Consolidated Financial Statements Summary for the Second Quarter of FY2016 (February 1, 2016 through July 31, 2016) (Japanese Standard)

September 8, 2016

Company name	: Sekisui House, Ltd. (URL http://www.sekisuihouse.co.jp)
Listed exchanges	: Tokyo, Nagoya
Stock code	: 1928
Representative	: Toshinori Abe, President and Representative Director
Inquiries	: Hitoshi Kuroyanagi, Managing Officer, Chief Manager of Corporate Communications Dept. Tel +81 6 6440 3111
Filing date of quarterly securities report	: September 13, 2016
Date of scheduled payment of dividends	: September 30, 2016
Quarterly earnings supplementary explanatory documents	: Yes
Quarterly earnings results briefing	: Yes (for institutional investors and analysts, in Japanese)

(Amounts are rounded down to the nearest million yen.)

1. Consolidated Results for the Six Months Ended July 31, 2016 (February 1, 2016 through July 31, 2016)

(1) Consolidated Financial Results (% figures represent changes from the same period of the previous year.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
Six months ended Jul. 31, 2016	949,622	1.9	79,266	(3.0)	78,612	(10.0)	52,070	0.0
Six months ended Jul. 31, 2015	931,572	2.4	81,713	14.0	87,325	16.1	52,055	23.4

(Note) Comprehensive income:
Six months ended Jul. 31, 2016: ¥(10,742)million (-%) Six months ended Jul. 31, 2015: ¥57,621 million (78.4%)

	Net income per share	Fully diluted net income per share
	¥	¥
Six months ended Jul. 31, 2016	74.63	74.49
Six months ended Jul. 31, 2015	74.09	73.44

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio
	¥ million	¥ million	%
As of July 31, 2016	2,014,440	1,020,677	50.2
As of January 31, 2016	2,029,794	1,068,428	52.1

(Reference) Shareholders' equity As of Jul. 31, 2016: ¥1,010,491 million As of January 31, 2016: ¥1,057,696 million

2. Cash Dividends

	Cash dividends per share				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Annual
	¥	¥	¥	¥	¥
Year ended Jan. 31, 2016	-	27.00	-	27.00	54.00
Year ending Jan. 31, 2017	-	32.00			
Year ending Jan. 31, 2017 (forecast)			-	32.00	64.00

(Note) Revised dividend forecast for the quarter under review: None

3. Consolidated Results Forecast for FY2016 (February 1, 2016 through January 31, 2017)

(% figures represent changes from the same period of the previous year.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%	¥
Year ending January 31, 2017	2,000,000	7.6	175,000	16.9	178,000	10.8	113,000	34.0	163.26

(Note) Revised forecast for the quarter under review: Yes

Notes

(1) Changes in significant subsidiaries (changes in specific subsidiaries that caused a change in scope of consolidation): None

(2) Application of accounting treatment specific to the preparations for consolidated quarterly financial statements: None

(3) Changes in accounting policies, accounting estimates and restatements

(a) Changes in accounting policies due to amendment of accounting standards: Applicable

(b) Changes in accounting policies due other than (a): Not applicable

(c) Changes in accounting estimates: Not applicable

(d) Restatements: Not applicable

(4) Number of shares outstanding (common stock)

(i) Number of shares outstanding at the end of each period (including treasury stock):

As of Jul. 31, 2016: 709,683,466 shares   As of Jan. 31, 2016: 709,683,466 shares

(ii) Number of treasury stock at the end of each period:

As of Jul. 31, 2016: 17,521,159 shares   As of Jan. 31, 2016:8,670,214 shares

(iii) Average number of shares outstanding in each period (cumulative quarterly consolidated accounting period):

Six months ended Jul. 31, 2016: 697,744,564shares   Six months ended Jul. 31, 2015: 702,559,698 shares

*** Implementation Status of Quarterly Review Processes**

At the time of disclosure of this report, the procedures for review of quarterly consolidated financial statements, pursuant to the Financial Products and Exchange Law, have not been completed.

*** Notes Regarding the Appropriate Use of Results Forecasts and Other Important Matters**

Descriptions regarding forward-looking statements, etc. contained in these materials are based on information currently available to the Company and certain assumptions judged reasonable. The Company makes no warranty as to the feasibility of its projections. Future results may differ materially from projections due to various factors. For the assumptions underlying the earnings forecast, please see "(3) Qualitative Information Regarding Consolidated Results Forecast" in "1. Qualitative Information Regarding Consolidated Results for the Six Months under Review" of the "Attached Material" on page 9.

(Obtaining supplementary explanatory documents)

The Company plans to hold a briefing for institutional investors and analysts on September 8, 2016. Relevant financial explanatory documents to be handed out at the briefing will be posted on our official website on the same day.

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(Notes Regarding Assumption of a Going Concern)

(Notes on significant changes in the amount of shareholders' equity)

Appendix: Segment breakdown for the Six Months Ended July 31, 2016

Consolidated

(1) Sales

¥ millions

		Six months ended July 31, 2015	Six months ended July 31, 2016	YOY(%)
Built-to-order Business	Custom detached houses	196,097	188,496	(3.9)
	Rental housing	194,607	206,875	6.3
	Subtotal	390,704	395,372	1.2
Supplied Housing Business	Remodeling	68,540	68,403	(0.2)
	Real estate management fees	223,266	233,625	4.6
	Subtotal	291,806	302,028	3.5
Development Business	Houses for sale	73,769	68,442	(7.2)
	Condominiums	41,931	31,621	(24.6)
	Urban redevelopment	64,252	77,296	20.3
	Overseas Business	27,418	33,619	22.6
	Subtotal	207,370	210,980	1.7
Other businesses		41,689	41,241	(1.1)
Consolidated		931,572	949,622	1.9

(2) Operating income and OP margin

¥ millions

		Six months ended July 31, 2015 Amount OP margin	Six months ended July 31, 2016 Amount OP margin	YOY(%)
Built-to-order Business	Custom detached houses	23,338 11.9%	23,510 12.5%	0.7
	Rental housing	23,949 12.3%	26,455 12.8%	10.5
	Subtotal	47,287 12.1%	49,965 12.6%	5.7
Supplied Housing Business	Remodeling	7,697 11.2%	8,767 12.8%	13.9
	Real estate management fees	14,246 6.4%	16,425 7.0%	15.3
	Subtotal	21,944 7.5%	25,193 8.3%	14.8
Development Business	Houses for sale	6,372 8.6%	5,416 7.9%	(15.0)
	Condominiums	3,687 8.8%	1,869 5.9%	(49.3)
	Urban redevelopment	17,659 27.5%	12,943 16.7%	(26.7)
	Overseas Business	(345) (1.3%)	553 1.6%	-
	Subtotal	27,374 13.2%	20,781 9.9%	(24.1)
Other businesses		1,467 3.5%	274 0.7%	(81.3)
Eliminations and back office		(16,360)	(16,949)	-
Consolidated		81,713 8.8%	79,266 8.3%	(3.0)

(3) Orders

¥ millions

		Six months ended July 31, 2015	Six months ended July 31, 2016	YOY(%)
Built-to-order Business	Custom detached houses	202,486	206,092	1.8
	Rental housing	220,409	240,701	9.2
	Subtotal	422,895	446,793	5.7
Supplied Housing Business	Remodeling	67,556	69,490	2.9
	Real estate management fees	223,266	233,625	4.6
	Subtotal	290,822	303,116	4.2
Development Business	Houses for sale	70,905	79,660	12.3
	Condominiums	37,181	46,083	23.9
	Urban redevelopment	64,252	86,596	34.8
	Overseas Business	67,621	39,622	(41.4)
	Subtotal	239,961	251,964	5.0
Other businesses		39,710	40,014	0.8
Consolidated		993,390	1,041,889	4.9

(4) Accumulated orders

¥ millions

		As of January 31, 2016	As of July 31, 2016	Change (%)
Built-to-order Business	Custom detached houses	209,722	227,318	8.4
	Rental housing	356,991	390,817	9.5
	Subtotal	566,714	618,136	9.1
Supplied Housing Business	Remodeling	21,931	23,018	5.0
	Real estate management fees	-	-	-
	Subtotal	21,931	23,018	5.0
Development Business	Houses for sale	34,087	45,305	32.9
	Condominiums	66,348	80,810	21.8
	Urban redevelopment	-	9,300	-
	Overseas Business	133,273	139,277	4.5
	Subtotal	233,709	274,693	17.5
Other businesses		46,363	45,136	(2.6)
Consolidated		868,718	960,985	10.6

1. Qualitative Information Regarding the Consolidated Results for the Six Months under Review

(1) Qualitative Information Regarding Consolidated Business Results

During the first six months of the consolidated fiscal year under review, the Japanese economy remained at a standstill, reflecting the impact of economic downside pressure in association with the result of a slowdown in economic growth in Asian emerging countries and the rapid appreciation of the yen. These factors contributed to the lack of strength in corporate capital spending, while consumer spending leveled off. Economic uncertainty also increased, due partially to unstable stock market conditions mainly attributable to the Brexit issue.

On the other hand, in the housing market the increasing number of visitors to model home centers indicated there was a growing number of people interested in acquiring their own homes. This trend reflected declines in mortgage rates primarily as a result of the negative interest measures taken by the Bank of Japan, additional government measures to stimulate the purchases of homes, and the continuing trend of improvements in the employment and income environments. Demand remained solid in the rental housing market, mainly in urban areas, following the revision of the inheritance tax.

Under these circumstances, the Company continued to develop its business in the final year of the medium-term management plan formulated in 2014, while expanding the housing and residential-related businesses as a whole group and seeking to develop new markets, according to the brand vision "SLOW & SMART" and the Group's basic direction of "Strengthening synergies in the Group and taking on new challenges in the 'residential'-related business." In the Custom Detached Houses and Rental Housing Businesses, the Company worked to strengthen its product competitiveness, proposal-making capability and construction capability, while holding sales promotion events nationwide, including Sumai no sankan-bi (visits to model houses) and Sha Maison Festa in March, to win orders leveraging the establishment of a solid position as a top-ranking brand.

In Higashi-Matsushima Disaster-Ready Smart Eco-Town, which was jointly developed with the city of Higashi-Matsushima, Miyagi Prefecture, the construction of Japan's first smart, micro-grid-based, electronic management system that provides electricity to disaster public housing and peripheral hospitals and public facilities was completed, and the system began operation.

As part of the measures implemented to expand the residential- and housing-related businesses, the Company also began providing RENOVETTA, a condominium renovation service, in collaboration with Mr. Toshiyuki Kita, a product designer. It will respond to the needs of people who wish to live in condominiums constructed dozens of years ago for many years through the addition of new features, and of people who intend to acquire a used condominium unit to live in after renovation. Through these efforts, the Company will achieve the effective use of condominiums and the promotion of their distribution.

In addition, working in cooperation with the Frasers Hospitality Group (headquartered in Singapore), the Company decided to develop a business that offers extended-stay luxury serviced apartments in Akasaka, Tokyo, for people who will stay in Japan for business and sightseeing purposes. This business aims to meet the sharp increase in inbound visitor demand and the rising need for high quality hotels ahead of the Tokyo Olympic Games.

As for other matters, a decision was made to make the Sekisui House Type-A, which was constructed by the Company in 1963, the first tangible cultural property (building) to be registered as a pre-fabricated house in the country. The registration shows that the Sekisui House Type-A has been recognized as the first full-fledged industrialized house that reflects certain aspects of the post-war housing industry.

The Company was also selected as a Nadeshiko brand (the third time) and a Competitive IT Strategy Company (second consecutive year), both of which are jointly defined by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange. The Nadeshiko brand award recognizes the Company as a firm that promotes the advancement of women in the workplace, while the Competitive IT Strategy Company award identifies the Company as one which promotes the positive use of IT for enhancing medium- to long-term corporate value and reinforcing competitiveness.

In the Second quarter of the consolidated fiscal year under review, net sales amounted to ¥949,622 million (up 1.9% year-on-year). Operating income amounted to ¥79,266 million (down 3.0% year-on-year), ordinary income to ¥78,612 million (down 10.0% year-on- year) and net income attributable to owners of parent to ¥52,070 million (up 0.0% year-on-year).

Business results by segments are as follows.

<Built-to-Order Business>

(Custom Detached Houses Business)

The Company promoted sales of zero energy houses (Green First Zero of Sekisui House, Ltd.), which aim to achieve a Zero Energy Balance while maintaining a comfortable lifestyle by reducing energy consumption through extensive heat insulation and LED lighting facilities and by generating energy with solar power, among other measures. In urban areas, it also focused its efforts on sales of 3- and 4-story heavy steel-framed detached houses to offer enhanced flexibility in terms of layout, addressing diverse needs such as multi-family homes.

In the wood-framed SHAWOOD-HOME house segment, it worked to expand sales through such efforts as the release of the Gravis Lian, whose standard models use domestically produced timbers such as Akita Cedar and Yoshino Cedar for pillars, in collaboration with timber production areas nationwide, in addition to the development of new patterns for the well-received BELLBURN earthenware exterior walls.

Sales in the Custom Detached Houses Business amounted to ¥188,496 million, down 3.9% year-on-year, and operating income to ¥23,510 million, up 0.7% year-on-year, reflecting the effect of a decrease in orders in the previous fiscal year.

(Rental Housing Business)

In the Rental Housing Business, the Company strived to increase orders by seeking to make attractive proposals on rental houses so that it could contribute to long-term, stable management. In particular, there is continuously high demand, reflecting increased demand and the need to respond to inheritance taxes in urban areas where population inflows continue. Consequently, sales made steady progress for the Company's three- and four-story rental houses that feature specifications similar to those of hotels, such as high-quality common areas, as well as the possibility of making flexible proposals due to advanced design adaptability.

In the Platinum Business, which offers comfortable, luxurious living environments for elderly people, sales also increased mainly for houses with support services for the elderly, whose cumulative registrations exceeded 10,000 units.

Sales in the Rental Housing Business amounted to ¥206,875 million, up 6.3% year-on-year, and operating income to ¥26,455 million, up 10.5% year-on-year.

<Supplied Housing Business>

(Remodeling Business)

In the Remodeling Business, the Company proactively promoted the renovation business that enhances the value of houses through large-scale renovation works to suit purposes such as new lifestyles and energy-saving renovations, while making proposals for the remodeling of Sha-Maison, a rental building whose number of managed units is increasing at a stable pace. Orders remained strong.

It also decided to divide Sekisui House Remodeling Ltd., a company in charge of sales for the owners of custom detached houses, into three companies to strengthen their proposal-making capabilities through more community-oriented services.

Sales in the Remodeling Business amounted to ¥68,403 million, down 0.2% year-on-year, and operating income to ¥8,767 million, up 13.9% year-on-year.

(Real Estate Management Fees Business)

In the Real Estate Management Fees Business, the number of units of Sha-Maison low-rise rental apartments for block leasing and management by Sekiwa Real Estate companies enjoyed steady growth, attributable to steady progress in their supply in the Rental Housing Business. In addition, occupancy rates remained high, reflecting increased demand in urban areas, enhanced cooperation in the Group to encourage occupancy, and efforts to advance penetration of the Sha-Maison brand.

Sales in the Real Estate Management Fees Business amounted to ¥233,625 million, up 4.6% year-on-year, and operating income to ¥16,425 million, up 15.3% year-on-year.

<Development Business>

(Houses for Sale Business)

In the Houses for Sale Business, sales remained strong as the Company continued to procure land actively, as well as due to such efforts as the holding of "Machinami sankan-bi" promotional events. It also promoted the creation of high-quality towns that can be passed on to future generations through support activities conducted jointly with the inhabitants for the establishment of communities, while adopting the concept of "beauty that blooms with time," the creation of high-grade social stock that is richly verdant and will become more attractive over time.

Sales in the Houses for Sale Business amounted to ¥68,442 million, down 7.2% year-on-year, and operating income to ¥5,416million, down 15.0% year-on-year.

(Condominiums Business)

In the Condominium Business, the construction of Grande Maison Kyoto Oike-Dori (Nakagyo-ku, Kyoto) was completed and all the units were sold. Orders remained steady for new properties for sale, such as Grande Maison Itachibori Icchome (Nishi-ku, Osaka), and the delivery of condominium units proceeded as planned.

It also opened a showroom for Grande Maison Egota no Mori (531 units), a condominium for sale promoted in the project for Nakano-ku, Tokyo called the Egota no Mori Project, which involves the development of large-scale mixed-use facilities.

Sales in the Condominiums Business amounted to ¥31,621 million, down 24.6% year-on-year, and operating income to ¥1,869 million, down 49.3% year-on-year.

(Urban Redevelopment Business)

In the Urban Redevelopment Business, the occupancy rates of properties owned by the Sekisui House Group, such as office/commercial buildings and Prime Maison rental houses, remained firm. The Company sold three properties, including Garden City Shinagawa Gotenyama which it owned, to Sekisui House Reit, Inc. It also sold Prime Maison Shibuya and other properties to Sekisui House SI Residential Investment Corporation.

Sales in the Urban Redevelopment Business amounted to ¥77,296 million, up 20.3% year-on-year, and operating income to ¥12,943 million, down 26.7% year-on-year.

(Overseas Business)

In the United States, sales of subdivisions including One Loudoun (Washington, D.C.) were strong, while in Australia, the Company made progress in sales of condominium units in Central Park (Sydney). In China, it commenced the delivery of new condominiums in Suzhou City. In Singapore, commercial facilities made a grand opening in Punggol Water Town in April.

Sales in the Overseas Business amounted to ¥33,619 million, up 22.6% year-on-year, and operating income to ¥553 million.

<Other Businesses>

In the Exterior Business, the Company proactively made proposals on unique landscaping and external facilities including the "Gohon no ki" landscaping concept, in which garden trees are selected from trees that are native to each area and domestic species that adapt to local climates.

Sales in the Other Businesses amounted to ¥41,241 million, down 1.1% year-on-year, and operating income to ¥274 million, down 81.3% year-on-year.

(2) Qualitative Information Regarding Consolidated Financial Conditions

Total assets decreased by ¥15,353 million to ¥2,014,440 million at the end of the second quarter of the consolidated fiscal year under review, in part because of the decline in real estate for sale, etc. of overseas subsidiaries due to the currency translation impact of the stronger yen. Liabilities increased ¥32,396 million, to ¥993,763 million, mainly due to the issue of bonds payable and an increase in short-term loans payable. Net asset, despite posting net income, decreased ¥47,750 million to ¥1,020,677 million, mainly due to a decrease in foreign currency translation adjustment.

(3) Qualitative Information Regarding Consolidated Results Forecast

In light of the continued improvement in profitability in each segment from the initial plan and the progress in the recent orders, the Company has revised the forecasts of consolidated results for the fiscal year ending January 31, 2017, which were announced on March 10, 2016, to net sales of ¥2,000.0 billion (up 7.6% year-on-year), operating income of ¥175.0 billion (up 16.9%), ordinary income of ¥178.0 billion (up 10.8%), and net income of ¥113.0 billion (up 34.0%).

2. Matters Regarding Summary Information (Notes)

(1) Changes in Significant Subsidiaries (changes in specific subsidiaries that caused a change in scope of consolidation):
Not applicable

(2) Application of Accounting Treatment Specific to the Preparations for Consolidated Quarterly Financial Statements:
Not applicable

(3) Changes in Accounting Policies, Accounting Estimates and Restatements:
Changes in Accounting Policies
(Application of accounting standard for business combinations, etc.)
The Accounting Standard for Business Combinations (ASBJ Statement No.21 of September 13, 2013, hereinafter, the "Business Combinations Accounting Standard"), the Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22 of September 13, 2013, hereinafter, the "Consolidated Financial Statements Accounting

Standard"), etc. and the Accounting Standard for Business Divestitures (ASBJ Statement No. 7 of September 13, 2013, hereinafter, the "Business Divestitures Accounting Standard") were applied from the first quarter of the consolidated fiscal year under review. As a result, the Company has changed accounting methods, so that differences arising from changes in the equity interests of the Company in subsidiaries under continuing control are recorded as capital surplus, and acquisition-related costs are recorded as expenses in the consolidated fiscal year when the costs arose. For business combinations to be implemented after the beginning of the first quarter of the consolidated fiscal year under review, the Company has changed its accounting method, so that revisions to the allocation amount of acquisition costs due to the fixation of provisional accounting treatment are reflected in the quarterly consolidated financial statements for the quarter to which the date of business combination belongs. The Company has also changed the method of presenting net income, etc. and changed the presentation of minority interests to non-controlling interests. To reflect these changes in the presentation, quarterly consolidated financial statements and consolidated financial statements for the second quarter of the previous fiscal year and the previous fiscal year have been reclassified.

With respect to the application of the Business Combinations Accounting Standard, etc., the Company follows the transitional treatments set forth in Clause 58-2 (4) of the Business Combinations Accounting Standard, Clause 44-5 (4) of the Consolidated Financial Statements Accounting Standard and Clause 57-4 (4) of the Business Divestitures Accounting Standard, and they are applied from the beginning of the first quarter of the previous fiscal year under review.

During the cumulative second quarter of the fiscal year under review, these changes have no influence on the quarterly consolidated financial statements.

(Application of Practical Solution on a Change in Depreciation Method Due to Tax Reform 2016)

In line with the revised Corporation Tax Act, the Company adopted the "Application of Practical Solution on a Change in Depreciation Method Due to Tax Reform 2016" (ASBJ PITF No.32, June 17, 2016) in the second quarter of the fiscal year under review and changed the depreciation method for facilities attached to buildings and structures acquired on and after April 1, 2016 from the declining balance method to the straight line method

The impact of this change on the income of the cumulative second quarter of the fiscal year under review is immaterial.

(4) Additional Information:

(Effects due to Changes in Corporate Tax Rates)

The Act on Partial Revision of the Income Tax Act (Act No.15 of 2016) and the Act on Partial Revision of the Local Tax Act (Act No.13 of 2016) were introduced on March 31, 2016, and will reduce corporate tax rates, etc. from the consolidated fiscal year starting on April 1, 2016. As a result, the effective legal tax rates used for calculating deferred tax assets and deferred tax liabilities will be changed from 32.1% to 30.7%, pertaining to temporary differences that are expected to be eliminated in the consolidated fiscal year starting from February 1, 2017 and the consolidated fiscal year starting from February 1, 2018, and to 30.5%, pertaining to temporary differences that are expected to be eliminated in the consolidated fiscal year starting from February 1, 2019 and the consolidated fiscal years thereafter.

As a result of this change in tax rates, deferred tax assets (the amount after deducting deferred tax liabilities) have decreased by ¥531 million, while income taxes-deferred, valuation difference on available-for-sale securities, and remeasurements of defined benefit plans have increased by ¥1,656 million, ¥597 million, and ¥526 million, respectively.

3. Consolidated Quarterly Financial Statements

(1) Consolidated Quarterly Balance Sheets

(¥ million)

	As of January 31, 2016	As of July 31, 2016
Assets		
Current assets		
Cash and deposits	195,239	175,375
Notes receivable, accounts receivable from completed construction contracts	50,256	48,063
Short-term investment securities	2,798	2,179
Costs on uncompleted construction contracts	9,395	9,415
Buildings for sale	301,125	306,232
Land for sale in lots	510,247	515,095
Undeveloped land for sale	86,881	75,852
Other inventories	7,261	7,401
Deferred tax assets	31,176	23,407
Other	71,776	68,968
Allowance for doubtful accounts	(1,225)	(1,205)
Total current assets	1,264,933	1,230,786
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	195,590	198,806
Machinery, equipment and vehicles, net	9,862	10,549
Land	311,431	326,593
Construction in progress	10,329	8,094
Other, net	5,961	6,156
Total property, plant and equipment	533,175	550,200
Intangible assets	14,779	13,879
Investments and other assets		
Investment securities	115,541	121,233
Long-term loans receivable	50,627	42,998
Net defined benefit asset	3,228	4,038
Deferred tax assets	2,291	2,758
Other	45,760	49,056
Allowance for doubtful accounts	(543)	(511)
Total investments and other assets	216,905	219,573
Total noncurrent assets	764,861	783,654
Total assets	2,029,794	2,014,440

(¥ million)

	As of January 31, 2016	As of July 31, 2016
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts	107,249	107,147
Electronically recorded obligations-operating	58,836	58,079
Short-term bonds payable	60,000	25,000
Short-term loans payable	146,188	169,057
Current portion of bonds with subscription rights to shares	1,130	-
Current portion of long-term loans payable	97,283	73,994
Income taxes payable	33,008	15,086
Advances received on uncompleted construction contracts	117,253	132,755
Provision for bonuses	26,627	18,161
Provision for directors' bonuses	1,062	-
Provision for warranties for completed construction	2,795	2,746
Other	83,940	77,933
Total current liabilities	735,376	679,963
Noncurrent liabilities		
Bonds payable	90,000	170,000
Long-term loans payable	27,850	42,029
Long-term lease and guarantee deposited	59,141	59,770
Deferred tax liabilities	1,434	573
Provision for directors' retirement benefits	1,151	1,136
Net defined benefit liability	19,292	20,010
Other	27,119	20,279
Total noncurrent liabilities	225,990	313,799
Total liabilities	961,366	993,763
Net assets		
Shareholders' equity		
Capital stock	202,591	202,591
Capital surplus	253,559	253,559
Retained earnings	498,094	530,050
Treasury stock	(17,577)	(33,676)
Total shareholders' equity	936,667	952,524
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	26,671	28,934
Deferred gains or losses on hedges	(13)	(8)
Foreign currency translation adjustment	68,747	6,140
Remeasurements of defined benefit plans	25,622	22,899
Total accumulated other comprehensive income	121,028	57,966
Subscription rights to shares	622	659
Non-controlling interests	10,108	9,526
Total net assets	1,068,428	1,020,677
Total liabilities and net assets	2,029,794	2,014,440

(2) **Consolidated Quarterly Statements of Income and Consolidated Quarterly Statements of Comprehensive Income**

(Consolidated Quarterly Statements of Income)

For the six months ended July 31, 2015 and 2016

(¥ million)

	Feb. 1, 2015– Jul. 31, 2015	Feb. 1, 2016 – Jul. 31, 2016
Net sales	931,572	949,622
Cost of sales	739,125	755,930
Gross profit	192,446	193,691
Selling, general and administrative expenses	110,733	114,424
Operating income	81,713	79,266
Non-operating income		
Interest income	1,256	942
Dividends income	838	777
Foreign exchange gains	1,752	-
Equity in earnings of affiliates	2,640	4,648
Other	1,802	1,429
Total non-operating income	8,290	7,797
Non-operating expenses		
Interest expenses	383	1,172
Foreign exchange losses	-	4,587
Other	2,295	2,691
Total non-operating expenses	2,678	8,451
Ordinary income	87,325	78,612
Extraordinary income		
Gain on sales of investment securities	4,228	-
Total extraordinary income	4,228	-
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	302	338
Impairment loss	3,683	-
Loss on valuation of investment securities	1	-
Total extraordinary losses	3,986	338
Income before income taxes and non-controlling shareholders' interests	87,567	78,274
Income taxes-current	26,309	17,886
Income taxes-deferred	8,811	7,970
Total income taxes	35,120	25,856
Net income	52,446	52,417
Net income attributable to non-controlling interests	391	346
Net income attributable to owners of parent	52,055	52,070

(Consolidated Quarterly Statements of Comprehensive Income)

For the six months ended July 31, 2015 and 2016

	Feb. 1, 2015 – Jul. 31, 2015	Feb. 1, 2016 – Jul. 31, 2016
Net Income	52,446	52,417
Other comprehensive income		
Valuation difference on available-for-sale securities	5,416	2,400
Deferred gains or losses on hedges	(22)	6
Foreign currency translation adjustment	1,861	(61,512)
Remeasurements of defined benefit plans	(2,122)	(2,744)
Share of other comprehensive income of associates accounted for using equity method	42	(1,310)
Total other comprehensive income	5,174	(63,160)
Comprehensive income	57,621	(10,742)
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	57,210	(10,991)
Comprehensive income attributable to non-controlling shareholders' interests	411	248

(3) Notes to Consolidated Quarterly Financial Statements

(Notes Regarding Assumption of a Going Concern)

Not applicable

(Notes on significant changes in the amount of shareholders' equity)

Not applicable