Consolidated Financial Statements Summary for the Third Quarter of FY2015 (February 1, 2015 through October 31, 2015) (Japanese Standard)

December 10, 2015

Company name	: **Sekisui House, Ltd.** (URL http://www.sekisuihouse.co.jp)
Listed exchanges	: Tokyo, Nagoya
Stock code	: 1928
Representative	: Toshinori Abe, President and Representative Director
Inquiries	: Hitoshi Kuroyanagi, Chief Manager of Corporate Communications Dept. Tel +81 6 6440 3111
Filing date of quarterly securities report	: December 14, 2015
Date of scheduled payment of dividends	: -
Quarterly earnings supplementary explanatory documents	: Yes
Quarterly earnings results briefing	: Yes (for institutional investors and analysts, in Japanese)

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

1. Consolidated Results for the Nine Months Ended October 31, 2015 (February 1, 2015 through October 31, 2015)

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

	Net sales		Operating income		Ordinary income		Net income	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
Nine months ended Oct. 31, 2015	1,364,434	4.6	111,618	22.9	117,217	20.4	71,181	26.8
Nine months ended Oct. 31, 2014	1,304,080	3.7	90,833	12.9	97,350	15.9	56,121	10.5

(Note) Comprehensive income:
Nine months ended Oct. 31, 2015: ¥52,396 million (-22.7%) Nine months ended Oct. 31, 2014: ¥67,772 million (-22.3%)

	Net income per share	Fully diluted net income per share
	¥	¥
Nine months ended Oct. 31, 2015	101.43	100.69
Nine months ended Oct. 31, 2014	81.57	77.71

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio
	¥ million	¥ million	%
As of October 31, 2015	2,016,376	1,069,358	52.5
As of January 31, 2015	1,929,409	1,079,064	55.4

(Reference) Shareholders' equity As of October 31, 2015: ¥1,058,961 million As of January 31, 2015: ¥1,068,423 million

2. Cash Dividends

	Cash dividends per share				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Annual
	¥	¥	¥	¥	¥
Year ended Jan. 31, 2014	-	25.00	-	25.00	50.00
Year ending Jan. 31, 2015	-	27.00			
Year ending Jan. 31, 2015 (forecast)			-	27.00	54.00

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

3. Consolidated Results Forecast for FY2015 (February 1, 2015 through January 31, 2016)

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

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
Year ending Jan. 31, 2016	1,920,000	0.4	160,000	9.1	167,000	6.8	98,000	8.6	140.04

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

Notes

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

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

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

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

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

(c) Changes in accounting estimates: Not applicable

(d) Restatements: Not applicable

(4) Number of shares outstanding (common stock)

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

As of Oct.31, 2015: 709,683,466 shares　　As of Jan. 31, 2015: 699,845,934 shares

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

As of Oct. 31, 2015: 9,370,417 shares　　As of Jan. 31, 2015: 396,443 shares

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

Nine months ended Oct. 31, 2015: 701,811,513 shares　　Nine months ended Oct. 31, 2014: 688,035,045 shares

*** Implementation Status of Quarterly Review Processes**

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

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

Descriptions regarding forward-looking statements, etc. contained in these materials are based on information currently available to the Company and certain assumptions judged reasonable. The Company makes no warranty as to the feasibility of its projections. Future results may differ materially from projections due to various factors. For the assumptions underlying the earnings forecast, please see "(3) Qualitative Information Regarding Consolidated Results Forecast" in "1. Qualitative Information Regarding Consolidated Results for the Nine Months under Review" of the "Attached Material" on page 7.

(Obtaining supplementary explanatory documents)

The Company plans to hold a briefing for institutional investors and analysts on December 10, 2015. 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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1. Qualitative Information Regarding the Consolidated Results for the Nine Months under Review

(1) Qualitative Information Regarding Consolidated Business Results

During the first nine months of the consolidated fiscal year under review, the Japanese economy witnessed a recovery in consumer confidence, supported by improved income attributable to the mild recovery trend in corporate earnings, despite concern over a slowdown in economic growth in emerging countries in Asia.

In the housing market, interest in purchasing housing increased, thanks to government measures supporting home purchasing, such as an expansion in tax exemptions for gifts for the purpose of purchasing residential housing, a broader application of preferential interest rates for the Flat 35S, and the implementation of the point program for energy-saving homes, in addition to an improved employment rate and income environment. 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 developed its business and expanded the housing and residential-related businesses as a group, while seeking to develop new markets, in accordance with its medium-term management plan formulated in November 2014, 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.” The Company also held sales promotion events nationwide, including *Sumai no sankan-bi* (visits to model houses) and Sha Maison Festa, and worked to win orders.

For new initiatives, the municipal authorities of Higashi Matsushima City, Miyagi Prefecture and the Company promoted initiatives on a smart town called Higashi Matsushima Smart Disaster Prevention Eco-Town to which electricity is provided from micro grids that connect disaster recovery public housing and peripheral hospitals, public facilities, etc. The smart town will be the first smart grid in Japan where mutual accommodation of energy among detached houses and across premises will contribute to improving local disaster response capabilities and disaster prevention capabilities.

Urban Renaissance Agency and the Company decided to jointly develop a community consisting of a condominium with units for lease to households with children, a condominium with units for sale to multi-generation families, elderly housing with supportive services, a fee-based nursing home, and a community space. Together, these units will help to create a sustainable community cultivated by several generations on the former site of the public officers’ housing in Ekoda in Nakano Ward, Tokyo. In May, the Company newly constructed the SEKISUI HOUSE ECO PARK, with three residential houses for demonstrative trials, which have been presenting the Company’s cutting edge environmental technologies, at the Kanto Factory. With the primary aim being to cultivate the next generation, the park will be made open to public as a place that provides an opportunity to experience and learn about ‘Changes in housing will change society.’

In addition, the Company has been selected as a Competitive IT Strategy Company jointly defined by the Ministry of Economy, Trade and Industry (METI) and the Tokyo Stock Exchange in recognition for its integrated management of information on individual houses in all phases—from sales, design, factory work, and construction all the way to after-sales maintenance—with the use of computer-assisted design (CAD) and other systems. The Company was also recognized for its active use of mobile terminals to achieve operational and production reforms, as well as its efforts to standardize construction. Along with being selected as a Competitive IT Strategy Company, the Company was also selected by METI and the Tokyo Stock Exchange as a Nadeshiko brand 2015, which signifies it as a company that promotes the advancement of women in the workplace. The Company became the first company in the housing and construction industry selected for the second time as a Nadeshiko brand.

In the third quarter of the consolidated fiscal year under review, net sales amounted to ¥1,364,434 million (up 4.6% year-on-year). Operating income amounted to ¥111,618 million (up 22.9% year-on-year), ordinary income to ¥117,217 million (up 20.4% year-on- year) and net income to ¥71,181 million (up 26.8% year-on-year).

Business results by segments are as follows.

(Custom Detached Houses Business)

Aiming to achieve an "improved environment for residents" and "break even in energy" through energy saving and creation, the Company promoted the sale of zero energy houses (ZEH), the Green First Zero of Sekisui House, Ltd., to capture the trend of comfortable living in 2020 in advance and three- to four-story houses in response to the need for multi-family homes in urban areas.

The Company moved forward with efforts to expand sales, adding a new pattern of design that further emphasizes the beauty of deep embossments to the DYNE CONCRETE, an exterior wall of the IS SERIES of luxury homes that celebrated the 30th anniversary of its launch last year, in the steel-frame detached house segment. In the wood-framed SHAWOOD-HOME house segment, it launched the Gravis Villa, a 20th anniversary model incorporating the Multilayer System, a new technology that flexibly creates a living room with a ceiling approximately 3.7 meters high as well as multilayered spaces.

Sales in the Custom Detached Houses Business amounted to ¥285,187 million, decreasing 10.9% year-on-year, and operating income to ¥32,237 million, down 7.0% year-on-year, reflecting the effect of a decrease in orders in last year.

(Rental Housing Business)

In the Rental Housing Business, there is continuously high demand, reflecting increased demand in urban areas and the need to respond to revised inheritance taxes. As a result, sales of the Company's three- and four-story rental houses that enable multi-purpose uses and adapt flexibly to customer needs made satisfactory progress. In addition, the Company positively promoted the Platinum Business for the purpose of offering a comfortable and prosperous living environment to elderly people. As part of this business, the construction of MAST CLERIEN KAGURAZAKA with 71 rental houses for families and 45 houses for households of active elderly residents with living support services was completed for block leasing by Sekiwa Grand Mast, Ltd., a wholly-owned subsidiary of Sekisui House, Ltd. As a result of these business promotions, orders progressed favorably.

Sales in the Rental Housing Business amounted to ¥282,000 million, down 1.1% year-on-year, and operating income to ¥32,516 million, up 9.5% year-on-year.

(Remodeling Business)

In the Remodeling Business, the Company proactively promoted the renovation business that enhances the value of houses through large scale renovation works to suit new lifestyles and purposes. It also promoted remodeling proposals for Sha Maison low-rise rental apartments, the number of which under management is steadily increasing. As a result of these business promotions, orders were favorable.

In addition, the Company launched a new common brand, Re:QUEST, for the business for renovating conventional wooden houses and condominiums in an attempt to expand the remodeling business in the general market, building upon its track record as a leader in remodeling and renovation in Japan and its ability to conduct renovation work across the country. As part of this initiative, the Company embarked on the online remodeling business in the *Reform Stores* section newly set up by Amazon Japan K.K.

Sales in the Remodeling Business amounted to ¥93,967 million, down 0.7% year-on-year, and operating income to ¥9,572 million, down 0.5% year-on-year.

(Real Estate Management Fees Business)

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

Sales in the Real Estate Management Fees Business amounted to ¥335,692 million, up 4.9% year-on-year, and operating income to ¥21,168 million, up 18.1% year-on-year.

(Houses for Sale Business)

In the Housing for Sale Business, the Company is promoting community development to create quality social stock that will become more attractive over time based on the concept of "beauty that blooms with time." In Common Life Musashi Fujisawa Ekimae, launched in April 2015 in Iruma City, Saitama Prefecture, core facilities and public spaces were established to create communities in which multi-generation residents can be involved in child-rearing and exchange events are held to promote mutual aid in child care. It also held *Machinami sankan-bi* promotional events nationwide and worked to expand sales.

Sales in the Houses for Sale Business amounted to ¥99,653 million, up 21.8% year-on-year, and operating income to ¥7,794 million, up 24.9% year-on-year.

(Condominiums Business)

In the Condominiums Business, the Grande Maison Kyoto Oike-Dori (Nakagyo-ku, Kyoto), Grande Maison Yakuin Residence (Chuo-ku, Fukuoka City), and other new properties sold well.

In Naka-ku, Nagoya City, the development of a complex comprising the new MISONOZA Theater that inherits the performing arts and culture of Nagoya, commercial facilities and a condominium for sale with 304 units started.

Sales in the Condominiums Business amounted to ¥74,697 million, up 79.8% year-on-year, and operating income to ¥7,836 million, up 131.6% year-on-year, after the delivery of large-sized properties, including the Grande Maison Shirokane no Mori The Tower (Minato-ku, Tokyo) and Tomihisa Cross Comfort Tower (Shinjuku-ku, Tokyo).

(Urban Redevelopment Business)

In the Urban Redevelopment Business, occupancy rates of the office buildings and commercial facilities developed by the Company and Sekisui House Group's rental properties, such as its Prime Maison series rental apartments, remained firm. The Company sold part of the Hommachi Garden City that it owned to Sekisui House Reit, Inc.

Sales in the Urban Redevelopment Business amounted to ¥76,485 million, up 101.7% year-on-year, and operating income to ¥20,298 million, up 120.5% year-on-year.

(Overseas Business)

In the United States, the sales of subdivisions were strong, and the Company sold a property it had developed in Westlake Steps in Seattle. In Australia, it delivered the Atlas Building of Wentworth Point, a condominiums development located in Sydney, while achieving the complete sales of Royal Shores, another condominiums development in the same city. In China, it commenced the delivery of condominiums in Taicang and other cities. In Singapore, a high contract rate for all the properties handled, as well as the posting of equity holding income in accordance with construction in progress, contributed to the increase in ordinary income.

Sales in the Overseas Business amounted to ¥59,903 million, up 6.8% year-on-year, and operating income to ¥3,767 million, up 42.5% year-on-year.

(Other Businesses)

In the Exterior Business, the Company proactively made proposals for planting plans, as a comprehensive gardening scheme for detached and rental housing and outdoor facilities in consideration of the neighboring townscape and even the link between human daily life and nature, such as the "*Gohon no ki*" landscaping concept, in which garden trees are selected from trees native to each area and domestic species.

The "Gohon no ki" landscaping received the Minister of Economy, Trade and Industry Award, the highest grand prize in the "Third Platinum Grand Prix" (sponsored by the Platinum Concept Network). This award recognizes the Company's efforts through its business to make proposals on gardening schemes and urban development that help preserve ecosystems.

Sales in the Other Businesses amounted to ¥56,843 million, down 15.2% year-on-year, and operating income to ¥1,366 million, down 35.3% year-on-year.

(2) Qualitative Information Regarding Consolidated Financial Conditions

Total assets grew ¥86,966 million to ¥2,016,376 million at the end of the third quarter of the consolidated fiscal year under review, primarily attributable to increases in real estate for sale. Liabilities increased ¥96,673 million, to ¥947,018 million, mainly due to an increase in short-term loans payable and the issue of short-term bonds payable. Net assets decreased ¥9,706 million, to ¥1,069,358 million, primarily owing to the payment of dividends, the acquisition of treasury stock and a decrease in foreign currency translation adjustment, despite the posting of net income.

(3) Qualitative Information Regarding Consolidated Results Forecast

The consolidated results forecast for the fiscal year ending January 31, 2016 remained unchanged from the plan announced on September 10, 2015, in light of the steady progress in improvements in sales, orders, and profitability ratios in the respective business segments.

2. Matters Regarding Summary Information (Notes)

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

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

(3) Changes in Accounting Policies, Accounting Estimates and Restatements:
Changes in Accounting Policies
(Application of Accounting Standard for Retirement Benefits)
The "Accounting Standard for Retirement Benefits" (ASBJ Statement No.26 of May 17, 2012, hereinafter called the "Retirement Benefits Accounting Standard") and "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25 of May 17, 2012, hereinafter called the "Retirement Benefits Application Guidance) were applied from the first quarter of the current consolidated financial year under review, in accordance with the provisions of Article 35 of Retirement Benefits Accounting Standard and Article 67 of Retirement Benefits Application Guidance. As a result, the methods for calculating retirement benefit obligations and service costs have been revised, and accordingly, the method for attributing projected benefits to periods was changed from the straight-line basis to the benefit formula basis, and the method of determining the discount rate was changed to a single weighted average discount rate, reflecting the estimated period of the payment of retirement benefits as well as the amount thereof in the estimated period.
In conjunction with the application of the Retirement Benefits Accounting Standard, pursuant to transitional accounting as stipulated in Article 37 of the Retirement Benefits Accounting Standard, the effect of changes in accounting policies arising from the change in the calculation of retirement benefit obligations and service costs is reflected in retained earnings at the beginning of the third quarter of the consolidated fiscal year under review. As a result, at the beginning of the second quarter of the consolidated fiscal year under review, net defined benefit liability increased ¥968 million, while net defined benefit asset and retained earnings decreased ¥21,463 million and ¥15,236 million, respectively. However, the effect of this change on income and loss for the cumulative third quarter of the consolidated fiscal year under review is immaterial.

(4) Additional Information:
(Effects due to Changes in Corporate Tax Rates)
According to the promulgation of the "Act on Partial Revision of the Income Tax Act (Law No.9 of 2015)" and the "Act on Partial Revision of the Local Tax Act (Law No.2 of 2015)" on March 31, 2015, corporate taxes were reduced, effective for the consolidated fiscal year starting on April 1, 2015 or after. As a result, the effective legal tax rates used for calculating deferred tax assets and deferred tax liabilities were changed from 35.4% to 32.8%, pertaining to temporary differences that are expected to be eliminated in the consolidated fiscal year starting from February 1, 2016, and to 32.1%, pertaining to temporary differences that are expected to be eliminated in a consolidated fiscal year starting from February 1, 2017, respectively.
As a result of the change in tax rates, deferred tax assets (the amount after deducting deferred tax liabilities) decreased ¥540 million, while income taxes-deferred, valuation difference on available-for-sale securities, and remeasurements of retirement benefits increased ¥3,481 million, ¥1,381 million, and ¥1,559 million, respectively.

3. Consolidated Quarterly Financial Statements

(1) Consolidated Quarterly Balance Sheets

(¥ million)

	As of January 31, 2015	As of October 31, 2015
Assets		
Current assets		
Cash and deposits	195,989	169,955
Notes receivable, accounts receivable from completed construction contracts	53,943	62,011
Short-term investment securities	439	2,468
Costs on uncompleted construction contracts	8,647	15,375
Buildings for sale	232,567	284,061
Land for sale in lots	457,693	493,801
Undeveloped land for sale	78,703	87,290
Other inventories	9,742	9,465
Deferred tax assets	35,272	34,246
Other	57,525	68,126
Allowance for doubtful accounts	(1,257)	(1,206)
Total current assets	1,129,266	1,225,596
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	214,498	205,890
Machinery, equipment and vehicles, net	14,065	12,132
Land	301,088	317,105
Construction in progress	7,807	10,166
Other, net	6,251	5,889
Total property, plant and equipment	543,711	551,184
Intangible assets	16,123	15,724
Investments and other assets		
Investment securities	109,428	112,899
Long-term loans receivable	57,578	54,264
Net defined benefit asset	28,780	9,602
Deferred tax assets	2,327	2,513
Other	42,783	45,091
Allowance for doubtful accounts	(591)	(499)
Total investments and other assets	240,307	223,871
Total noncurrent assets	800,143	790,780
Total assets	1,929,409	2,016,376

(¥ million)

	As of January 31, 2015	As of October 31, 2015
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts	103,191	93,736
Electronically recorded obligations-operating	57,638	54,599
Short-term bonds payable	20,000	80,000
Short-term loans payable	67,975	143,425
Current portion of bonds payable	70,000	-
Current portion of bonds with subscription rights to shares	-	1,820
Current portion of long-term loans payable	11,035	45,054
Income taxes payable	23,390	18,565
Advances received on uncompleted construction contracts	102,324	122,959
Provision for bonuses	25,460	31,455
Provision for directors' bonuses	1,054	-
Provision for warranties for completed construction	3,244	2,877
Other	76,919	67,507
Total current liabilities	562,235	662,002
Noncurrent liabilities		
Bonds payable	60,000	90,000
Bonds with subscription rights to shares	12,300	-
Long-term loans payable	106,726	83,976
Long-term lease and guarantee deposited	59,908	60,018
Deferred tax liabilities	12,915	5,581
Provision for directors' retirement benefits	1,056	1,100
Net defined benefit liability	17,550	19,221
Other	17,651	25,117
Total noncurrent liabilities	288,109	285,015
Total liabilities	850,345	947,018
Net assets		
Shareholders' equity		
Capital stock	197,716	202,591
Capital surplus	248,684	253,559
Retained earnings	466,950	485,722
Treasury stock	(500)	(19,012)
Total shareholders' equity	912,850	922,860
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	28,202	32,432
Deferred gains or losses on hedges	0	(21)
Foreign currency translation adjustment	91,168	71,605
Remeasurements of defined benefit plans	36,202	32,084
Total accumulated other comprehensive income	155,573	136,101
Subscription rights to shares	536	605
Minority interests	10,104	9,791
Total net assets	1,079,064	1,069,358
Total liabilities and net assets	1,929,409	2,016,376

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

(Consolidated Quarterly Statements of Income)

For the nine months ended October 31, 2014 and 2015

(¥ million)

	Feb. 1, 2014– Oct. 31, 2014	Feb. 1, 2015 – Oct. 31, 2015
Net sales	1,304,080	1,364,434
Cost of sales	1,047,658	1,085,932
Gross profit	256,422	278,501
Selling, general and administrative expenses	165,588	166,883
Operating income	90,833	111,618
Non-operating income		
Interest income	1,239	1,634
Dividends income	844	857
Equity in earnings of affiliates	3,470	3,969
Other	4,286	2,738
Total non-operating income	9,842	9,199
Non-operating expenses		
Interest expenses	824	590
Other	2,500	3,009
Total non-operating expenses	3,325	3,600
Ordinary income	97,350	117,217
Extraordinary income		
Gain on sales of investment securities	307	4,228
Total extraordinary income	307	4,228
Extraordinary loss		
Impairment loss	28	3,683
Loss on valuation of investment securities	3,375	499
Loss on sales and retirement of noncurrent assets	597	483
Total extraordinary losses	4,001	4,665
Income before income taxes and minority interests	93,656	116,779
Income taxes-current	31,901	39,509
Income taxes-deferred	4,353	5,373
Total income taxes	36,255	44,883
Income before minority interests	57,401	71,896
Minority interests in income	1,280	715
Net income	56,121	71,181

(Consolidated Quarterly Statements of Comprehensive Income)

For the nine months ended October 31, 2014 and 2015

	Feb. 1, 2014 – Oct. 31, 2014	Feb. 1, 2015 – Oct. 31, 2015
Income before minority interests	57,401	71,896
Other comprehensive income		
Valuation difference on available-for-sale securities	2,012	4,222
Deferred gains or losses on hedges	(44)	(20)
Foreign currency translation adjustment	8,183	(18,860)
Remeasurements of defined benefit plans	-	(4,118)
Share of other comprehensive income of associates accounted for using equity method	219	(723)
Total other comprehensive income	10,371	(19,500)
Comprehensive income	67,772	52,396
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	66,461	51,709
Comprehensive income attributable to minority interests	1,311	686

(3) Notes to Consolidated Quarterly Financial Statements

(Notes Regarding Assumption of a Going Concern)

Not applicable

(Notes on Significant Changes in the Amount of Shareholders' Equity)

Not applicable

(Segment Information, etc.)

[Segment Information]

I. Nine months ended October 31, 2014 (February 1, 2014 through October 31, 2014)

1. Sales and operating income by reportable business segment

(¥ 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	320,188	285,017	94,588	319,890	81,838	41,554	37,922
(2) Inter-group sales and transfers	0	1,614	290	2,388	-	-	98
Net sales	320,188	286,631	94,878	322,279	81,838	41,554	38,020
Operating income	34,663	29,687	9,622	17,918	6,241	3,384	9,206

	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	56,074	1,237,074	67,006	1,304,080	-	1,304,080
(2) Inter-group sales and transfers	-	4,391	4,547	8,938	(8,938)	-
Net sales	56,074	1,241,466	71,553	1,313,019	(8,938)	1,304,080
Operating income	2,642	113,367	2,113	115,480	(24,647)	90,833

Notes:

1. Other Businesses principally include the exterior business.
2. An adjustment of ¥24,647 million for segment income includes an elimination of inter-segment transactions of ¥2,797 million and corporate expenses of ¥21,849 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.
3. Operating income by business segment is adjusted to correspond to operating income in the consolidated quarterly statements of income.

II. Nine months ended October 31, 2015 (February 1, 2015 through October 31, 2015)

1. Sales and operating income by reportable business segment

(¥ 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	285,187	282,000	93,967	335,692	99,653	74,697	76,485
(2) Inter-group sales and transfers	-	1,984	198	2,384	-	-	92
Net sales	285,187	283,985	94,166	338,077	99,653	74,697	76,578
Operating income	32,237	32,516	9,572	21,168	7,794	7,836	20,298

	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	59,903	1,307,590	56,843	1,364,434	-	1,364,434
(2) Inter-group sales and transfers	-	4,660	3,375	8,035	(8,035)	-
Net sales	59,903	1,312,250	60,219	1,372,469	(8,035)	1,364,434
Operating income	3,767	135,191	1,366	136,558	(24,940)	111,618

Notes:

1. Other Businesses principally include the exterior business.
2. An adjustment of ¥24,940 million for segment income includes an elimination of inter-segment transactions of ¥2,324 million and corporate expenses of ¥22,615 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.
3. Operating income by business segment is adjusted to correspond to operating income in the consolidated quarterly statements of income.

4. Supplemental Information

The State of Orders

[Consolidated]

(¥ million)

	Nine months ended October 31, 2014		Nine months ended October 31, 2015		Year ended January 31, 2015	
	Orders	Accumulated Orders	Orders	Accumulated Orders	Orders	Accumulated Orders
Custom detached houses	291,247	225,431	291,737	222,526	388,648	215,976
Rental housing	303,208	331,167	321,099	362,117	408,525	323,018
Remodeling	94,496	30,703	102,584	30,892	125,647	22,275
Real estate management fees	319,890	-	335,692	-	428,227	-
Houses for sale	88,675	42,197	100,373	39,611	122,260	38,890
Condominiums	50,093	69,528	55,464	50,828	65,771	70,061
Urban redevelopment	164,862	129,170	76,485	-	176,114	-
Overseas business	58,292	63,258	100,777	116,618	94,539	75,745
Other Businesses	58,026	46,364	55,657	45,851	82,884	47,037
Total	1,428,793	937,821	1,439,873	868,445	1,892,619	793,006