

**S**EMIANNUAL

**R**EPORT

**2017**

February 1 to July 31, 2017



**SEKISUI HOUSE**

**Steady Progress in the New Medium-Term Management Plan.**

**Aiming to further enhance corporate value, we aspire to new business creation from a fresh perspective.**

**Placing the four business models at the core of our growth strategy, we will work to strengthen our operations and expand our business domains.**

Under the growth strategies focused on the “residential” business domain and with our sights set on the business environment in 2020 and beyond, when we expect to see some major changes, we have launched the Fourth Mid-Term Management Plan for continuous growth in line with a basic policy of “building the foundation for the ‘residential’-related business toward BEYOND 2020.” We pledge to our shareholders and investors to seek business expansion with the aim of further enhancing corporate value, by seeking to bolster our management and financial foundations.

Under the new plan, Overseas Business is positioned as a new core business in addition to the existing business drivers of the Sekisui House Group, namely the Built-to-Order Business, the Supplied Housing Business, and the Development Business. We will be working actively to further expand our business domains based on these four business models as the core of our growth strategy.

Supporting these initiatives are our technical capabilities, customer base and construction capabilities, which are the core competences in our management. We will capitalize on these overwhelming strengths of Sekisui House as the key drivers for our business development. With respect to technical capabilities, we will differentiate ourselves from our competitors based mainly on the SHEQAS seismic damping system, Airkis air environment specification, our original exterior walls Dyne Concrete and Bellburn, β system construction method (3- and 4-story steel-frame houses), etc., while leveraging our human resources capabilities, another key point, embracing the industry’s largest number of first class registered architects. A customer base boasting 2.35 million housing units built on a cumulative basis is another valuable asset for the Supplied Housing Business. In addition, having Sekiwa Construction, a construction company in the group, adds to our construction capabilities that support and drive the growth of our core businesses.

**Promoting widespread acceptance of ZEH while pursuing housing value and quality.**

**We will draw on inbound demand to develop new business.**

Backed by these strengths, Sekisui House has achieved results unrivaled by other house manufacturers in sales of Net Zero Energy Homes (ZEH), a major focus for the government. As of the end of July 2017, the number of homes sold on a cumulative basis was 31,072. The ratio accounted for 79% of new detached houses sold and at more than one regional branch the ratio came to more than 90%. However, what we are proud of is not just the impressive numbers, but the fact that we have realized ZEH by offering SLOW & SMART homes while pursuing housing value and quality in terms of affluence and comfort in the Slow Living housing design, in which we propose a large and comfortable open space.

We promote ZEH not only in custom detached houses but in housing complexes as well. Given the smaller roof space compared to the number of housing units, housing complexes face a problem in that the area for each housing unit is insufficient to install solar panels. This problem was solved using our own pioneering environmental technologies and ideas, such as improving insulation efficiency for the entire house and introducing advanced energy-saving equipment. In addition to condominiums for sale under construction in Nagoya, Sekisui House is building rental houses, all ZEHs, which will be a first for both the industry and Japan, in Kanazawa City, Ishikawa Prefecture. Going forward, we will continue our Company-wide efforts to encourage the widespread acceptance of ZEH, which meets the needs of the times, by incorporating new measures and technologies.

From the perspective of new business opportunities, responding to inbound demand is also an important subject. As one relevant measure, we are focusing on hotel construction and other development business. Four Points by Sheraton under construction in Central Japan International Airport (Centrair) is scheduled to open in the fall of 2018.

In addition, we consider the construction of hotels, temple lodging and serviced apartments that utilize materials shipped from the factory for the core businesses of Sekisui House as a new business opportunity and will endeavor to make it a growth area under the name of Trip Base Business. The use of materials shipped from our factories shortens construction time and offers other

advantages, helping to improve the factory utilization ratio. This is also part of business creation included in the Fourth Mid-Term Management Plan.

### **Evolving Sekisui House.**

**We will envisage, together with society, an inspiring future.**

The CRE Business, in which we provide support from the planning and proposal stage, for the development and effective use of underutilized real estate held by companies for business purposes, ramped up to full activity. We plan to progressively expand urban development activities nationwide, from the construction of custom detached houses and condominiums to that of medical and nursing care facilities, leveraging the business engineering capabilities and know-how of the Sekisui House Group. We have a network of regional branches with close ties to their communities and proposal skills that are accurately tailored to local needs. As a promising business area in which the strengths of Sekisui House can be demonstrated, we will aggressively promote the CRE Business, together with the PRE Business that utilizes public real estate in cooperation with national and local governments.

The key words that drive the housing industry as a growth industry are “environment” and “housing stock.” In Japan, government targets have been specifically indicated for the vitalization of the existing housing and renovation markets. What we have been insisting on is now congruent with national policy. There is also a whole new world of possibility in the Renovation Business that generates high added-value. The Real Estate Management Fee Business is maintaining high growth underpinned by the common concepts of tenants first and regional price leader. Quality rental houses ensure high occupancy ratios, thereby generating a virtuous circle.

Meanwhile, there is a item of news that marks the advance of the Overseas Business, our fourth business model, to a new stage. In March 2017, Sekisui House acquired Woodside Homes Company, LLC, which operates a detached housing retail business in the United States. This acquisition marked Sekisui House’s full-fledged entry into the B-to-C business. On the back of a strong U.S. economy, the housing market is expected to see higher demand in the future. The State of California plans to adopt regulations that require building ZEH for all new detached houses by 2020. This market environment in the United States is the best chance to enter the local

housing business and to operate using the environmental technologies of Sekisui House. To kickstart the business, we made the management decision to acquire Woodside Homes Company, LLC, which has long operated its housing business with a united brand name in multiple areas for a long time and has a stable profit basis.

“Change society through our homes.” The growth of the housing industry takes place in step with the growth of society. Sekisui House was selected as a constituent of all three ESG Indices used by the Government Pension Investment Fund (GPIF), namely the FTSE Blossom Japan Index, MSCI Japan ESG Select Leaders Index and MSCI Japan Empowering Women Index (WIN), when the GPIF commenced ESG investment. In ESG investment, environmental, social and governance factors are used to measure corporate value. Particularly in recent years, ESG factors have been the focus of attention outside Japan.

Sekisui House will continue to gear its corporate activities to society and to the times. In our work style reforms, we are also pursuing more progressive initiatives, such that each employee strives to improve their own quality and expand their personal horizons, rather than focusing solely on working time and labor productivity. This addition and multiplication on individual levels will surely lead to our growth as a company.

Houses are at the center of a rapidly changing business environment, one marked by the emergence of the Internet of Things (IoT), artificial intelligence (AI) and evolving robot technologies. Therein lies our future. Sekisui House is committed to constantly emphasizing contact with society and improving its business performance, and at the same time will continue to envisage a more inspiring future. We invite you to keep an eye on Sekisui House, the company that never stops evolving.

### **Financial analysis**

During the first six months of the consolidated fiscal year under review, corporate earnings and capital spending improved in Japan, although uncertainty in overseas economies and fluctuations in financial markets required attention. Consumer spending continued to pick up, albeit at a moderate pace. In addition, the steady economic recovery continued in the United States. Economies also showed signs of recovery in Asia.

In the housing market, people’s interest in acquiring their own homes continued mainly due to low interest rates on

housing loans and Japanese government measures to encourage housing purchases, and this added to an uptrend in employment and income conditions. On the other hand, there were signs of prolonged negotiating periods. Moreover, demand for the construction of rental housing remained strong in market segments centered on urban areas.

In the first six months of the consolidated fiscal year ending January 31, 2018, net sales amounted to ¥1,009,484 million (\$9,148,020 thousand), up 6.3% year-on-year. Operating income amounted to ¥90,386 million (\$819,085 thousand), up 14.0% year-on-year, and profit attributable to owners of parent to ¥61,009 million (\$552,868 thousand), up 17.2% year-on-year.

In the Custom Detached Houses Business, net sales amounted to ¥185,595 million, down 1.5% year-on-year, and operating income to ¥24,334 million, up 3.5% year-on-year. Although sales declined due to the impact of a decrease in orders in the latter half of the previous year, profit increased as a result of improved profitability.

In the Rental Housing Business, net sales increased 1.6% year-on-year to ¥210,268 million, and operating income increased 4.9% year-on-year to ¥27,750 million. Both sales and profit rose, reflecting the success of sales strategies for three- and four-story houses. In the urban areas, needs for three- and four-story products are strong and the unit selling prices per home are rising.

In the Remodeling Business, net sales increased 2.7% year-on-year to ¥70,281 million, and operating income to ¥10,408 million, up 18.7% year-on-year. Both sales and profit rose, reflecting the strong performance of the renovations of rental houses.

In the Real Estate Management Fees Business, net sales amounted 243,705 million, up 4.3% year-on-year, and operating income to ¥16,988 million, up 3.4% year-on-year. Both sales and profit rose, primarily as a result of an increase in block leasing properties and continuously high occupancy rates.

In the Houses for Sale Business, net sales increased 16.8% year-on-year to ¥79,935 million, and operating income to ¥7,713 million, up 42.4% year-on-year. Both sales and profit rose, led by favorable growth continued from the previous year. Orders are also making steady progress, mainly from first-time buyers.

In the Condominium Business, net sales decreased to ¥28,819 million, down 8.9% year-on-year, while operating income to ¥3,362 million, up 79.8% year-on-year. Although sales declined due to an off-peak season in delivery, this business segment proceeded as planned. Orders were favorable, largely exceeding the level of the

previous year.

In the Urban Redevelopment Business, net sales increased to ¥64,109 million, down 17.1% year-on-year, and operating income to ¥9,542 million, down 26.3% year-on-year. Properties were sold to REITs ahead of schedule. Sales declined as a result of a decrease in the scale of property sales, despite stable rental revenue.

In the Overseas Business, net sales increased 163.6% year-on-year to ¥88,622 million, and operating income amounted to ¥7,343 million. Both sales and profit rose substantially, reflecting steady progress in deliveries in Australia and a revenue contribution from Woodside Homes, a US company acquired in March.

In the Other Businesses, net sales amounted to ¥38,149 million, down 7.5% year-on-year, and operating income to ¥701 million, up 155.4% year-on-year.

For the financial position, total assets increased ¥110,543 million to ¥2,295,438 million (\$20,801,432 thousand) at the end of the second quarter of the consolidated fiscal year under review, primarily owing to the increases in real estate for sale by the acquisition of Woodside Homes Company, LLC. Liabilities increased mainly due to an increase in short-term loans payable and the issue of short-term bonds payable. Net asset, despite payments of dividends and a decrease in foreign currency translation adjustment, increased mainly due to posting profit attributable to owners of parent, and equity ratio amounted to 49.2%.

The dividend for the interim period under review will be ¥37.00 (\$0.34) per share.

September 2017



Isami Wada  
Chairman & CEO



Toshinori Abe  
President & COO

# CONSOLIDATED BALANCE SHEETS

As of July 31 and January 31, 2017 and July 31, 2016

Assets	Millions of yen			Thousands of U.S. dollars
	July 31 2017	January 31 2017	July 31 2016	July 31 2017
<b>Current assets:</b>				
Cash and cash equivalents.....	¥ 210,952	¥ 204,701	¥ 169,656	\$ 1,911,663
Short-term investments.....	4,325	9,507	7,899	39,193
Notes and accounts receivable:				
Affiliates.....	1,384	5,041	4,204	12,542
Trade.....	42,753	44,944	45,145	387,431
Other.....	32,381	32,051	31,435	293,439
Less allowance for doubtful accounts.....	(1,149)	(1,172)	(1,205)	(10,412)
	75,369	80,864	79,579	683,000
Inventories.....	1,101,430	997,746	913,998	9,981,242
Deferred income taxes.....	23,987	30,229	23,407	217,372
Other current assets.....	42,519	31,983	36,248	385,310
Total current assets	1,458,582	1,355,030	1,230,787	13,217,780
 <b>Property, plant and equipment, at cost:</b>				
Land.....	324,106	325,073	326,593	2,937,073
Buildings and structures.....	347,684	354,012	351,937	3,150,739
Machinery, equipment and other.....	95,981	97,567	95,862	869,787
Construction in progress.....	34,281	24,951	8,094	310,657
	802,052	801,603	782,486	7,268,256
Less accumulated depreciation.....	(239,168)	(237,920)	(232,285)	(2,167,359)
Property, plant and equipment, net	562,884	563,683	550,201	5,100,897
 <b>Investments and other assets:</b>				
Long-term loans receivable.....	33,790	40,646	42,998	306,208
Less allowance for doubtful accounts.....	(447)	(461)	(511)	(4,051)
	33,343	40,185	42,487	302,157
Investments in securities.....	101,560	102,661	90,173	920,345
Investments in affiliates.....	50,543	46,854	31,060	458,023
Intangible assets.....	21,999	13,345	13,879	199,357
Deferred income taxes.....	2,931	2,728	2,759	26,561
Asset for retirement benefits.....	9,111	8,117	4,039	82,565
Other assets.....	54,485	52,292	49,056	493,747
Total investments and other assets	273,972	266,182	233,453	2,482,755
	¥ 2,295,438	¥ 2,184,895	¥ 2,014,441	\$ 20,801,432

## Liabilities and net assets

	Millions of yen			Thousands of U.S. dollars
	July 31 2017	January 31 2017	July 31 2016	July 31 2017
<b>Current liabilities:</b>				
Short-term loans .....	¥ 213,980	¥ 150,863	¥ 169,057	\$ 1,939,103
Short-term bonds.....	120,000	75,000	25,000	1,087,449
Current portion of long-term debt and lease obligation.....	26,825	22,644	74,243	243,090
Notes and accounts payable:				
Affiliates.....	3,841	4,436	3,819	34,807
Trade.....	160,403	174,603	161,408	1,453,584
Accrued income taxes.....	13,927	34,312	15,087	126,208
Advances received on construction projects in progress.....	131,306	129,784	132,756	1,189,905
Accrued employees' bonuses .....	19,130	28,006	18,161	173,357
Accrued directors' and corporate auditors' bonuses.....	—	1,290	—	—
Provision for warranties for completed construction .....	2,907	2,800	2,747	26,343
Other current liabilities .....	79,652	90,208	77,685	721,813
Total current liabilities	<u>771,971</u>	<u>713,946</u>	<u>679,963</u>	<u>6,995,659</u>
<b>Long-term liabilities:</b>				
Long-term debt and lease obligation.....	266,033	242,510	215,704	2,410,811
Guarantee deposits received.....	60,593	59,952	59,771	549,098
Accrued retirement benefits for directors and corporate auditors.....	1,235	1,198	1,136	11,192
Liability for retirement benefits.....	20,869	20,266	20,010	189,116
Deferred income taxes.....	7,208	6,460	573	65,320
Other liabilities .....	22,323	22,299	16,606	202,293
Total long-term liabilities	<u>378,261</u>	<u>352,685</u>	<u>313,800</u>	<u>3,427,830</u>
Contingent liabilities (Note 2)				
<b>Net assets:</b>				
Shareholders' equity				
Common stock:				
Authorized:1,978,281,000 shares				
Issued:690,683,466 shares in July 2017 and 709,683,466 shares in January 2017, and July 2016..	202,591	202,591	202,591	1,835,895
Capital surplus.....	251,563	253,559	253,559	2,279,683
Retained earnings.....	580,311	577,663	530,051	5,258,822
Less treasury stock, at cost.....	(976)	(37,248)	(33,676)	(8,845)
Total shareholders' equity	<u>1,033,489</u>	<u>996,565</u>	<u>952,525</u>	<u>9,365,555</u>
Accumulated other comprehensive income:				
Net unrealized holding gain on securities.....	39,755	37,840	28,935	360,263
Deferred (loss) gain on hedges.....	(138)	20	(9)	(1,251)
Translation adjustments.....	39,730	46,975	6,141	360,036
Retirement benefits liability adjustments.....	17,479	21,959	22,900	158,396
Total accumulated other comprehensive income.....	<u>96,826</u>	<u>106,794</u>	<u>57,967</u>	<u>877,444</u>
Stock subscription rights .....	729	694	660	6,607
Non-controlling interests .....	14,162	14,211	9,526	128,337
Total net assets	<u>1,145,206</u>	<u>1,118,264</u>	<u>1,020,678</u>	<u>10,377,943</u>
	<u>¥ 2,295,438</u>	<u>¥ 2,184,895</u>	<u>¥ 2,014,441</u>	<u>\$ 20,801,432</u>

\* See notes to consolidated financial statements.

# CONSOLIDATED STATEMENTS OF INCOME

Six months ended July 31, 2017 and 2016, and year ended January 31, 2017

	Millions of yen			Thousands of U.S. dollars
	July 31 2017	July 31 2016	January 31 2017	July 31 2017
<b>Net sales</b> .....	<b>¥ 1,009,484</b>	¥ 949,622	¥ 2,026,932	<b>\$ 9,148,020</b>
Cost of sales .....	<b>798,567</b>	755,930	1,608,634	<b>7,236,674</b>
Gross profit .....	<b>210,917</b>	193,692	418,298	<b>1,911,346</b>
<b>Selling, general and administrative expenses</b> .....	<b>120,531</b>	114,425	234,133	<b>1,092,261</b>
<b>Operating income</b> .....	<b>90,386</b>	79,267	184,165	<b>819,085</b>
<b>Other income (expenses):</b>				
Interest and dividend income .....	<b>2,010</b>	1,720	3,557	<b>18,215</b>
Interest expense .....	<b>(1,277)</b>	(1,172)	(2,326)	<b>(11,572)</b>
Loss on sales or disposal of fixed assets .....	<b>(850)</b>	(339)	(536)	<b>(7,703)</b>
Equity in earnings of affiliates .....	<b>4,187</b>	4,648	10,022	<b>37,943</b>
Foreign exchange gains (loss), net .....	<b>422</b>	(4,588)	(2,482)	<b>3,824</b>
Bad debt loss .....	<b>(5,559)</b>	-	-	<b>(50,376)</b>
Loss on revaluation of investments in securities .....	<b>(2,880)</b>	-	-	<b>(26,099)</b>
Loss on impairment of fixed assets .....	<b>(33)</b>	-	(5,155)	<b>(299)</b>
Other, net .....	<b>814</b>	(1,262)	(1,946)	<b>7,376</b>
Profit before income taxes .....	<b>87,220</b>	78,274	185,299	<b>790,394</b>
<b>Income taxes:</b>				
Current .....	<b>17,761</b>	17,887	54,486	<b>160,952</b>
Deferred .....	<b>7,929</b>	7,970	3,917	<b>71,853</b>
Total .....	<b>25,690</b>	25,857	58,403	<b>232,805</b>
Profit .....	<b>61,530</b>	52,417	126,896	<b>557,589</b>
<b>Profit attributable to:</b>				
Non-controlling interests .....	<b>(521)</b>	(346)	(5,043)	<b>(4,721)</b>
Owners of parent .....	<b>¥ 61,009</b>	¥ 52,071	¥ 121,853	<b>\$ 552,868</b>

\* See notes to consolidated financial statements.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Six months ended July 31, 2017 and 2016, and year ended January 31, 2017

	Millions of yen			Thousands of U.S. dollars
	July 31 2017	July 31 2016	January 31 2017	July 31 2017
Profit .....	<b>¥ 61,530</b>	¥ 52,417	¥ 126,896	<b>\$ 557,589</b>
Other comprehensive loss:				
Net unrealized holding gain on securities .....	<b>1,496</b>	2,400	11,454	<b>13,557</b>
Deferred gain on hedges .....	<b>-</b>	7	13	<b>-</b>
Translation adjustments .....	<b>(7,387)</b>	(61,512)	(21,226)	<b>(66,942)</b>
Retirement benefits liability adjustments .....	<b>(4,498)</b>	(2,744)	(3,625)	<b>(40,761)</b>
Share of other comprehensive income (loss) of affiliates accounted for by the equity method .....	<b>411</b>	(1,311)	(905)	<b>3,725</b>
Total other comprehensive loss .....	<b>(9,978)</b>	(63,160)	(14,289)	<b>(90,421)</b>
Comprehensive income (loss) .....	<b>¥ 51,552</b>	¥ (10,743)	¥ 112,607	<b>\$ 467,168</b>
Total comprehensive income (loss) attributable to:				
Owners of parent .....	<b>¥ 51,041</b>	¥ (10,991)	¥ 107,618	<b>\$ 462,537</b>
Non-controlling interests .....	<b>511</b>	248	4,989	<b>4,631</b>

# CONSOLIDATED STATEMENTS OF CASH FLOWS

Six months ended July 31, 2017 and 2016, and year ended January 31, 2017

	Millions of yen			Thousands of U.S. dollars
	July 31 2017	July 31 2016	January 31 2017	July 31 2017
<b>Cash flows from operating activities</b>				
Profit before income taxes .....	¥ 87,220	¥ 78,274	¥ 185,299	\$ 790,394
Adjustments for:				
Depreciation and amortization.....	10,857	11,370	23,125	98,387
Loss on impairment of fixed assets.....	33	-	5,155	299
Increase in liability for retirement benefits.....	293	429	532	2,655
Decrease in asset for retirement benefits.....	(7,156)	(5,339)	(10,531)	(64,848)
Interest and dividend income.....	(2,010)	(1,720)	(3,557)	(18,215)
Interest expense.....	1,277	1,172	2,326	11,572
Equity in earnings of affiliates.....	(4,187)	(4,648)	(10,022)	(37,943)
Loss on revaluation of investment in securities.....	2,880	-	-	26,099
Decrease in notes and accounts receivable.....	7,243	1,551	792	65,637
Increase in inventories.....	(19,714)	(52,633)	(62,733)	(178,650)
(Decrease) increase in notes and accounts payable.....	(19,286)	6,814	34,692	(174,771)
Increase in advances received on construction projects in progress.....	1,242	17,954	13,278	11,255
Other.....	(23,619)	(27,529)	(12,803)	(214,037)
Subtotal.....	35,073	25,695	165,553	317,834
Interest and dividends received .....	2,801	3,832	7,092	25,383
Interest paid .....	(2,585)	(1,068)	(2,598)	(23,425)
Income taxes paid.....	(38,288)	(36,158)	(54,226)	(346,969)
Net cash (used in) provided by operating activities .....	(2,999)	(7,699)	115,821	(27,177)
<b>Cash flows from investing activities</b>				
Proceeds from sales of short-term investments.....	950	1,570	2,800	8,609
Proceeds from sales of property, plant and equipment.....	786	92	448	7,123
Purchases of property, plant and equipment.....	(25,185)	(57,351)	(94,588)	(228,228)
Proceeds from sales and redemption of investment in securities.....	2,742	907	910	24,848
Purchases of investments in securities.....	(497)	(4,342)	(6,463)	(4,504)
Increase in loans receivable.....	(233)	(58)	(8,875)	(2,111)
Collection of loans receivable.....	7,158	7,336	9,725	64,866
Purchase of shares of subsidiaries resulting in change in scope of consolidation.....	(47,788)	-	-	(433,058)
Other.....	441	(7,359)	(11,354)	3,996
Net cash used in investing activities .....	(61,626)	(59,205)	(107,397)	(558,459)
<b>Cash flows from financing activities</b>				
Proceeds from (repayment of) issuance of short-term bonds.....	30,000	(35,000)	(25,000)	271,862
Increase in short-term loans, net.....	61,952	43,550	6,636	561,414
Proceeds from issuance of bonds.....	-	80,000	80,000	-
Redemption of bonds.....	(36,212)	-	-	(328,156)
Proceeds from long-term debt.....	49,113	73,355	155,594	445,066
Repayment of long-term debt .....	(8,022)	(73,352)	(145,600)	(72,696)
Cash dividends paid.....	(22,088)	(18,932)	(41,087)	(200,163)
Purchases of treasury stock.....	(10)	(18,420)	(22,015)	(91)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation.....	(2,220)	-	-	(20,118)
Other.....	25	471	(3,016)	227
Net cash provided by financing activities.....	72,538	51,672	5,512	657,345
Effect of exchange rate changes on cash and cash equivalents.....	(1,662)	(7,451)	(1,573)	(15,062)
Net increase (decrease) in cash and cash equivalents.....	6,251	(22,683)	12,363	56,647
Cash and cash equivalents at beginning of period.....	204,701	192,339	192,338	1,855,016
Cash and cash equivalents at end of period .....	¥ 210,952	¥ 169,656	¥ 204,701	\$ 1,911,663



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

July 31, 2017 and 2016

## 1. Basis of Consolidated Financial Statements

The accompanying consolidated financial statements of Sekisui House, Ltd. (the "Company") and its subsidiaries have been compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Act of Japan. In preparing the accompanying consolidated financial statements, certain reclassifications and rearrangements have been made to present them in a form which is familiar to readers outside Japan. In addition, the notes to the accompanying consolidated financial statements include information which is not required under accounting principles generally accepted in Japan but is presented herein as additional information.

Certain reclassifications of previously reported amounts have been made to conform the accompanying consolidated financial statements for the six months ended July 31, 2016 to the 2017 presentation. Such reclassifications had no effect on consolidated net income or net assets.

The translation of Japanese yen amounts into U.S. dollars is included solely for the convenience of the reader and has been made at ¥110.35= U.S. \$1.00, the approximate rate of exchange in effect on July 31, 2017. This translation should not be construed as a representation that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollar amounts at the above or any other rate.

## 2. Contingent Liabilities

The Company and its subsidiaries had the following contingent liabilities at July 31, 2017.

	Millions of yen	Thousands of U.S. dollars
Guarantees of housing loans to customers.....	¥ 96,892	\$ 878,042
Guarantees of bank loans of a third party.....	332	3,009
	¥ 97,224	\$ 881,051

## 3. Amounts per Share

	Yen			U.S. dollars
	July 31 2017	July 31 2016	January 31 2017	July 31 2017
Profit attributable to owners of parent :				
Basic .....	¥ 88.41	¥ 74.63	¥ 175.48	\$ 0.80
Diluted .....	88.30	74.49	175.22	0.80
Net assets.....	1,637.94	1,459.91	1,508.90	14.84
Cash dividends.....	37.00	32.00	64.00	0.34

## Corporate Data

### Outline of the Company

(As of July 31, 2017)

#### Established

August 1, 1960

#### Capital Stock Issued

¥202,591 million

#### Employees

24,154 (Consolidated)

#### Head Office

Tower East Umeda Sky Building  
1-88 Oyodonaka 1-chome Kita-ku Osaka  
531-0076 Japan  
Phone: 81-6-6440-3111  
Facsimile: 81-6-6440-3369

#### Factories

Ibaraki, Shizuoka, Yamaguchi, Miyagi and Hyogo

#### Laboratory

Comprehensive Housing R & D Institute (Kyoto)

#### Major Subsidiaries and Affiliates

Sekiwa Real Estate, Ltd.  
Sekisui House Remodeling Central, Ltd.  
Sekiwa Construction Higashi-Tokyo, Ltd.  
Sekisui House Investment Advisors, Ltd.  
Sekisui House Asset Management, Ltd.  
Sekisui House Australia Holdings Pty Limited  
Sekisui House US Holdings, LLC  
Sekisui House Changcheng (Suzhou) Real Estate  
Development Co. Ltd.

### Stock Information

(As of July 31, 2017)

#### Stock Listing

Tokyo, Nagoya

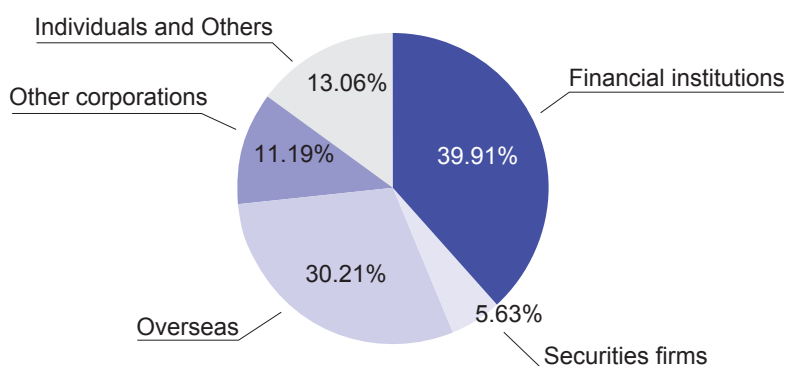
#### American Depositary Receipts

Symbol: SKHSY  
CUSIP: 816078307  
Ratio: 1:1  
Exchange: OTC (Over-The-Counter)  
Depository: The Bank of New York Mellon  
BNY Mellon Shareowner Services  
P.O. Box 30170  
College Station, TX 77842-3170 U.S.A.  
U.S. toll free: (888)269-2377 (888-BNY-ADRS)  
International Callers: +1(201)680-6825  
<http://www.adrbnymellon.com>

#### Major Shareholders

	Name	Number of shares	Shareholding ratio (%)
1	The Master Trust Bank of Japan, Ltd. (Trust account)	51,158,200	7.41
2	Sekisui Chemical Co., Ltd.	42,168,727	6.11
3	Japan Trustee Services Bank, Ltd. (Trust account)	39,271,800	5.69
4	Employees' Stockholding	13,845,402	2.00
5	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	13,624,515	1.97
6	Japan Trustee Services Bank, Ltd. (Trust account 5)	12,633,800	1.83
7	The Dai-ichi Life Insurance Company, Limited	12,158,730	1.76
8	JPMorgan Securities Japan Co., Ltd.	12,147,462	1.76
9	Japan Trustee Services Bank, Ltd. (Trust account 7)	10,154,800	1.47
10	SMBC Nikko Securities Inc.	10,020,400	1.45

#### Stock Composition



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## **Directors and Corporate Auditors**

(As of July 31, 2017)

### **Chairman, Representative Director & CEO**

Isami Wada

### **President, Representative Director & COO**

Toshinori Abe

### **Executive Vice President & Director & CFO**

Shiro Inagaki

### **Executive Vice President & Director**

Tetsuo Iku

### **Directors**

Teruyuki Saegusa

Shiro Wakui

Takashi Uchida

Fumiyasu Suguro

Kunpei Nishida

Yosuke Horiuchi

Yoshihiro Nakai

### **Standing Corporate Auditors**

Sumio Wada

Kengo Yoshida

### **Corporate Auditors**

Yoshinori Shinohara

Koichi Kunisada

Takashi Kobayashi

## **Executive Officers**

(As of July 31, 2017)

### **Executive Vice President**

Shiro Inagaki

Tetsuo Iku

### **Senior Managing Officers**

Takashi Uchida

Fumiyasu Suguro

### **Managing Officers**

Kunpei Nishida

Yosuke Horiuchi

Yoshihiro Nakai

Motohiko Fujiwara

Koji Nakata

Noboru Ashida

Hiroyuki Sato

Kazushi Mitani

Haruyuki Iwata

Daisuke Akamatsu

Kenichi Ishida

Noriaki Ogata

Kazuchika Uchiyama

Toshiharu Miura

Toru Ishii

### **Executive Officers**

Michio Yoshizaki

Hisao Yamada

Yuichi Matsushima

Akira Kuroda

Osamu Minagawa

Toshikazu Shimanuki

Futoshi Teramura

Hideyuki Kamijo

Hitoshi Kuroyanagi

Takakazu Koi

Yutaka Amemiya

Masayoshi Ishii



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