidiaries and affiliates	-	103
Total extraordinary losses	60,025	315,806
Income before income taxes	103,615	(232,081)
Income taxes – current	211,272	162,261
Income taxes – deferred	3,643	3,902
Total income taxes	214,915	166,163
Income (loss) before minority interests	(111,300)	(398,244)
Minority interests in income (loss)	(103,572)	(67,573)
Net income (loss)	(7,728)	(330,671)

(Consolidated Statement of Comprehensive Income)

	FY2014 (July 1, 2013 – June 30, 2014) (thousands of yen)	FY2015 (July 1, 2014 – June 30, 2015) (thousands of yen)
Income (loss) before minority interests	(111,300)	(398,244)
Other comprehensive income		
Valuation difference on available-for-sale securities	1,140	1,689
Foreign currency translation adjustment	(29,806)	(33,096)
Changes in equity	86,823	-
Total other comprehensive income	58,157	(31,407)
Comprehensive income	(53,143)	(429,651)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	19,296	(362,078)
Comprehensive income attributable to minority interests	(72,439)	(67,573)

(3) Consolidated Statement of Cash Flows

	FY2014 (July 1, 2013 – June 30, 2014) (thousands of yen)	FY2015 (July 1, 2014 – June 30, 2015) (thousands of yen)
Cash flows from operating activities		
Income before income taxes and minority interests	103,615	(232,081)
Depreciation	112,170	170,227
Impairment loss	10,593	313,091
Amortization of goodwill	2,819	5,797
Increase (decrease) in allowance for doubtful accounts	25,100	6,145
Increase (decrease) in provision for directors' bonuses	(11,000)	-
Interest and dividend income	(1,048)	(1,257)
Interest expenses	12,992	11,917
Foreign exchange losses (gains)	(24,311)	(135,635)
Loss (gain) on sales of stocks of subsidiaries and affiliates	-	103
Share of (profit) loss of entities accounted for using equity method	232	474
Share-based compensation expenses	-	19,718
Surrender value of insurance	(80,732)	-
Loss (gain) on sales and retirement of non-current assets	17,585	2,611
Loss (gain) on transfer of investments in capital of subsidiaries and associates	31,846	-
Loss (gain) on change in equity	(9,972)	-
Dividends distribution from silent partnership	-	(38,617)
Decrease (increase) in notes and accounts receivable – trade	(586,296)	46,263
Payments of business security deposit	(5,000)	(2,900)
Decrease (increase) in inventories	12,240	(100,848)
Decrease (increase) in advance payments	(63,721)	(51,790)
Decrease (increase) in other assets	(123,444)	50,500
Increase (decrease) in notes and accounts payable – trade	344,041	124,285
Increase (decrease) in accounts payable – other	766	7,205
Increase (decrease) in accrued consumption taxes	(17,544)	46,368
Increase (decrease) in advances received	165,884	(9,384)
Increase (decrease) in other liabilities	(77,648)	21,390
Subtotal	(160,830)	253,586
Interest and dividend income received	703	1,043
Interest expenses paid	(15,844)	(11,790)
Income taxes paid	(208,299)	(227,449)
Income taxes refund	6,824	22,375
Net cash provided by (used in) operating activities	(377,447)	37,765
Cash flows from investing activities		
Purchase of property, plant and equipment	(414,104)	(95,253)
Proceeds from sales of property, plant and equipment	-	7,511
Purchase of intangible assets	(549)	(119)
Purchase of investment securities	(9,000)	(6,302)
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)	-
Purchase of investments in subsidiaries	-	(2,298)
Proceeds from collection of loans receivable	1,339	1,226
Payments for lease and guarantee deposits	(70,346)	(10,320)
Proceeds from collection of lease and guarantee deposits	14,756	558
Proceeds from long-term deposits received	302,317	13,212
Purchase of insurance funds	(8,939)	-
Proceeds from cancellation of insurance funds	210,755	-
Other	(400)	(98)
Net cash provided by (used in) investing activities	(85,358)	(91,883)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	479,362	(358,289)
Proceeds from long-term loans payable	355,000	654,918
Repayments of long-term loans payable	(365,516)	(286,664)
Proceeds from issuance of common shares	2,504	17,502
Purchase of treasury shares	(106)	(30,112)
Proceeds from share issuance to minority shareholders	169,968	-
Cash dividends paid	(69,581)	(70,697)
Repayments of lease obligations	(20,460)	(17,138)
Net cash provided by (used in) financing activities	551,171	(90,480)
Effect of exchange rate change on cash and cash equivalents	33,085	50,624
Net increase (decrease) in cash and cash equivalents	121,450	(93,975)
Cash and cash equivalents at beginning of period	875,061	996,512
Cash and cash equivalents at end of period	996,512	902,537