

Consolidated Financial Results for FY2016 (February 1, 2016 through January 31, 2017)

March 9, 2017

Company name	: Sekisui House, Ltd. (URL http://www.sekisuihouse.co.jp)
Listed exchanges	: Tokyo, Nagoya
Stock code	: 1928
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Date of general shareholders' meeting	: April 27, 2017
Date of scheduled payment of dividends	: April 28, 2017
Date of scheduled filing of securities report	: April 28, 2017
Supplementary explanatory documents	: Yes
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 FY2016 (February 1, 2016 through January 31, 2017)

(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	
	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%
Year ended January 31, 2017	2,026,931	9.0	184,164	23.1	190,989	18.9	121,853	44.5
Year ended January 31, 2016	1,858,879	(2.8)	149,645	2.1	160,589	2.7	84,302	(6.6)

(Note) Comprehensive income: Year ended Jan. 2017: ¥112,606 million [118.3%] Year ended Jan. 2016: ¥51,594 million [-59.6%]

	Net income per share	Fully diluted net income per share	Return on equity	Ordinary income ratio to total assets	Operating income ratio to net sales
	¥	¥	%	%	%
Year ended January 31, 2017	175.48	175.22	11.3	9.1	9.1
Year ended January 31, 2016	120.16	119.41	7.9	8.1	8.1

(Reference) Equity in earnings of affiliates: Year ended Jan. 2017: ¥10,022 million Year ended Jan. 2016: ¥9,427 million

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	¥ millions	¥ millions	%	¥
As of January 31, 2017	2,184,895	1,118,264	50.5	1,598.90
As of January 31, 2016	2,029,794	1,068,428	52.1	1,508.81

(Reference) Shareholders' equity As of January 31, 2017: ¥1,103,359 million As of January 31, 2016: ¥1,057,696million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents as of end of period
	¥ millions	¥ millions	¥ millions	¥ millions
Year ended January 31, 2017	115,820	(107,397)	5,511	204,701
Year ended January 31, 2016	45,884	(76,166)	32,084	192,338

2. Cash Dividends

	Dividends per share (¥)					Total dividends (annual) (¥ millions)	Dividend payout ratio (Consolidated)	Dividends to net assets (Consolidated)
	1st quarter	2nd quarter	3rd quarter	Year-end	Annual			
Year ended January 31, 2016	-	27.00	-	27.00	54.00	37,832	44.9%	3.6%
Year ended January 31, 2017	-	32.00	-	32.00	64.00	44,243	36.5%	4.1%
Year ending January 31, 2018 (Forecast)	-	37.00	-	38.00	75.00		40.4%	

3. Consolidated Results Forecast for FY2017 (February 1, 2017 through January 31, 2018)

(% 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	%	¥
Six months ending July 31, 2017	970,000	2.1	75,000	(5.4)	75,000	(4.6)	49,000	(5.9)	71.01
Year ending January 31, 2018	2,144,000	5.8	192,000	4.3	196,000	2.6	128,000	5.0	185.49

* Notes

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

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

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

(ii) Changes in accounting policies due other than (i): Not applicable

(iii) Changes in accounting estimates: Not applicable

(iv) Restatements: Not applicable

(Note) For details, please refer to “(5) Notes to Consolidated Financial Statements (Changes in Accounting Policies)” in “5. Consolidated Financial Statements” of the “Attached Materials” on page 27.

(3) Number of shares outstanding (common stock)

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

As of Jan. 31, 2017: 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 Jan. 31, 2017: 19,610,876 shares As of Jan. 31, 2016: 8,670,214 shares

(iii) Average number of shares outstanding in each period:

As of Jan. 31, 2017: 694,392,110 shares As of Jan. 31, 2016: 701,606,992 shares

(Reference) Summary of non-consolidated financial results

1. Non-Consolidated Results for the FY2016 (February 1, 2016 through January 31, 2017)

(1) Non-Consolidated Financial Results

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

	Net sales		Operating income		Ordinary income		Net income	
	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%
Year ended January 31, 2017	1,180,901	2.8	92,968	(8.0)	109,430	(6.1)	75,610	12.1
Year ended January 31, 2016	1,148,631	(6.5)	101,007	11.5	116,519	9.6	67,421	1.9

	Net income per share	Fully diluted net income per share
	¥	¥
Year ended January 31, 2017	108.86	108.70
Year ended January 31, 2016	96.07	95.48

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	¥ millions	¥ millions	%	¥
As of January 31, 2017	1,558,172	804,118	51.6	1,163.95
As of January 31, 2016	1,475,735	778,932	52.7	1,109.98

(Reference) Shareholders' equity As of January 31, 2017: ¥803,424 million As of January 31, 2016: ¥778,310 million

* Implementation Status of Review Processes

At the time of disclosure of this report, the procedures for review of 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

This document contains forward-looking statements based on judgments and estimates derived from information available to the Company at the time of this release, and is therefore subject to risks and uncertainties. Actual future results may differ materially from any projections presented here due to a variety of factors, including economic conditions surrounding the business domain of the Company and Group companies, as well as market trends.

For details of results forecast, please refer to “(1) Analysis of Business Results (Future Outlook)” of “1. Analyses of Business Results and Financial Position” of the “Attached Material” on page 12.

(Obtaining supplementary explanatory documents)

The Company plans to hold a briefing for institutional investors and analysts on March 9, 2017. 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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Appendix 1: Results summary for the year ended January 31, 2017

¥ millions

Consolidated	FY2015	FY2016	YOY (%)	FY2017 forecast	YOY (%)
Net sales	1,858,879	2,026,931	9.0	2,144,000	5.8
Gross profit	373,867	418,297	11.9	442,000	5.7
SG&A expenses	224,222	234,132	4.4	250,000	6.8
Operating income	149,645	184,164	23.1	192,000	4.3
Ordinary income *	160,589	190,989	18.9	196,000	2.6
Extraordinary income	8,995	-	-	-	-
Extraordinary loss	18,731	5,690	(69.6)	2,000	(64.9)
Net income attributable to owners of parent	84,302	121,853	44.5	128,000	5.0
Total orders	1,934,591	2,052,026	6.1	2,172,000	5.8
Accumulated orders	868,718	893,813	2.9	921,813	3.1

Key management indicators

Consolidated	FY2012	FY2013	FY2014	FY2015	FY2016
Net income per share (¥)	69.17	118.63	130.91	120.16	175.48
Net assets per share (¥)	1,200.63	1,358.60	1,527.52	1,508.81	1,598.90
Operating profit margin	5.34%	7.31%	7.66%	8.05%	9.09%
ROE	5.99%	9.19%	9.03%	7.93%	11.28%
ROA *	5.96%	8.15%	8.40%	8.25%	9.38%

¥ millions

R & D expenditures	4,318	4,507	4,726	4,772	4,991
Capital expenditure (Consolidated)	60,915	130,243	121,550	81,258	98,277
Capital expenditure (Non-consolidated)	46,275	110,895	108,768	62,390	76,587
Depreciation expense (Consolidated)	19,015	22,581	25,692	24,438	23,125
Depreciation expense (Non-consolidated)	14,102	17,155	19,788	18,547	17,840

* ROA: Return on Assets = (Operating income + Interest and Dividends received+ Equity in earnings of affiliates) / Total assets

Appendix 2: Segment breakdown for the year ended January 31, 2017

1. Comparison with the previous fiscal year (See page 32)

(1) Sales

¥ millions

		FY2015	FY2016	YOY(%)
Built-to-order Business	Custom detached houses	393,786	383,129	(2.7)
	Rental housing	400,601	440,312	9.9
	Subtotal	794,388	823,442	3.7
Supplied Housing Business	Remodeling	134,458	133,498	(0.7)
	Real estate management fees	448,751	469,132	4.5
	Subtotal	583,210	602,631	3.3
Development Business	Houses for sale	137,484	142,014	3.3
	Condominiums	81,470	66,125	(18.8)
	Urban redevelopment	93,038	130,491	40.3
	Overseas Business	89,522	182,127	103.4
	Subtotal	401,516	520,758	29.7
Other businesses		79,764	80,099	0.4
Consolidated		1,858,879	2,026,931	9.0

(2) Operating income and OP margin

¥ millions

		FY2015	FY2016	YOY(%)
		Amount OP margin	Amount OP margin	
Built-to-order Business	Custom detached houses	47,208 12.0%	49,514 12.9%	4.9
	Rental housing	51,918 13.0%	60,832 13.8%	17.2
	Subtotal	99,127 12.5%	110,347 13.4%	11.3
Supplied Housing Business	Remodeling	15,847 11.8%	17,544 13.1%	10.7
	Real estate management fees	26,819 6.0%	31,278 6.7%	16.6
	Subtotal	42,667 7.3%	48,823 8.1%	14.4
Development Business	Houses for sale	11,919 8.7%	8,822 6.2%	(26.0)
	Condominiums	8,031 9.9%	2,248 3.4%	(72.0)
	Urban redevelopment	24,747 26.6%	23,414 17.9%	(5.4)
	Overseas Business	(5,673) (6.3%)	25,172 13.8%	-
	Subtotal	39,025 9.7%	59,658 11.5%	52.9
Other businesses		2,511 3.1%	726 0.9%	(71.1)
Eliminations and back office		(33,686)	(35,390)	-
Consolidated		149,645 8.1%	184,164 9.1%	23.1

(3) Orders

¥ millions

		FY2015	FY2016	YOY(%)
Built-to-order Business	Custom detached houses	387,533	382,062	(1.4)
	Rental housing	434,574	461,722	6.2
	Subtotal	822,107	843,784	2.6
Supplied Housing Business	Remodeling	134,114	134,564	0.3
	Real estate management fees	448,751	469,132	4.5
	Subtotal	582,865	603,697	3.6
Development Business	Houses for sale	132,682	151,887	14.5
	Condominiums	77,756	86,474	11.2
	Urban redevelopment	93,038	130,491	40.3
	Overseas Business	147,051	158,850	8.0
	Subtotal	450,528	527,703	17.1
Other businesses		79,090	76,841	(2.8)
Consolidated		1,934,591	2,052,026	6.1

(4) Accumulated orders

¥ millions

		As of January 31, 2016	As of January 31, 2017	YOY (%)
Built-to-order Business	Custom detached houses	209,722	208,655	(0.5)
	Rental housing	356,991	378,401	6.0
	Subtotal	566,714	587,056	3.6
Supplied Housing Business	Remodeling	21,931	22,996	4.9
	Real estate management fees	-	-	-
	Subtotal	21,931	22,996	4.9
Development Business	Houses for sale	34,087	43,959	29.0
	Condominiums	66,348	86,697	30.7
	Urban redevelopment	-	-	-
	Overseas Business	133,273	109,996	(17.5)
	Subtotal	233,709	240,653	3.0
Other businesses		46,363	43,106	(7.0)
Consolidated		868,718	893,813	2.9

2. Forecast for next fiscal year

From FY2017, the Company has taken "Overseas Business" out of its Development Business and classified it as a new business model and thus changed its presentation. Therefore, the subtotal of the Development Business model for FY2016 represents the figure after the reclassification.

(1) Sales

¥ millions

		FY2016	FY2017 forecast	YOY(%)
Built-to-order Business	Custom detached houses	383,129	381,000	(0.6)
	Rental housing	440,312	446,000	1.3
	Subtotal	823,442	827,000	0.4
Supplied Housing Business	Remodeling	133,498	140,000	4.9
	Real estate management fees	469,132	488,000	4.0
	Subtotal	602,631	628,000	4.2
Development Business	Houses for sale	142,014	143,000	0.7
	Condominiums	66,125	76,000	14.9
	Urban redevelopment	130,491	90,000	(31.0)
	Subtotal	338,631	309,000	(8.8)
Overseas Business		182,127	300,000	64.7
Other businesses		80,099	80,000	(0.1)
Consolidated		2,026,931	2,144,000	5.8

(2) Operating income and OP margin

¥ millions

		FY2016	FY2017 forecast	YOY(%)
		Amount OP margin	Amount OP margin	
Built-to-order Business	Custom detached houses	49,514 12.9%	48,500 12.7%	(2.0)
	Rental housing	60,832 13.8%	62,500 14.0%	2.7
	Subtotal	110,347 13.4%	111,000 13.4%	0.6
Supplied Housing Business	Remodeling	17,544 13.1%	18,000 12.9%	2.6
	Real estate management fees	31,278 6.7%	34,000 7.0%	8.7
	Subtotal	48,823 8.1%	52,000 8.3%	6.5
Development Business	Houses for sale	8,822 6.2%	13,000 9.1%	47.4
	Condominiums	2,248 3.4%	8,000 10.5%	255.9
	Urban redevelopment	23,414 17.9%	12,500 13.9%	(46.6)
	Subtotal	34,485 10.2%	33,500 10.8%	(2.9)
Overseas Business		25,172 13.8%	30,000 10.0%	19.2
Other businesses		726 0.9%	500 0.6%	(31.1)
Eliminations and back office		(35,390)	(35,000)	-
Consolidated		184,164 9.1%	192,000 9.0%	4.3

(3) Orders

¥ millions

		FY2016	FY2017 forecast	YOY(%)
Built-to-order Business	Custom detached houses	382,062	387,000	1.3
	Rental housing	461,722	471,000	2.0
	Subtotal	843,784	858,000	1.7
Supplied Housing Business	Remodeling	134,564	141,000	4.8
	Real estate management fees	469,132	488,000	4.0
	Subtotal	603,697	629,000	4.2
Development Business	Houses for sale	151,887	145,000	(4.5)
	Condominiums	86,474	80,000	(7.5)
	Urban redevelopment	130,491	90,000	(31.0)
	Subtotal	368,853	315,000	(14.6)
Overseas Business		158,850	290,000	82.6
Other businesses		76,841	80,000	4.1
Consolidated		2,052,026	2,172,000	5.8

(4) Accumulated orders

¥ millions

		As of January 31, 2017	As of January 31, 2018 forecast	YOY (%)
Built-to-order Business	Custom detached houses	208,655	214,655	2.9
	Rental housing	378,401	403,401	6.6
	Subtotal	587,056	618,057	5.3
Supplied Housing Business	Remodeling	22,996	23,996	4.3
	Real estate management fees	-	-	-
	Subtotal	22,996	23,996	4.3
Development Business	Houses for sale	43,959	45,959	4.5
	Condominiums	86,697	90,697	4.6
	Urban redevelopment	-	-	-
	Subtotal	130,657	136,656	4.6
Overseas Business		109,996	99,996	(9.1)
Other businesses		43,106	43,106	-
Consolidated		893,813	921,813	3.1

1. Analyses of Business Results and Financial Position

(1) Analysis of Business Results

(Review of Business Performance)

During the consolidated fiscal year under review, the Japanese economy remained firm, reflecting the modest improvement of corporate earnings and strong consumer spending, although corporate capital spending remained sluggish. The outlook for the overseas economy remained unpredictable due to uncertainty over the impact of movements in association with Brexit, slowing economic growth in emerging Asian economies, and financial policies in various countries, among other factors.

In the housing market, meanwhile, people's interest in the acquisition of their own homes remained strong, reflecting declines in mortgage rates primarily as a result of the negative interest measures taken by the Bank of Japan and additional government measures to stimulate purchases of homes, as well as the continuing trend of improvements in the employment and income environments. Demand remained strong in the rental housing market, mainly in urban areas, reflecting asset utilization in response to the revision of inheritance taxes enforced in January 2015.

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 launched new products and worked to strengthen its 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, to win orders leveraging the establishment of a solid position as a top-ranking brand. In the Remodeling Business, the Company divided 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.

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.

In addition, as part of its efforts to expand its residential-related businesses, the Company decided to develop businesses related to hotels for inbound visitors and extended-stay luxury serviced apartments.

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.

To contribute to society by promoting art and culture, the Company opened the Koji Kinutani Tenku Art Museum in December, which will display the works of Koji Kinutani, the leading affresco artist in Japan, in the Umeda Sky Building, where the Company's head office is located.

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.

As a result of these business activities, the Company achieved business results that surpassed the mid-term management plan covering the fiscal years through the fiscal year ended January 31, 2017.

Net sales in FY2016 amounted to ¥2,026,931 million (up 9.0%). Operating income amounted to ¥184,164 million (up 23.1%), ordinary income to ¥190,989million (up 18.9%), net income to ¥121,853 million (up 44.5%).

Business results by segments are as follows.

<Built-to-Order Business>

(Custom Detached Houses Business)

In the 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. The Company also promoted sales of houses using original exterior walls, such as DYNE CONCRETE of the IS SERIES steel-frame house and the BELLBURN earthenware walls of the wood-framed SHAWOOD-HOME house. In urban areas, the Company 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.

The Company launched new products to expand sales. The new products include Gravis Stage, the highest quality product in the wood-framed SHAWOOD series, which employs Clear View Design emphasizing open space, and 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.

Sales in the Custom Detached Houses Business amounted to ¥383,129 million (down 2.7% from the previous fiscal year), and operating income to ¥49,514 million (up 4.9%).

(Rental Housing Business)

In the Rental Housing Business, the Company worked to expand sales of 3- and 4-story rental houses. The Company worked to boost orders by proposing attractive rental houses, which is expected to lead to stable management in the long term, through area marketing that makes the most of the Group's advantages, including collaboration with the Sekiwa Real Estate companies. 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, the Company promoted sales with a focus on houses with support services for the elderly. The Company is one of the largest operators of those houses in the industry in terms of the number of registered units.

In addition, the Company entered into a business collaboration with Waqoo Project Co., Ltd. for the "Shukubo" creation business and engaged in the design and construction of accommodation facilities offering shrine or temple experiences that have recently attracted attention both in Japan and abroad. By doing so, the Company stepped up its efforts to meet the increase in inbound visitor demand.

For the Rental Housing Business amounted to ¥440,312 million (up 9.9% from the previous fiscal year), and operating income to ¥60,832 million (up 17.2%).

<Supplied Housing Business>

(Remodeling Business)

In the Remodeling Business, the Company, while working to strengthen its sales structure, 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.

The Company stepped up its proposals of condominium renovations. It started to provide RENOETTA, condominium renovations in collaboration with product designer Toshiyuki Kita.

Sales in the Remodeling Business amounted to ¥133,498 million (down 0.7% from the previous fiscal year), and operating income to ¥17,544million (up 10.7%).

(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 ¥469,132 million (up 4.5% from the previous fiscal year) and operating income to ¥31,278 million (up 16.6%).

<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 ¥142,014 million (up 3.3% from the previous fiscal year), and operating income to ¥8,822 million (down 26.0%).

(Condominium 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 Motosumiyoshi (Nakahara-ku, Kawasaki-City), and the delivery of condominium units proceeded as planned.

It also opened a showroom for Grande Maison Egota no Mori, 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.

The Company also decided to promote sales of zero energy houses in a high-quality condominium scheduled to be completed in the spring of 2019 (in Nagoya) for the first time in Japan.

Sales in the Condominium Business amounted to ¥66,125 million (down 18.8% from the previous fiscal year), and the operating income was ¥2,248 million (down 72.0%), primarily attributable to the revaluation of some properties.

(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 Shirokane-Takanawa and other properties to Sekisui House SI Residential Investment Corporation.

Sales in the Urban Redevelopment Business amounted to ¥130,491 million (up 40.3% from the previous fiscal year) and operating income to ¥23,414 million (down 5.4%).

(Overseas Business)

In the United States, sales of subdivisions including One Loudoun (Washington, D.C.) were strong. In rental housing development, which the Company developed from FY2013, the Company started to sell properties in Portland and Seattle. While in Australia, the Company made progress in delivery of condominium units in Royal Shores (Sydney) and Wentworth Point (Sydney). In China, orders were strong. The Company commenced the delivery of new condominiums in Suzhou City, which contributed to earnings. In Singapore, commercial facilities made a grand opening in Punggol Water Town in April.

Sales in the Overseas Business amounted to ¥182,127 million (up 103.4% from the previous fiscal year) and operating income to ¥25,172 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, for rental houses and condominiums, not to mention custom detached

houses.

Sales in the Other Businesses amounted to ¥80,099 million (up 0.4% from the previous fiscal year), and operating income to ¥726 million (down 71.1%).

(Future Outlook)

The Japanese economy is expected to recover moderately amid continued improvements in corporate earnings and the employment and income environments, despite concerns over the impact of the uncertain global economic climate.

In the housing market, demand will remain strong due mainly to low mortgage rates and government support measures for housing construction and remodeling, notwithstanding the slow recovery of personal consumer confidence.

In this environment, the Company will build a foundation for its residential-related business under its new mid-term management plan. Throughout the Sekisui House Group, it will promote measures to help create high-quality housing stock for custom detached houses, rental houses, remodeling, etc., while expanding its business areas utilizing materials shipped from its factories. In addition, the Company will focus on expanding its overseas business, which has grown into one of its major pillars.

For the fiscal year ending January 31, 2018, the Company forecasts consolidated net sales of ¥2,144,000 million (up 5.8% from the current fiscal year under review), consolidated operating income of ¥192,000 million (up 4.3%), consolidated ordinary income of ¥196,000 million (up 2.6%), and net income attributable to owners of parent of ¥128,000 million (up 5.0%).

(2) Analysis on Financial Position

Total assets increased by ¥155,100 million to ¥2,184,895 million at the end of the fiscal year under review, primarily owing to the increases in real estate for sale. Liabilities increased by ¥105,264 million to ¥1,066,630 million, mainly due to the issue of bonds payable. Net assets increased by ¥49,836 million to ¥1,118,264 million chiefly due to the posting of net income, despite the payment of dividends, the acquisition of treasury stock and a decrease in foreign currency translation adjustment.

Net cash provided by operating activities was ¥115,820 million (a year-on-year increase of ¥69,935 million in net cash provided), primarily due to posting of income before income taxes and non-controlling shareholders' interests and the increase in accounts payable.

Net cash used in investing activities was ¥107,397 million (a year-on-year decrease of ¥31,230 million in net cash provided), mainly reflecting the purchase of property, plant, and equipment.

Net cash used in financing activities was ¥5,511 million (a year-on-year decrease of ¥26,572 million in net cash provided), owing mainly to the issuance of bonds.

Consequently, cash and cash equivalents at the end of the fiscal year under review amounted to ¥204,701 million, increasing by ¥12,363 million from the end of the previous fiscal year.

(Reference) Trend in cash flow pertinent indicators

	FY2012	FY2013	FY2014	FY2015	FY2016
Equity ratio (%)	52.4	52.6	55.4	52.1	50.5
Equity ratio based on market price (%)	43.9	55.5	55.3	64.7	57.8
Debt service coverage ratio (years)	3.3	3.7	3.0	9.3	4.2
Interest coverage ratio (times)	31.1	26.2	52.6	31.7	44.6

(Note) Equity ratio = equity / total assets

Equity ratio based on market price = market capitalization / total assets

Debt service coverage ratio = interest-bearing debt / cash flow

Interest coverage ratio = Cash flow / interest paid

1. All indicators are calculated from consolidated financial data.
2. Market capitalization = share price at end of period × number of shares outstanding (exclusive treasury stock)
3. Cash flow from operating activities is used for calculation.

4. Interest-bearing debts include all debts subject to interest payments within the liabilities shown on the consolidated balance sheet. Note that this debt also includes interest-free bonds with subscription rights to shares.

(3) Basic Policy on Profit Distribution, Dividend for the Current and Next Fiscal Years

The Company regards the maximization of shareholder value as one of the most important management issues. Accordingly, the Company will strive to enhance the shareholder return by increasing earnings per share through sustainable business growth and by improving asset efficiency. In doing so, it will take into comprehensive account the status of profits and cash flows in each fiscal year and future business development, among other factors, as well as making growth investments, implementing a shareholder return targeting a dividend payout ratio of 40% over the medium and long term, and acquiring and canceling its own shares in a timely manner.

For the year ended January 31, 2017, we paid an interim dividend of ¥32 and plan to pay out a year-end dividend of ¥32.

For the next fiscal year ending January 31, 2018, we plan to pay out an interim dividend of ¥37 and a year-end dividend of ¥38, totaling ¥75 for the full year.

(4) Risk factors

This section contains an overview of the major business-related risks and other risks facing Sekisui House, Ltd. and its Group companies (the Group) that could have material bearing on the decisions of investors. These risks include potential risks for the future, which the Group deems to be risks as of the day when these financial statements are issued.

(1) Changes in operating environments

Since the Group's main area of business is housing, its business is vulnerable to trends in private consumption, interest rates, land prices, the government's housing-related policies and taxation system, fluctuations in rents caused by these trends, and trends in local economies. Changes in these operating environments could have a negative impact on the Group's business performance.

(2) Natural disasters, etc.

A major natural disaster can incur a large amount of costs for the Group, including those for initial response and subsequent support activities such as inspection and emergency measures for customers' buildings, as well as those for the repair of damaged equipment and facilities of the Group, real estate for sale, and buildings under construction. Such an occurrence could have a negative impact on the Group's business performance.

(3) Price rise of raw and other materials

A sharp price hike in steel and timber (the Group's main structural elements), as well as fluctuations in oil prices and foreign exchange, can lead to a rise in the purchasing prices of raw and other materials. Such an occurrence could have a negative impact on the Group's business performance.

(4) Assets held by the Group

Securities, real estate for sale, noncurrent assets, and other assets held by the Group can suffer impairment or loss from revaluation due to a decline in market value, etc. Such an occurrence could have a negative impact on the Group's business performance and financial position.

(5) Quality control

The Group makes its best effort to assure the quality of its products and services. Should the Group be held liable for defect warranty to a degree beyond expectation, however, the Group may incur a large amount of expenses and suffer the major degradation of its reputation. Such an occurrence could have a negative impact on the Group's business performance.

(6) General legal and regulatory risks

The Group secures the appropriate business permits and licenses under the Building Lots and Buildings Transaction Business Law, Construction Industry Law, Architect Law, and other applicable laws in Japan, and operates in conformity with the laws and regulations related to land transaction, labor relations, environmental management, and other business undertakings. In the event that these laws and regulations should be revised or repealed, new legal regulations be established, or the Group infringe upon laws or regulations, the Group's business performance could be negatively affected.

(7) Overseas business

The Group is engaged in housing-related business overseas. Unforeseeable changes in social and economic conditions, including trends in laws, regulations, and taxation systems in the respective countries could have a negative effect on the Group's business performance.

(8) Protection of privacy

Because of the nature of its business, the Group handles a large volume of customer data. The Group makes extra efforts to protect such personal information. Leakage, etc. of such personal information would significantly damage the Group's reputation and credit, and thus could have a negative impact on the Group's business performance.

(9) Retirement benefit obligations

The amount of the Group's employee retirement costs and obligations is calculated based on assumptions used in the relevant actuarial calculations, such as the discount rate, and the assumed rates of return on pension assets. In the event of any revisions to these actuarial assumptions, or in case estimates based on the assumed rates on return should differ materially from actual results, the Group's business performance and its financial position could be negatively affected.

(10) Computer viruses

In order to perform its operations efficiently, the Group makes aggressive use of information technology. The unforeseeable occurrence of computer viruses could have a negative impact on the Group's business performance.

(11) Preventive measures against takeover bids

We do not deny third parties' acquisition of our stock as a part of sound economic activities and the subsequent transfer of controlling interest resulting from the exercise of shareholders' rights.

However, we believe that it is necessary to carefully examine any purchase of our stock in a bid to acquire large interest or its offer in terms of the purchaser's business lines and plans, past investment operations, as well as the legitimacy of the purchase, so that we may determine whether the purchase or its offer will help increase our corporate value and contribute to the common interests of our existing shareholders and any and all impacts upon each of our stakeholders.

At this point in time, we are not observing any concrete cases of such a purchase or its offer, and so do not plan to draw up in advance any anti-takeover measures, which will be taken once such a purchaser is identified. Nevertheless, we will always watch the movements of our stock carefully, and, once we have identified a party who intends to acquire a large interest in the company, we will immediately take any and all actions that we deem to be most appropriate, fulfilling the natural duties entrusted to us by our shareholders and investors.

In more concrete terms, we will invite outside specialists to examine and assess the identified purchase or its offer, and negotiate with the purchaser. Should we conclude that the purchase or its offer would damage our corporate value or threaten the common interests of our existing shareholders, we will make prompt decisions as to the need of concrete preventive measures and their contents, and position ourselves to put them into action.

2. Outline of the Sekisui House Group

The Sekisui House Group consists of Sekisui House, Ltd., 225 subsidiaries, and 26 affiliates. Sekisui House group companies are involved in the contract design, construction, and letting of prefabricated houses. They also buy and sell, act as agents for, lease and manage real estate.

The position of each company within the Group is illustrated below.

The following nine sections classify each business division as they are classified in the 'Segment Information' section.

Main group companies within the reporting segments are shown in the chart of business activities.

(1) Custom Detached Houses Business

This division designs, constructs, and contracts for sale detached houses

(2) Rental Housing Business

This division designs, constructs, and contracts for sale rental housing, medical and nursing care facilities, and other buildings.

(3) Remodeling Business

This division is involved with renovating housing.

(4) Real Estate Management Fees Business

This division leases, manages, maintains, and brokerages real estate.

(5) Houses for Sale Business

This division sells houses and real estate, and designs, constructs, and contracts for sale houses on residential land for sale.

(6) Condominiums Business

This division sells condominiums.

(7) Urban Redevelopment Business

This division develops office buildings, commercial facilities, and other facilities, and manages and maintains its own properties.

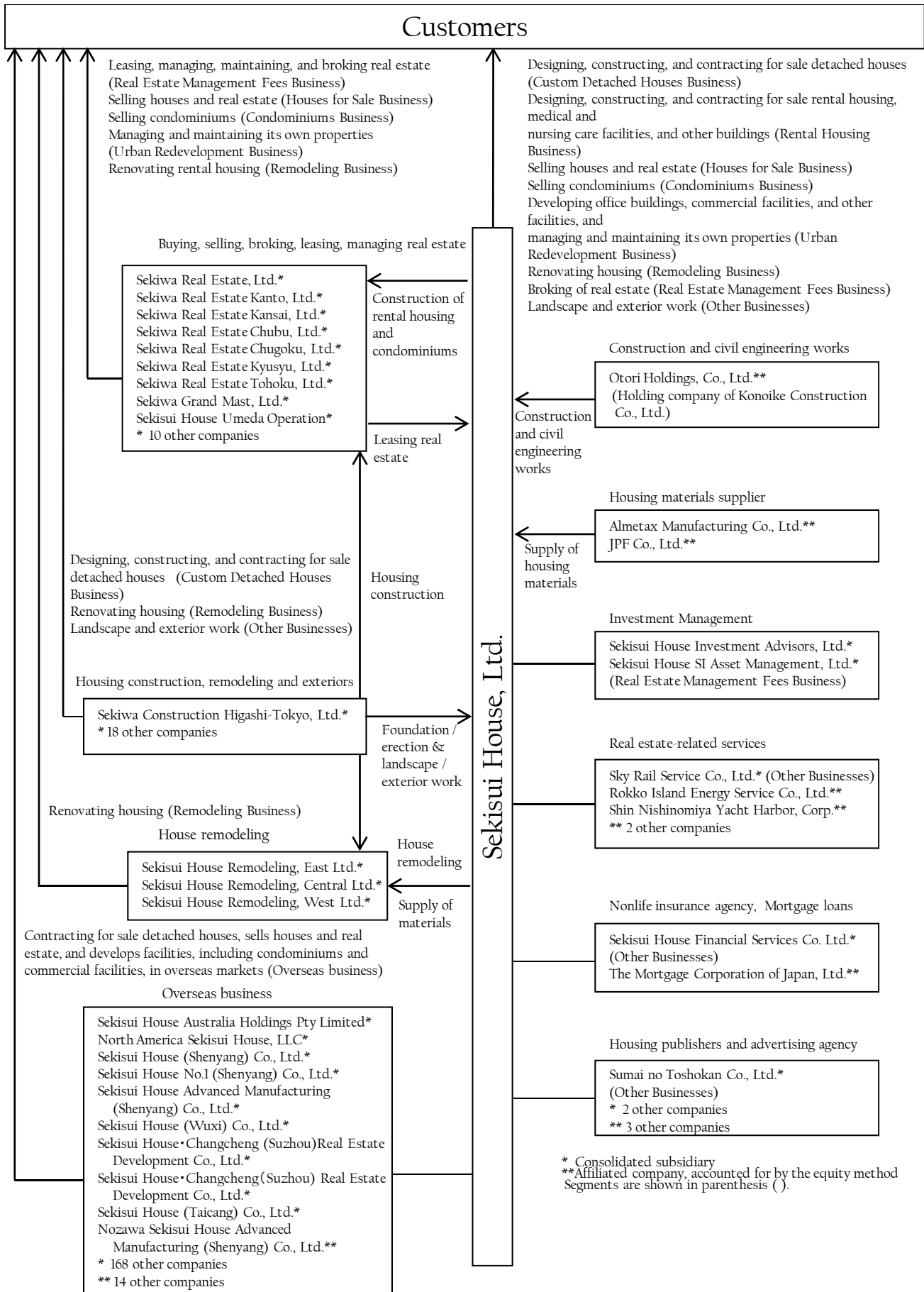
(8) Overseas Business

This division contracts for sale detached houses, sells houses and real estate, and develops facilities, including condominiums and commercial facilities, in overseas markets.

(9) Other Businesses

This division is involved in exterior business, etc.

The following chart shows the position of the group companies within each business segment.



3. Management Policy

(1) Basic Management Policy

Since the establishment of Sekisui House we have aimed to create homes and environments with individuality and warmth, as a leading producer of housing in Japan. Providing first class product quality and technical skills is essential, and we aim every day to reflect our philosophy of `love of humanity` by creating houses that bring satisfaction to our customers. In the future, through rigorous quality control we aim to continue to raise customer satisfaction and to provide full after service to our customers. Housing is characterized by a very long product life and we believe that steadily pursuing these values in our business activities creates a powerful framework of trust that is the key to long-term growth and an essential element of our business. Further our basic stance is that true management of a company is borne out of three concepts: customer satisfaction, shareholder satisfaction and employee satisfaction and we must also fulfill our obligations as a corporate citizen while considering the stability and investment required to ensure continued long term growth while making determined efforts to expand our business.

(2) Targeted Performance Indicators

In order to promote business efficiency we aim to take opportunities to strengthen our balance sheet and raise asset efficiency in each of our businesses. As a result of such efforts, we aim to improve our returns on assets and equity, with specific targets of 10% for both ROA and ROE.

(3) Medium and Long-term Business Strategy

In addition to bringing a wide range of leading-edge technologies and lifestyle proposals that it has worked on to date together under the unified brand vision "SLOW & SMART," in its business management policy the Company has also pursued a growth strategy focused on the "residential" domain, and advanced operations based on its three business models: the Built-to-Order Business, the Supplied Housing Business, and the Development Business. In March 2017, in an effort to further expand its business operations, the company also formulated a new mid-term management plan for the period up until the fiscal year ending January 31, 2021.

The new mid-term management plan sets the basic policy of building a foundation of "residential" related businesses towards BEYOND 2020. In addition to bolstering our residence and residential-related businesses, the management plan also highlights the expansion of new business domains utilizing the Company's factory shipping elements, and identifies the international business operations (which the Company launched in 2009) as one of the major pillars of our business. In accordance this medium-term management plan, we will continue to proactively promote the spread and popularization of high value-added residences and residential environments, based on our four business models.

Built-to-Order Business (Custom Detached Housing / Rental Housing)

The Group will continue to promote the dissemination and sales expansion of Green First Zero (Net Zero Energy House), which has been leading the industry, and will strengthen the product appeal of the IS Series, the steel frame house with the Company's original exterior wall Dyne Concrete, and the Shawood wooden house utilizing the Bellburn original high-grade earthenware exterior wall, and expand the sales of 3- and 4-story houses through the all-out area marketing of rental housing.

The Group will also expand the business domains by taking advantage of the strength of materials shipped from its plants in developing the built-to-order business for accommodations that will be directly linked to inbound demand and respond to various forms and business using the useful land of CRE and PRE.

Supplied Housing Business (Remodeling / Real Estate Management Fees)

The Group will enhance renovation (large-scale remodeling) services that provide not only maintenance-type renovation as before but also lifestyle proposal-type renovation. In custom detached houses, the Group divided Sekisui House Remodeling, Ltd. into three companies in 2016 to conduct more community-based business activities and, at the same time, is strengthening remodeling for rental housing, demand for which is growing mainly in urban areas, with the aim of enhancing business performance by expanding the business base for remodeling.

In the real estate management fees business, the Group aims to increase the asset value of its properties by improving

the quality of the management business in order to maintain the high occupation rate and strengthen the SumStock business and the real estate brokerage business, which will respond to the distribution market of existing houses that is expected to expand further in the future.

Development Business (Houses for Sale / Condominiums / Urban Redevelopment)

The Group will promote the business with a focus on development that will increase the asset turnover ratio by carefully selecting valuable land. In houses for sale, the Group will differentiate its products by actively developing smart towns and focusing on becoming more beautiful over time. In the condominiums business, the Group will fully enforce area strategies and work actively to disseminate eco-friendly condominiums at the same time. In the urban redevelopment business, the Group will continue to supply properties stably to two REITs, namely Sekisui House Reit, Inc. and Sekisui House SI Residential Investment Corporation, to increase the asset turnover ratio and generate profits.

Overseas Business

The overseas business of the Company remains steady because the earnings base has been built in the United States and Australia as a result of developing the business internationally in the four countries of Australia, the United States, China and Singapore, starting with business advancement in Australia in 2009. In China, the brand value of the Company's high-quality properties has begun penetrating, and in Singapore, its properties available for sale are almost sold out. The Company will continue to expand its business by providing its high-quality housing technologies and landscape development capabilities, etc. in the overseas business while at the same time participating in earnest in the custom detached houses business in the United States by converting Woodside Homes, a homebuilder in the United States, into a wholly owned subsidiary.

(4) Issues that the Company Needs to Address

Despite some uncertainty over the impact of slowdowns in emerging Asian economies and the monetary policies of various countries, Japan's economic recovery is expected to continue in the medium term, reflecting continued improvements in company earnings as well as in employment and income conditions, as well as government measures to end deflation, leading to increases in consumption and investment.

Meanwhile, the housing environment is expected to change significantly in line with economic conditions in Japan from 2020, owing to dramatic advancements in IT technologies such as IoT and AI, urgent measures against global warming, and changes in housing required for a full-scale aging society, as well as increases in demand from foreign visitors, and the 2020 Tokyo Olympics, among other factors. In this operating environment, the Company, under its mid-term management plan, will seek to generate profits through steady growth both in and outside Japan. Domestically, it will provide housing of consistently high quality and will strengthen its management base through expansion of its residential businesses, while abroad it will use its sophisticated technologies for developing environments and towns to further expand its overseas business.

4. Basic Approach to the Selection of Accounting Standards

The Sekisui House Group has been compiling its consolidated financial statements according to the Japanese standards. It will adopt international accounting standards appropriately in the future, factoring in the situations both in Japan and abroad.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(¥ millions)

	As of January 31, 2016	As of January 31, 2017
Assets		
Current assets		
Cash and deposits	195,239	212,808
Notes receivable, accounts receivable from completed construction contracts	50,256	49,031
Short-term investment securities	2,798	1,399
Costs on uncompleted construction contracts	9,395	10,150
Buildings for sale	301,125	321,682
Land for sale in lots	510,247	566,018
Undeveloped land for sale	86,881	92,682
Other inventories	7,261	7,210
Deferred tax assets	31,176	30,229
Other	71,776	64,987
Allowance for doubtful accounts	(1,225)	(1,172)
Total current assets	1,264,933	1,355,029
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	346,174	354,011
Machinery, equipment and vehicles	62,132	63,590
Tools, furniture and fixtures	31,720	32,851
Land	311,431	325,073
Lease assets	1,122	1,124
Construction in progress	10,329	24,950
Accumulated depreciation	(229,736)	(237,919)
Total property, plant and equipment	533,175	563,682
Intangible assets		
Goodwill	105	48
Industrial property	26	27
Leasehold right	4,517	4,288
Software	9,388	8,446
Right of using facilities	242	243
Telephone subscription right	495	289
Other	3	1
Total intangible assets	14,779	13,345
Investments and other assets		
Investment securities	115,541	149,515
Long-term loans receivable	50,627	40,645
Net defined benefit asset	3,228	8,117
Deferred tax assets	2,291	2,727
Other	45,760	52,292
Allowance for doubtful accounts	(543)	(460)
Total investments and other assets	216,905	252,837
Total noncurrent assets	764,861	829,865
Total assets	2,029,794	2,184,895

	(¥ millions)	
	As of January 31, 2016	As of January 31, 2017
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts	107,249	108,835
Electronically recorded obligations-operating	58,836	70,202
Short-term bonds payable	60,000	35,000
Short-term loans payable	146,188	150,863
Current portion of bonds	-	40,000
Current portion of bonds with subscription rights to shares	1,130	-
Current portion of long-term loans payable	97,283	22,373
Income taxes payable	33,008	34,311
Advances received on uncompleted construction contracts	117,253	129,783
Provision for bonuses	26,627	28,005
Provision for directors' bonuses	1,062	1,290
Provision for warranties for completed construction	2,795	2,800
Other	83,940	90,477
Total current liabilities	735,376	713,945
Noncurrent liabilities		
Bonds payable	90,000	130,000
Long-term loans payable	27,850	108,355
Long-term lease and guarantee deposited	59,141	59,951
Deferred tax liabilities	1,434	6,460
Provision for directors' retirement benefits	1,151	1,197
Net defined benefit liability	19,292	20,266
Other	27,119	26,453
Total noncurrent liabilities	225,990	352,685
Total liabilities	961,366	1,066,630
Net assets		
Shareholders' equity		
Capital stock	202,591	202,591
Capital surplus	253,559	253,559
Retained earnings	498,094	577,663
Treasury stock	(17,577)	(37,248)
Total shareholders' equity	936,667	996,565
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	26,671	37,839
Deferred gains or losses on hedges	(13)	19
Foreign currency translation adjustment	68,747	46,975
Remeasurements of defined benefit plans	25,622	21,959
Total accumulated other comprehensive income	121,028	106,793
Subscription rights to shares	622	694
Non-controlling interests	10,108	14,211
Total net assets	1,068,428	1,118,264
Total liabilities and net assets	2,029,794	2,184,895

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

(¥ millions)

	Feb. 1, 2015 – Jan. 31, 2016	Feb. 1, 2016 – Jan. 31, 2017
Net sales	1,858,879	2,026,931
Cost of sales	1,485,011	1,608,634
Gross profit	373,867	418,297
Selling, general and administrative expenses		
Selling expenses	49,872	51,545
General and administrative expenses	174,349	182,587
Total selling, general and administrative expenses	224,222	234,132
Operating income	149,645	184,164
Non-operating income		
Interest income	2,495	2,131
Dividends income	1,651	1,425
Equity in earnings of affiliates	9,427	10,022
Other	3,252	2,771
Total non-operating income	16,828	16,350
Non-operating expenses		
Interest expenses	1,030	2,326
Foreign exchange losses	477	2,482
Other	4,375	4,717
Total non-operating expenses	5,883	9,526
Ordinary income	160,589	190,989
Extraordinary income		
Gain on sales of investment securities	8,995	-
Total extraordinary income	8,995	-
Extraordinary loss		
Impairment loss	10,616	5,154
Loss on sales and retirement of noncurrent assets	3,189	535
Loss on change of project plans	4,443	-
Loss on valuation of investment securities	482	-
Total extraordinary losses	18,731	5,690
Income before income taxes and non-controlling shareholders' interests	150,853	185,299
Income taxes-current	54,588	54,485
Income taxes-deferred	10,077	3,917
Total income taxes	64,666	58,402
Net income	86,187	126,896
Net income attributable to non-controlling interests	1,884	5,043
Net income attributable to owners of parent	84,302	121,853

(Consolidated Statements of Comprehensive Income)

(¥ millions)

	Feb. 1, 2015 – Jan. 31, 2016	Feb. 1, 2016 – Jan. 31, 2017
Net Income	86,187	126,896
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,542)	11,453
Deferred gains or losses on hedges	(12)	13
Foreign currency translation adjustment	(21,830)	(21,225)
Remeasurements of defined benefit plans	(10,579)	(3,625)
Share of other comprehensive income of associates accounted for using equity method	(627)	(905)
Total other comprehensive income	(34,593)	(14,289)
Comprehensive income	51,594	112,606
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	49,758	107,617
Comprehensive income attributable to non-controlling shareholders' interests	1,835	4,988

(3) Consolidated Statements of Changes in Net Assets

Previous consolidated fiscal year (February 1, 2015 to January 31, 2016)

(¥ millions)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the end of previous period	197,716	248,684	466,950	(500)	912,850
Cumulative effects of changes in accounting policies	-	-	(15,236)	-	(15,236)
Restated balance	197,716	248,684	451,713	(500)	897,613
Changes of items during the period					
Issuance of new shares	4,875	4,875	-	-	9,750
Dividends from surplus	-	-	(36,390)	-	(36,390)
Net income attributable to owners of parent	-	-	84,302	-	84,302
Purchase of treasury shares	-	-	-	(20,036)	(20,036)
Disposal of treasury shares	-	-	(1,531)	2,960	1,429
Net changes of items other than shareholders' equity	-	-	-	-	-
Total changes of items during the period	4,875	4,875	46,380	(17,076)	39,054
Balance at the end of current period	202,591	253,559	498,094	(17,577)	936,667

	Other accumulated comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total other accumulated comprehensive income			
Balance at the end of previous period	28,202	0	91,168	36,202	155,573	536	10,104	1,079,064
Cumulative effects of changes in accounting policies	-	-	-	-	-	-	-	(15,236)
Restated balance	28,202	0	91,168	36,202	155,573	536	10,104	1,063,827
Changes of items during the period								
Issuance of new shares	-	-	-	-	-	-	-	9,750
Dividends from surplus	-	-	-	-	-	-	-	(36,390)
Net income attributable to owners of parent	-	-	-	-	-	-	-	84,302
Purchase of treasury shares	-	-	-	-	-	-	-	(20,036)
Disposal of treasury shares	-	-	-	-	-	-	-	1,429
Net changes of items other than shareholders' equity	(1,530)	(13)	(22,420)	(10,579)	(34,544)	86	3	(34,454)
Total changes of items during the period	(1,530)	(13)	(22,420)	(10,579)	(34,544)	86	3	4,600
Balance at the end of current period	26,671	(13)	68,747	25,622	121,028	622	10,108	1,068,428

Current consolidated fiscal year (February 1, 2016 to January 31, 2017)

(¥ millions)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the end of previous period	202,591	253,559	498,094	(17,577)	936,667
Cumulative effects of changes in accounting policies	-	-	-	-	-
Restated balance	202,591	253,559	498,094	(17,577)	936,667
Changes of items during the period					
Issuance of new shares	-	-	-	-	-
Dividends from surplus	-	-	(41,087)	-	(41,087)
Net income attributable to owners of parent	-	-	121,853	-	121,853
Purchase of treasury shares	-	-	-	(22,018)	(22,018)
Disposal of treasury shares	-	-	(1,197)	2,347	1,149
Net changes of items other than shareholders' equity	-	-	-	-	-
Total changes of items during the period	-	-	79,568	(19,671)	59,897
Balance at the end of current period	202,591	253,559	577,663	(37,248)	996,565

	Other accumulated comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total other accumulated comprehensive income			
Balance at the end of previous period	26,671	(13)	68,747	25,622	121,028	622	10,108	1,068,428
Cumulative effects of changes in accounting policies	-	-	-	-	-	-	-	-
Restated balance	26,671	(13)	68,747	25,622	121,028	622	10,108	1,068,428
Changes of items during the period								
Issuance of new shares	-	-	-	-	-	-	-	-
Dividends from surplus	-	-	-	-	-	-	-	(41,087)
Net income attributable to owners of parent	-	-	-	-	-	-	-	121,853
Purchase of treasury shares	-	-	-	-	-	-	-	(22,018)
Disposal of treasury shares	-	-	-	-	-	-	-	1,149
Net changes of items other than shareholders' equity	11,168	32	(21,772)	(3,663)	(14,235)	71	4,102	(10,060)
Total changes of items during the period	11,168	32	(21,772)	(3,663)	(14,235)	71	4,102	49,836
Balance at the end of current period	37,839	19	46,975	21,959	106,793	694	14,211	1,118,264

(4) Consolidated Statements of Cash Flows

(¥ millions)

	Feb. 1, 2015 – Jan. 31, 2016	Feb. 1, 2016 – Jan. 31, 2017
Net cash provided by (used in) operating activities		
Income before income taxes and non-controlling shareholders' interests	150,853	185,299
Depreciation and amortization	24,438	23,125
Impairment loss	10,616	5,154
Increase (decrease) in net defined benefit liability	74	531
Increase (decrease) in net defined benefit asset	(13,517)	(10,530)
Interest and dividends income	(4,147)	(3,556)
Interest expenses	1,030	2,326
Equity in (earnings) losses of affiliates	(9,427)	(10,022)
Loss (gain) on sales of investment securities	(8,995)	-
Loss (gain) on valuation of investment securities	482	-
Decrease (increase) in notes and accounts receivable-trade	3,599	792
Decrease (increase) in inventories	(97,632)	(62,732)
Increase (decrease) in notes and accounts payable-trade	6,132	34,692
Increase (decrease) in advances received on uncompleted construction contracts	15,296	13,277
Other, net	9,313	(12,802)
Subtotal	88,117	165,553
Interest and dividends income received	4,151	7,092
Interest expenses paid	(1,447)	(2,598)
Income taxes paid	(44,937)	(54,225)
Net cash provided by (used in) operating activities	45,884	115,820
Net cash provided by (used in) investing activities		
Proceeds from redemption of securities	440	2,800
Purchase of property, plant and equipment	(77,817)	(94,588)
Proceeds from sales of property, plant and equipment	143	448
Purchase of investment securities	(9,913)	(6,462)
Proceeds from sales and redemption of investment securities	13,600	909
Payments of loans receivable	(1,359)	(8,874)
Collection of loans receivable	4,850	9,724
Other, net	(6,110)	(11,354)
Net cash provided by (used in) investing activities	(76,166)	(107,397)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term bonds payable	40,000	(25,000)
Net increase (decrease) in short-term loans payable	78,331	6,636
Proceeds from long-term loans payable	100,991	155,594
Repayment of long-term loans payable	(89,723)	(145,600)
Proceeds from issuance of bonds	30,000	80,000
Redemption of bonds	(70,000)	-
Cash dividends paid	(36,390)	(41,087)
Purchase of treasury stock	(20,035)	(22,015)
Other, net	(1,088)	(3,015)
Net cash provided by (used in) financing activities	32,084	5,511

(¥ millions)

	Feb. 1, 2015 – Jan. 31, 2016	Feb. 1, 2016 – Jan. 31, 2017
Effect of exchange rate change on cash and cash equivalents	(4,472)	(1,572)
Net increase (decrease) in cash and cash equivalents	(2,670)	12,363
Cash and cash equivalents at beginning of period	195,008	192,338
Cash and cash equivalents at end of period	192,338	204,701

(5) Notes to Consolidated Financial Statements (Notes Regarding Assumption of Going Concerns)

Not applicable

(Basic Important Matters for Preparation of Consolidated Financial Statements)

1. Scope of Consolidation

Consolidated subsidiaries: 225, including Sekiwa Real Estate, Ltd., Sekiwa Real Estate Kanto, Ltd., Sekiwa Real Estate Kansai, Ltd., Sekiwa Real Estate Chubu, Ltd., Sekiwa Real Estate Chugoku, Ltd., Sekiwa Real Estate Kyushu, Ltd., and Sekiwa Real Estate Tohoku, Ltd.

Changes in scope of consolidation: Newly included: 27 Excluded: 7

All 225 subsidiaries are consolidated.

2. Scope of application of equity method

Affiliated companies accounted for by the equity method: 26 including Otori Holdings, Co., Ltd., Almetax Manufacturing Co., Ltd., JPF Co., Ltd.

Changes in scope of equity method: Newly included: 5 Excluded: 2

Investment in 26 affiliated companies is accounted for by the equity method.

3. Term-ends of consolidated subsidiaries

The end of the fiscal year is March 31 for Sekisui House SI Asset Management, Ltd. and other two subsidiaries. In addition, there are two companies whose fiscal years end on May 31 and November 30, respectively. When preparing consolidated financial statements, the Company utilizes the provisional financial statements compiled as of January 31.

Fiscal year ends on December 31 for SEKISUI HOUSE AUSTRALIA HOLDINGS PTY LIMITED and 178 other consolidated subsidiaries. When preparing consolidated financial statements, the Company uses the financial statements of those consolidated subsidiaries as of their respective balance sheet dates. For material transactions before the date of fiscal year-end of consolidated group, necessary adjustments have been implemented.

4. Matters regarding accounting standards

(1) Basis and method for valuation for significant assets

(a) Securities:

(i) Debt securities expected to be held to maturity: Amortized cost (straight-line) method

(ii) Other securities:

• Stocks with market value: Based on closing market price on the last day of period (Valuation gains and losses resulting are calculated by the full net assets costing method; cost of disposal is calculated by the moving average method)

• Stocks with no available market value: At cost, based on the moving average method

(b) Derivatives: Market value method

(c) Inventories:

Inventories are valued at cost (cost method whereby the book value is written down to the net realizable value in cases where there has been a material decline in value).

Semi-finished goods, raw materials, work in process and supplies are valued at cost based on moving average method.

Costs on uncompleted construction contracts, buildings for sale, land for sale in lots, and undeveloped land for sale are valued at cost based on individual cost method.

(2) Depreciation and amortization methods used for main depreciable and amortizable assets

(a) Property, plant and equipment (excluding lease assets):

The Company applies the straight-line method to buildings (excluding attached structures) and facilities attached to buildings and structures acquired on and after April 1, 2016, and uses the declining-balance method for other property, plant and equipment.

(b) Intangible assets (excluding lease assets): Straight-line method

(c) Lease assets:

Leased assets for finance lease transactions other than those involving a transfer of title

The Company applies the straight-line method to such finance leases, where the useful lives of the assets are the terms of leases and the residual values of the assets are deemed zero. Finance lease transactions other than those involving a transfer of title that began prior to January 31, 2009 are accounted for using the same method as operating leases.

(3) Basis for accounting for significant allowances

(a) Allowance for doubtful accounts

The Company makes provisions for general debtors based on actual historical collection rates and for specific debtors where collection is doubtful based on estimates of the amount collectible.

(b) Provision for bonuses

To prepare for bonus payments to employees, the Company provides for the estimated appropriate amount in that financial period.

(c) Provision for directors' bonuses

To prepare for bonus payments to directors and corporate auditors, the Company provides for the estimated amount.

(d) Provision for warranties for completed construction

Provisions for losses and guarantee expenses due to post-completion defects are recorded based on historical repair and other costs arising from completed structures and detached housing.

(e) Provision for directors' retirement benefits

To allow for retirement payments to directors and corporate auditors, the Company provides the required amounts at the end of the current term based on internal regulations.

(4) Method of Accounting for Retirement Benefits

(a) Method for reflecting the expected retirement benefit in the period

In conjunction with the calculation of retirement benefit obligations, straight-line attribution is adopted as the method for reflecting the expected retirement benefit in the period up until the end of the consolidated fiscal year under review.

(b) Method of accounting for actuarial calculation differences and past service obligations

In conjunction with actuarial calculation differences and past service obligations, pro rata amounts calculated from the 5-year fixed amount method are to be reflected as expenses in the year following the consolidated fiscal year in which such expenses are accrued.

(5) Basis for accounting for income and expenses

(a) Accounting standard for recognition of income and expenses of completed works

(i) For the portion of works certain to be completed by the end of the current consolidated fiscal year

Percentage-of-completion method (estimate for level of completion based on the percentage of direct costs)

(ii) Other construction contracts

Completed-contract method

(b) Basis for accounting for income from finance leases

The Company records net sales and cost of sales upon receipt of lease charges.

(6) Basis for converting significant foreign currency-denominated assets and liabilities into yen

For foreign currency-denominated monetary claims and debts, the Company converts into yen at the rates of exchange prevailing on the consolidated balance sheet date. Translation differences are included in the statements of income. Assets and liabilities of overseas subsidiaries are converted into yen at the rates of exchange prevailing on the balance sheet date of the overseas subsidiaries, and the income and expenses of overseas subsidiaries are converted into yen at average exchange rates during the fiscal year under review. Exchange differences are recorded by including them in foreign currency translation adjustment and non-controlling interests under net assets.

(7) Main hedge accounting methods

(a) Hedge accounting methods

The Company accounts for hedging activities under deferral hedge accounting. *Furiate-shori* (accounting method in which the current and forward rate difference is allocated by period length for the calculation at the accounting period) is applied to forward foreign exchange contracts which conform to the requirements of such hedge accounting.

(b) Hedging instruments and targets

- (i) The Company hedges foreign currency cash debts and forward transactions with exchange contracts.
- (ii) Interest swaps are used as an instrument to hedge targeted borrowings.

(c) Hedging policies

The Company uses derivatives transactions with the aim of avoiding losses from fluctuations in exchange. The use of exchange contracts does not exceed the amount of foreign currency transactions. The assumed principal balance subject to interest-swap transaction does not exceed the relevant interest bearing debts outstanding.

(d) Methods of assessing hedge effectiveness

The Company assesses if the percentage changes of hedge targets and hedge instruments approximately range from 80% to 125%, where hedging transactions are considered to be effective, while it does not assess the effectiveness of hedging where the main conditions match with regard to the relevant transactions and hedge targets, and where the cash flow is fixed.

(8) Amortization of goodwill

Goodwill are amortized over 5 years using the straight-line method, beginning in the fiscal year in which they arise, except for cases where useful life can be estimated, in which case they are amortized over the estimated useful life based on a substantive analysis by the company, and with the exception of minor amounts, which are amortized in lump-sum in the fiscal year in which they arise.

(9) Scope of amounts in consolidated statements of cash flows

The funds (cash and cash equivalents) in the consolidated statements of cash flows comprise cash and equivalents (except fixed term deposits exceeding 3 months) and short-term investments with redemption periods of less than 3 months that are easily convertible into cash, with insignificant risk of losses from price fluctuations.

(10) Other basic important matters for preparation of consolidated financial statements

(a) Accounting for consumption taxes

The tax exclusion method is used to account for consumption taxes.

Consumption taxes not subject to noncurrent asset related deductions at consolidated subsidiaries whose main business is real estate for leasing are recorded in "Other" under the "Investments and other assets" on the relevant balance sheets and are amortized on a straight line basis over 5 years. Other consumption taxes not subject to deductions are expensed in the consolidated accounting period in which they arise.

(b) Inclusion of interest paid in acquisition cost

In conformity with the accounting standards of relevant countries, overseas consolidated subsidiaries include interest paid with regard to borrowed funds for the real estate development business in acquisition cost. For the current period under, interest expenses of ¥7,321 million, ¥2,287 million, ¥515 million and ¥526 million are included in "Buildings for sale", "Land for sale in lots", "Undeveloped land for sale," and "Construction in progress" respectively. For the previous period, interest expenses of ¥9,764 million, ¥1,597 million and ¥1,023 million are included in "Buildings for sale", "Land for sale in lots" and "Undeveloped land for sale," respectively.

(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 third 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.

These changes have no influence on the 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 consolidated fiscal year under review is immaterial.

(Additional Information)

(Effects due to Changes in Corporate Tax Rates)

According to the enactment by the Diet of the “Act for Partial Revision of the Income Tax Act (Act No.15 of 2016)” and the “Act for Partial Revision of the Local Tax Act (Act No.13 of 2016)” on March 29, 2016, and the “Act for Partial Revision to the Partial Revision, etc. of Consumption Tax Act for the Drastic Reform of the Taxation System for Ensuring Stable Financial Resources, etc. for Social Security (Act No.85 of 2016)” and the “Act for Partial Revision to the Partial Revision, etc. of Local Tax Act and Local Allocation Tax Act for the Drastic Reform of the Taxation System for Ensuring Stable Financial Resources, etc. for Social Security (Act No.86 of 2016)” on November 18, 2016, the effective legal tax rates used for calculating deferred tax assets and deferred tax liabilities were 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 February 1 2018, and to 30.5%, pertaining to temporary differences that are expected to be eliminated in a consolidated fiscal year starting from February 1, 2019.

As a result of the change in tax rates, deferred tax assets (the amount after deducting deferred tax liabilities) decreased ¥909 million, while income taxes-deferred, valuation difference on available-for-sale securities, and remeasurements of retirement benefits increased ¥2,204 million, ¥787 million, and ¥506 million, respectively.

(Notes to Consolidated Balance Sheets)

	As of Jan. 31, 2016	As of Jan. 31, 2017
		(¥ millions)
1. Collateralized assets	136,302	99,310
2. Liabilities guaranteed	85,536	102,976
3. Shareholdings in related companies included in investment securities	31,127	46,853
4. Interest bearing liabilities	426,013	491,017
5. Change in the purpose of holding assets		

(As of January 31, 2016)

¥71 million of real estate for sale that appeared under “Undeveloped land for sale” at the end of the previous fiscal year have been reclassified as “Land.” Meanwhile, investment properties of ¥54,735 million, which were reported under “Buildings and

Structures” and “Land” etc. at the end of the previous fiscal year, have been reclassified under “Buildings for sale” and “Land for sale in lots”.

(As of January 31, 2017)

¥10,270 million of real estate for sale that appeared under “Buildings for sale” and “Land for sale in lots” at the end of the previous fiscal year have been reclassified as “Buildings and Structures” and “Land.” Meanwhile, investment properties of ¥50,238 million, which were reported under “Buildings and Structures” and “Land” etc. at the end of the previous fiscal year, have been reclassified under “Buildings for sale” and “Land for sale in lots”.

(Notes to Consolidated Statements of Income)

(1) Impairment loss

Impairment loss of the following group of assets was recorded.

Previous consolidated fiscal year (February 1, 2015 – January 31, 2016)

Location	Usage	Type
Shenyang City, Liaoning, China, etc.	Factory	Buildings, machinery and equipment, etc.
Osaka City, Osaka, etc.	Real estate for leasing, etc.	Buildings and land, etc.

The Sekisui House Group recognizes impairment loss by grouping investment properties by project and grouping other assets by operating unit, which allow us to manage gains and losses in a rational manner. As a result, for the group of factory and real estate for leasing, the book value was impaired down to the recoverable value, and this decrease was recorded as impairment loss under “Extraordinary loss.”

(Breakdown of impairment loss)

Type	Amount (¥ millions)
Buildings and structures	6,859
Machinery and equipment	1,737
Land	1,602
Other	416
Total	10,616

For these assets, the Company calculates the recoverable value of the relevant assets based on their use value or net selling prices. The use value is determined based on future cash flows, and the net selling price is determined based on the real estate appraisal value and other.

Current consolidated fiscal year (February 1, 2016 – January 31, 2017)

Location	Usage	Type
Naka-ku, Nagoya City, etc.	Real estate for leasing, etc.	Buildings and land, etc.

The Sekisui House Group recognizes impairment loss by grouping investment properties by project and grouping other assets by operating unit, which allow us to manage gains and losses in a rational manner. As a result, for the group of real estate for leasing, the book value was impaired down to the recoverable value, and this decrease was recorded as impairment loss under “Extraordinary loss.”

(Breakdown of impairment loss)

Type	Amount (¥ millions)
Buildings and structures	994
Machinery and equipment	112
Land	3,841
Other	206
Total	5,154

For these assets, the Company calculates the recoverable value of the relevant assets based on their use value or net selling prices. The use value is determined based on future cash flows, and the net selling price is determined based on the real estate appraisal value and other.

(Notes to Consolidated Statements of Cash Flows)

*1 Cash and cash equivalents at the end of fiscal year and relationship with amounts recorded in consolidated balance sheets

	Previous consolidated fiscal year Feb. 1, 2015 – Jan. 31, 2016		Current consolidated fiscal year Feb. 1, 2016 – Jan. 31, 2017	
Cash and deposits	¥195,239	millions	¥212,808	millions
Time deposits with terms in excess of three months	(2,900)		(8,107)	
Cash and cash equivalents	192,338		204,701	

2 Significant non-fund transactions

(1) Exercise of stock acquisition rights in bonds attached to convertible bond type bonds with stock acquisition rights

	Previous consolidated fiscal year Feb. 1, 2015 – Jan. 31, 2016		Current consolidated fiscal year Feb. 1, 2016 – Jan. 31, 2017	
Increase in capital as a result of the exercise of stock acquisition rights	¥4,875	millions	¥-	millions
Increase in capital surplus as a result of the exercise of stock acquisition rights	4,875		-	
Losses on disposal of treasury stock as a result of the exercise of stock acquisition rights	(1,517)		(1,167)	
Decrease in treasury stock as a result of the exercise of stock acquisition rights	2,937		2,297	
Decrease in bonds with stock acquisition rights as a result of the exercise of stock acquisition rights	11,170		1,130	

(2) Acquisition of Shares by in-kind contribution (debt-equity swap)

	Previous consolidated fiscal year Feb. 1, 2015 – Jan. 31, 2016		Current consolidated fiscal year Feb. 1, 2016 – Jan. 31, 2017	
Decrease in long-term loans receivable as a result of the debt-equity swap	¥-	millions	¥11,420	millions
Decrease in accounts receivable as a result of the debt-equity swap	-		431	
Increase in investment securities as a result of the debt-equity swap	-		11,851	

(Segment Information)

Segment Information

1. Summary of reportable segments

The reportable segments of the Sekisui House Group are its constituent units for which separate financial information is obtained and examined on a regular basis by its manager to determine the allocation of management resources and evaluate business performance.

The Sekisui House Group operates comprehensive housing businesses as a proactive creator of comfortable living environments. To achieve sustainable growth by optimizing its management resources, the Group has established business domains. Each domain operates by developing its own business strategies.

Consequently, the Group comprises segments based on the products and services provided by each business domain. The Group considers the Custom Detached Houses Business, the Rental Housing Business, the Remodeling Business, the Real Estate Management Fees Business, the Houses for Sale Business, the Condominiums Business, the Urban Redevelopment Business, and the Overseas Business, excluding Other Businesses, as its reportable segments.

Details of the reportable segments are as follows:

Custom Detached Houses Business:	Designing, constructing, and contracting for sale detached houses
Rental Housing Business:	Designing, constructing, and contracting for sale rental housing, medical and nursing care facilities, and other buildings
Remodeling Business:	Renovating housing

Real Estate Management Fees Business:	Leasing, managing, maintaining, and brokering real estate.
Houses for Sale Business:	Selling houses and real estate, and designing, constructing, and contracting for sale houses on residential land for sale
Condominiums Business:	Selling condominiums
Urban Redevelopment Business:	Developing office buildings, commercial facilities, and other facilities, and managing and maintaining its own properties
Overseas Business:	Contracting for sale detached houses, sells houses and real estate, and develops facilities, including condominiums and commercial facilities, in overseas markets

2. Method of calculation for sales, income and loss, asset, liabilities and other items by each segment

The accounting treatment used for all reporting segments is basically the same as that stated in “Basic Important Matters for Preparation of Consolidated Financial Statements.”

3. Segment information on sales, income or loss, assets, liabilities and other items by reporting segment

Previous consolidated fiscal year (February 1, 2015 to January 31, 2016)

(¥ million)

	Reportable Business Segments						
	Custom Detached Houses	Rental Housing	Remodeling	Real Estate Management Fees	Houses for Sale	Condominiums	Urban Redevelopment
Sales							
(1) Sales to third parties	393,786	400,601	134,458	448,751	137,484	81,470	93,038
(2) Inter-group sales and transfers	0	4,807	232	3,160	-	-	123
Net sales	393,786	405,409	134,691	451,911	137,484	81,470	93,161
Operating income (loss)	47,208	51,918	15,847	26,819	11,919	8,031	24,747
Assets	64,218	44,812	14,577	95,669	164,910	149,139	556,931
Other items							
Depreciations	4,506	2,735	94	885	1,141	19	10,214
Net increase in property, plant and equipment, and intangible assets	2,628	591	12	828	600	28	72,317

	Reportable Business Segments		Other Businesses (Note: 1)	Total	Adjustments (Note:2)	Amounts on the consolidated financial statements (Note: 3)
	Overseas Business	Total				
Sales						
(1) Sales to third parties	89,522	1,779,114	79,764	1,858,879	-	1,858,879
(2) Inter-group sales and transfers	-	8,323	4,704	13,028	(13,028)	-
Net sales	89,522	1,787,438	84,469	1,871,908	(13,028)	1,858,879
Operating income (loss)	(5,673)	180,819	2,511	183,331	(33,686)	149,645
Assets	721,320	1,811,580	17,345	1,828,925	200,869	2,029,794
Other items						
Depreciations	1,635	21,233	961	22,194	2,243	24,438
Net increase in property, plant and equipment, and intangible assets	331	77,339	41	77,380	3,878	81,258

Notes

1. Other Businesses principally include the exterior business.

2. Adjustments are as follows:

(1) An adjustment of ¥33,686 million for segment income (loss) includes an elimination of inter-segment transactions of ¥3,084 million and corporate expenses of ¥30,602 million that have not been allocated to each segment. Corporate expenses mainly include selling, general and administration expenses and experiment and research expenses that do not belong to any reportable segments.

(2) An adjustment of ¥200,869 million for assets is corporate assets. Corporate assets are mainly parent company surplus operating funds (cash and short-term investment securities), long-term investment funds (investment securities) and assets of the administration division.

(3) An adjustment of ¥2,243 million for depreciation and amortization is depreciation related to corporate assets.

(4) An adjustment of ¥3,878 million for increases in property, plant, and equipment and intangible assets is a capital expenditure mainly for equipment for the headquarters.

3. Operating income (loss) by business segment is adjusted to correspond to operating income in the consolidated statements of income.

Current consolidated fiscal year (February 1, 2016 to January 31, 2017)

(¥ million)

	Reportable Business Segments						
	Custom Detached Houses	Rental Housing	Remodeling	Real Estate Management Fees	Houses for Sale	Condominiums	Urban Redevelopment
Sales							
(1) Sales to third parties	383,129	440,312	133,498	469,132	142,014	66,125	130,491
(2) Inter-group sales and transfers	-	5,638	246	3,380	-	-	99
Net sales	383,129	445,951	133,745	472,512	142,014	66,125	130,590
Operating income (loss)	49,514	60,832	17,544	31,278	8,822	2,248	23,414
Assets	59,798	48,616	14,720	100,125	144,109	158,890	590,984
Other items							
Depreciations	4,319	2,866	92	908	1,063	23	9,753
Net increase in property, plant and equipment, and intangible assets	3,952	1,996	58	971	901	53	82,598

	Reportable Business Segments		Other Businesses (Note: 1)	Total	Adjustments (Note:2)	Amounts on the consolidated financial statements (Note: 3)
	Overseas Business	Total				
Sales						
(1) Sales to third parties	182,127	1,946,832	80,099	2,026,931	-	2,026,931
(2) Inter-group sales and transfers	-	9,364	5,497	14,861	(14,861)	-
Net sales	182,127	1,956,197	85,596	2,041,793	(14,861)	2,026,931
Operating income (loss)	25,172	218,828	726	219,555	(35,390)	184,164
Assets	825,507	1,942,753	18,015	1,960,768	224,126	2,184,895
Other items						
Depreciations	672	19,699	912	20,612	2,512	23,125
Net increase in property, plant and equipment, and intangible assets	4,112	94,646	70	94,716	3,560	98,277

Notes

1. Other Businesses principally include the exterior business.
2. Adjustments are as follows:
 - (1) An adjustment of ¥35,390 million for segment income (loss) includes an elimination of inter-segment transactions of ¥3,298 million and corporate expenses of ¥32,091 million that have not been allocated to each segment. Corporate expenses mainly include selling, general and administration expenses and experiment and research expenses that do not belong to any reportable segments.
 - (2) An adjustment of ¥224,126 million for assets is corporate assets. Corporate assets are mainly parent company surplus operating funds (cash and short-term investment securities), long-term investment funds (investment securities) and assets of the administration division.
 - (3) An adjustment of ¥2,512 million for depreciation and amortization is depreciation related to corporate assets.
 - (4) An adjustment of ¥3,560 million for increases in property, plant, and equipment and intangible assets is a capital expenditure mainly for equipment for the headquarters.
3. Operating income (loss) by business segment is adjusted to correspond to operating income in the consolidated statements of income.

(Per Share Information)

	Feb. 1, 2015 – Jan. 31, 2016	Feb. 1, 2016 – Jan. 31, 2017
Net assets per share	¥1,508.81	¥1,598.90
Net income per share	¥120.16	¥175.48
Fully diluted net income per share	¥119.41	¥175.22

(Note) Basis for Calculation

1. Net assets per share

¥ millions, except where noted	As of January 31, 2016	As of January 31, 2017
Net assets recorded on balance sheet	1,068,428	1,118,264
Difference between net assets in consolidated balance sheet and net assets attributable to ordinary shares	10,731	14,905
Subscription rights to shares	622	694
Minority interests	10,108	14,211
Net assets attributable to ordinary shares	1,057,696	1,103,359
Number of ordinary shares outstanding (1,000 shares)	709,683	709,683
Number of ordinary shares held in treasury (1,000 shares)	8,670	19,610
Number of ordinary shares used to calculate shareholders' equity per share (1,000 shares)	701,013	690,072

2. Net income per share and fully diluted income per share

¥ millions, except where noted	Previous fiscal year (Feb. 1, 2015 - Jan. 31, 2016)	Current fiscal year (Feb. 1, 2016 - Jan. 31, 2017)
Net income per share		
Net income attributable to owners of parent	84,302	121,853
Amount not attributable to ordinary shares	-	-
Net income attributable to ordinary shares	84,302	121,853
Average number of ordinary shares outstanding during period (1,000 shares)	701,606	694,392
Fully diluted net income per share		
Adjustment to net income attributable to owners of parent	-	-
Number of ordinary shares increased (shares)	4,374	1,039
Bonds with subscription rights to shares	3,599	224

Subscription rights to shares	774	814
Overview of residual securities not included in the calculation of fully diluted net income per share as they have no dilutive effect	-	-

(Significant Subsequent Event)

(Acquisition of equity interests by consolidated subsidiary)

At a meeting of its Board of Directors held on Feb. 22, 2017, the Company resolved to acquire all equity interests in Woodside Homes Company, LLC which is engaged in the detached house business in the United States, to carry out reorganization of the Company's subsidiaries and second-tier subsidiaries, and executed the relevant merger agreements. Under the scheme, SH Residential Holdings, LLC a subsidiary of Sekisui House US Holdings, LLC, which is a wholly owned subsidiary of the Company, conducted a merger of Crayon Special Vehicle-I, LLC, a wholly owned subsidiary of SH Residential Holdings, LLC and Woodside Homes Company, LLC (through this merger, Woodside Homes Company, LLC became the surviving company). After the merger, Woodside Homes Company, LLC became a wholly owned subsidiary of SH Residential Holdings, LLC. In addition, NORTH AMERICA SEKISUI HOUSE, LLC a wholly owned subsidiary of the Company became a wholly owned subsidiary of Sekisui House US Holdings, LLC.

With the implementation of the above measures, NORTH AMERICA SEKISUI HOUSE, LLC became a subsidiary of Sekisui House US Holdings, LLC after the Company executed in-kind contribution of all of its equity interests in NORTH AMERICA SEKISUI HOUSE, LLC to Sekisui House US Holdings, LLC on Feb. 23, 2017 (Feb. 22, 2017, time in US). In addition, the Company increased the capital of Sekisui House US Holdings, LLC on Feb. 28, 2017 (Feb. 27, 2017, time in US), in order to partially fund the purchase of Woodside Homes Company, LLC on Mar. 1, 2017 (Feb. 28, 2017, time in US) and Sekisui House US Holdings, LLC increased the capital of SH Residential Holdings, LLC, on that same day.

As a result, the capital of Sekisui House US Holdings, LLC, SH Residential Holdings, LLC, and Woodside Homes Company, LLC became one-tenth of the capital of the Company or larger on Feb. 23, 2017, Feb. 28, 2017 and Mar. 1, 2017, respectively, and therefore these three companies fell under specified subsidiaries of the Company.

(1) Reason for the acquisition of equity interests

In the housing market in the United States, the view that demand for detached houses in the suburbs will gain speed in the future has a consensus, mainly reflecting falling unemployment rates, rising wages and the mortgage rates that are still at historically low levels. The Company views this market as one of the markets that should be the focus of the Company's efforts in the Overseas Business. In the domestic market, the Company has been working to develop and popularize eco-friendly housing systems as its contribution to the solution of social problems through housing, by supplying its mainstay product, Zero Energy Houses (ZEH), and houses with rising added-value into the future. As in Japan, interest in and support for sustainable living environments is rapidly expanding in the United States, as exemplified by the State of California's new regulation that requires all newly built detached houses to be ZEH by 2020.

The Company considers this market environment in the United States to be a significant business opportunity to take advantage of its environmental techniques and to make serious inroads into the homebuilding business. With this full-scale entry, the Company decided to cooperate with Woodside Homes Company, LLC, which has been developing business under the same platform and unified brand in several regions and has established a stable revenue base over the years. Based on this cooperation, the Company aims to expand business in the State of Utah where Woodside Homes Company, LLC's head office is located, the State of California and other parts of the Western United States.

Woodside Homes Company, LLC has been developing its homebuilding business mainly in the Western part of the United States. Since its foundation, it has sold a total of more than 40,000 houses and has become one of the largest homebuilders in the region. It has a broad product lineup in response to the diversity of its customers, and is also marketing eco-friendly housing. We will expand our business in the United States by leveraging the experience and know-how of the two companies.

(2) Name of counterparties from which equity interests were acquired

Oaktree AC Invest Co 3, L.P. and certain other accounts (a total of 4 accounts.) ("Oaktree"), Stonehill Institutional Partners, L.P. ("Stonehill") and other investors (12 accounts). The two primary owners of Woodside Homes are Oaktree and Stonehill, which are

both private equity US investment funds. Details of these companies are not disclosed at their request. The Company has no special capital, personnel, or business relationship with any of the counterparties in question.

(3) Name, business line and scale of the company acquired

- | | | |
|------------------|--|--|
| 1. Company name | Woodside Homes Company, LLC | |
| 2. Business line | Holding company holding equity interests in companies which engage in the detached housing business and related businesses | |
| 3. Scale | (As of December 31, 2015) | Consolidated net assets: US\$340,328 thousand
Consolidated total assets: US\$831,001 thousand |

(4) Acquisition date

March 1, 2017 (February 28, 2017, time in US)

(5) Number of equity interests acquired, acquisition cost, and ownership ratio after acquisition

- | | |
|--|---|
| 1. Number of equity interests acquired | 21,549,342.22 |
| 2. Acquisition cost | US\$ 468 million (merger consideration and advisory expenses, etc.) |
| 3. Ownership ratio after acquisition | 100.0% |

(6) Payment funding method

Short-term bonds and borrowings

(Cancellation of Treasury Stock)

At the meeting of the Board of Directors held on March 9, 2017 it resolved to cancel treasury stock pursuant to Article 178 of the Corporate Law.

(1) Reason for share cancellation

To enhance the asset efficiency and the shareholder value through the reduction in the number of outstanding shares

(2) Method of share cancellation

Reduction in retained earnings

(3) Class of shares to be cancelled

Common stock

(4) Number of shares to be cancelled

19,000,000 shares (2.68% of total outstanding shares)

(5) Scheduled date of cancellation

April 28, 2017

(6) Total number of outstanding shares after cancellation

690,683,466 shares

The above cancellation of treasury stock is subject to the approval on the reversal of general reserves the Company will seek to obtain at the general meeting of shareholders of the Company, to be held on April 27, 2017.

6. Non-Consolidated Financial Statements

(1) Balance Sheets

(¥ millions)

	As of January 31, 2016	As of January 31, 2017
Assets		
Current assets		
Cash and deposits	57,846	55,823
Notes receivable-trade	608	1,495
Accounts receivable from completed construction contracts	33,056	30,999
Accounts receivable-real estate business	6,131	3,343
Short-term investment securities	2,748	1,399
Costs on uncompleted construction contracts	2,162	1,953
Buildings for sale	48,239	54,994
Land for sale in lots	205,884	198,813
Undeveloped land for sale	36,608	38,458
Semi-finished goods	2,794	2,766
Raw materials	1,755	1,883
Work in process	612	745
Supplies	656	705
Advance payments-trade	153	398
Prepaid expenses	4,221	5,271
Short-term loans receivable	8,359	611
Accounts receivable-other	13,422	13,119
Deferred tax assets	24,327	22,651
Other	14,239	13,107
Allowance for doubtful accounts	(949)	(860)
Total current assets	462,879	447,681
Noncurrent assets		
Property, plant and equipment		
Buildings	231,537	230,935
Accumulated depreciation	(105,669)	(109,492)
Buildings, net	125,867	121,443
Structures	13,534	13,527
Accumulated depreciation	(10,293)	(10,416)
Structures, net	3,241	3,111
Machinery and equipment	56,287	58,750
Accumulated depreciation	(48,011)	(49,321)
Machinery and equipment, net	8,276	9,429
Vehicles	677	624
Accumulated depreciation	(628)	(564)
Vehicles, net	49	60
Tools, furniture and fixtures	24,895	25,771
Accumulated depreciation	(20,764)	(21,768)
Tools, furniture and fixtures, net	4,130	4,003
Land	280,859	289,733
Lease assets	547	604

	(¥ millions)	
	As of January 31, 2016	As of January 31, 2017
Accumulated depreciation	(353)	(400)
Lease assets, net	193	204
Construction in progress	4,966	6,780
Total property, plant and equipment	427,585	434,766
Intangible assets		
Goodwill	33	-
Industrial property	18	19
Leasehold right	1,608	1,608
Software	9,054	7,999
Right of using facilities	65	59
Telephone subscription right	317	111
Total intangible assets	11,097	9,798
Investments and other assets		
Investment securities	80,951	97,154
Stocks of subsidiaries and affiliates	394,405	462,207
Bonds of subsidiaries and affiliates	-	16,600
Investments in other securities of subsidiaries and associates	5,442	8,739
Long-term loans receivable	2,643	1,962
Long-term loans receivable from employees	8,389	6,241
Long-term loans receivable from subsidiaries and affiliates	53,618	46,026
Lease and guarantee deposits	15,444	17,388
Long-term prepaid expenses	1,229	1,060
Deferred tax assets	7,007	387
Other	5,253	8,640
Allowance for doubtful accounts	(215)	(483)
Total investments and other assets	574,172	665,926
Total noncurrent assets	1,012,855	1,110,491
Total assets	1,475,735	1,558,172
Liabilities		
Current liabilities		
Notes payable-trade	13,643	11,126
Electronically recorded obligations-operating	58,836	70,202
Accounts payable-trade	21,423	19,961
Accounts payable for construction contracts	41,139	46,771
Short-term bonds payable	60,000	35,000
Short-term loans payable	30,000	-
Current portion of bonds	-	40,000
Current portion of bonds with subscription rights to shares	1,130	-
Current portion of long-term loans payable	50,000	6,000
Lease obligations	79	76
Accounts payable-other	1,937	1,530
Accrued expenses	13,745	11,647
Income taxes payable	20,011	18,009
Accrued consumption taxes	13,427	12,864
Advances received on uncompleted construction contracts	57,887	66,167

	As of January 31, 2016	As of January 31, 2017
Advances received	7,574	10,453
Deposits received	117,260	123,695
Provision for bonuses	19,304	20,075
Provision for directors' bonuses	380	491
Provision for warranties for completed construction	2,789	2,795
Asset retirement obligations	516	552
Other	1,149	1,295
Total current liabilities	532,235	498,714
Noncurrent liabilities		
Bonds payable	90,000	130,000
Long-term loans payable	6,000	66,600
Lease obligations	130	146
Long-term lease and guarantee deposited	14,519	15,011
Long-term accounts payable-other	631	533
Provision for retirement benefits	50,208	40,925
Asset retirement obligations	1,098	1,077
Other	1,978	1,045
Total noncurrent liabilities	164,567	255,339
Total liabilities	696,802	754,054
Net assets		
Shareholders' equity		
Capital stock	202,591	202,591
Capital surplus		
Legal capital surplus	258,344	258,344
Total capital surpluses	258,344	258,344
Retained earnings		
Legal retained earnings	23,128	23,128
Other retained earnings		
Reserve for dividends	18,000	18,000
Reserve for special depreciation	832	681
General reserve	210,800	220,800
Retained earnings brought forward	55,390	78,866
Total retained earnings	308,151	341,476
Treasury stock	(17,404)	(37,072)
Total shareholders' equity	751,682	765,339
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	26,627	38,084
Total valuation and translation adjustments	26,627	38,084
Subscription rights to shares	622	694
Total net assets	778,932	804,118
Total liabilities and net assets	1,475,735	1,558,172

(2) Statements of Income

(¥ millions)

	Feb. 1, 2015 – Jan. 31, 2016	Feb. 1, 2016 – Jan. 31, 2017
Net sales of completed construction contracts	935,323	963,551
Cost of sales of completed construction contracts	729,998	746,015
Gross profit on completed construction contracts	205,324	217,536
Sales on real estate business	213,307	217,349
Cost of sales on real estate business	170,953	189,905
Gross profit -real estate business	42,354	27,444
Total net sales	1,148,631	1,180,901
Total cost of sales	900,952	935,921
Gross profit	247,679	244,980
Selling, general and administrative expenses		
Advertising expenses	18,166	18,111
Promotion expenses	11,680	11,321
Servicing fee	11,492	12,437
Provision of allowance for doubtful accounts	-	408
Directors' compensations	567	579
Employees' salaries and allowances	42,120	43,366
Employees' bonuses	8,843	9,045
Provision for bonuses	10,349	10,753
Provision for directors' bonuses	380	491
Retirement benefit expenses	(2,131)	(886)
Legal welfare expenses	8,810	9,085
Welfare expenses	3,257	3,327
Traveling and transportation expenses	5,466	5,443
Rent expenses	3,285	3,162
Heating and lighting expenses	1,027	909
Depreciation	6,296	6,318
Supplies expenses	1,632	1,589
Experiment and research expenses	320	332
Investigation expenses	313	284
Insurance expenses	161	147
Taxes and dues	3,980	4,996
Communication expenses	1,003	992
Entertainment expenses	1,331	1,448
Trademark fee	180	180
Miscellaneous expenses	8,136	8,166
Total selling, general and administrative expenses	146,672	152,011
Operating income	101,007	92,968

(¥ millions)

	Feb. 1, 2015 – Jan. 31, 2016	Feb. 1, 2016 – Jan. 31, 2017
Non-operating income		
Interest income	2,292	3,187
Dividends income	15,326	18,811
Other	2,504	2,379
Total non-operating income	20,123	24,378
Non-operating expenses		
Interest expenses	258	1,026
Interest on bonds	333	226
Foreign currency exchange loss	1,256	2,573
Other	2,762	4,090
Total non-operating expenses	4,610	7,916
Ordinary income	116,519	109,430
Extraordinary income		
Gain on sales of shares of subsidiaries and affiliates	-	858
Gain on sales of investment securities	8,995	-
Total extraordinary income	8,995	858
Extraordinary loss		
Impairment loss	4,563	4,763
Loss on sales and retirement of noncurrent assets	2,875	452
Loss on valuation of shares of subsidiaries and associates	9,067	11
Loss on valuation of investment securities	482	-
Other	1,000	-
Total extraordinary losses	17,988	5,227
Income before income taxes	107,526	105,061
Income taxes-current	31,174	25,226
Income taxes-deferred	8,931	4,225
Total income taxes	40,105	29,451
Net income	67,421	75,610

(3) Statements of Changes in Net Assets

Previous consolidated fiscal year (February 1, 2015 to January 31, 2016)

(¥ millions)

	Shareholders' equity								
	Capital stock	Capital surplus		Legal retained earnings	Retained earnings				Total retained earnings
		Legal capital surplus	Total capital surplus		Other retained earnings				
					Reserve for dividends	Reserve for special depreciation	General reserve	Retained earnings brought forward	
Balance at the end of previous period	197,716	253,469	253,469	23,128	18,000	952	185,800	64,554	292,435
Cumulative effects of changes in accounting policies	-	-	-	-	-	-	-	(13,784)	(13,784)
Restated balance	197,716	253,469	253,469	23,128	18,000	952	185,800	50,770	278,651
Changes of items during the period									
Issuance of new shares	4,875	4,875	4,875	-	-	-	-	-	-
Dividends from surplus	-	-	-	-	-	-	-	(36,390)	(36,390)
Reversal of reserve for special depreciation	-	-	-	-	-	(119)	-	119	-
Provision of general reserve	-	-	-	-	-	-	25,000	(25,000)	-
Net income	-	-	-	-	-	-	-	67,421	67,421
Purchase of treasury shares	-	-	-	-	-	-	-	-	-
Disposal of treasury shares	-	-	-	-	-	-	-	(1,531)	(1,531)
Net changes of items other than shareholders' equity	-	-	-	-	-	-	-	-	-
Total changes of items during the period	4,875	4,875	4,875	-	-	(119)	25,000	4,619	29,499
Balance at the end of current period	202,591	258,344	258,344	23,128	18,000	832	210,800	55,390	308,151

	Shareholders' equity		Valuation and translation adjustments		Subscription rights to shares	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at the end of previous period	(329)	743,291	28,169	28,169	536	771,998
Cumulative effects of changes in accounting policies	-	(13,784)	-	-	-	(13,784)
Restated balance	(329)	729,507	28,169	28,169	536	758,213
Changes of items during the period						
Issuance of new shares	-	9,750	-	-	-	9,750
Dividends from surplus	-	(36,390)	-	-	-	(36,390)
Reversal of reserve for special depreciation	-	-	-	-	-	-
Provision of general reserve	-	-	-	-	-	-
Net income	-	67,421	-	-	-	67,421
Purchase of treasury stock	(20,035)	(20,035)	-	-	-	(20,035)
Disposal of treasury stock	2,960	1,429	-	-	-	1,429
Net changes of items other than shareholders' equity	-	-	(1,542)	(1,542)	86	(1,456)
Total changes of items during the period	(17,074)	22,175	(1,542)	(1,542)	86	20,718
Balance at the end of current period	(17,404)	751,682	26,627	26,627	622	778,932

Current consolidated fiscal year (February 1, 2016 to January 31, 2017)

(¥ millions)

	Shareholders' equity								
	Capital stock	Capital surplus		Legal retained earnings	Retained earnings				Total retained earnings
		Legal capital surplus	Total capital surplus		Other retained earnings				
				Reserve for dividends	Reserve for special depreciation	General reserve	Retained earnings brought forward		
Balance at the end of previous period	202,591	258,344	258,344	23,128	18,000	832	210,800	55,390	308,151
Cumulative effects of changes in accounting policies	-	-	-	-	-	-	-	-	-
Restated balance	202,591	258,344	258,344	23,128	18,000	832	210,800	55,390	308,151
Changes of items during the period									
Issuance of new shares				-	-	-	-	-	-
Dividends from surplus	-	-	-	-	-	-	-	(41,087)	(41,087)
Reversal of reserve for special depreciation	-	-	-	-	-	(150)	-	150	-
Provision of general reserve	-	-	-	-	-	-	10,000	(10,000)	-
Net income	-	-	-	-	-	-	-	75,610	75,610
Purchase of treasury shares	-	-	-	-	-	-	-	-	-
Disposal of treasury shares	-	-	-	-	-	-	-	(1,197)	(1,197)
Net changes of items other than shareholders' equity	-	-	-	-	-	-	-	-	-
Total changes of items during the period				-	-	(150)	10,000	23,475	33,325
Balance at the end of current period	202,591	258,344	258,344	23,128	18,000	681	220,800	78,866	341,476

	Shareholders' equity		Valuation and translation adjustments		Subscription rights to shares	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at the end of previous period	(17,404)	751,682	26,627	26,627	622	778,932
Cumulative effects of changes in accounting policies	-	-	-	-	-	-
Restated balance	(17,404)	751,682	26,627	26,627	622	778,932
Changes of items during the period						
Issuance of new shares	-		-	-	-	
Dividends from surplus	-	(41,087)	-	-	-	(41,087)
Reversal of reserve for special depreciation	-	-	-	-	-	-
Provision of general reserve	-	-	-	-	-	-
Net income	-	75,610	-	-	-	75,610
Purchase of treasury stock	(22,015)	(22,015)	-	-	-	(22,015)
Disposal of treasury stock	2,347	1,149	-	-	-	1,149
Net changes of items other than shareholders' equity	-	-	11,457	11,457	71	11,528
Total changes of items during the period	(19,668)	13,657	11,457	11,457	71	25,186
Balance at the end of current period	(37,072)	765,339	38,084	38,084	694	804,118

7. Others

Change to Auditors

(1) New Corporate Auditor Candidate (April 27, 2017)

Takashi Kobayashi Currently Lawyer

*Mr. Takashi Kobayashi qualifies as outside Auditors prescribed in the Companies Act of Japan

(2) Planned Retirement of Auditor (April 27, 2017)

Takaharu Dohi To be Advisor of Sekisui House, Ltd.