

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

December 8, 2016

Company name : **Sekisui House, Ltd.** (URL <http://www.sekisuihouse.co.jp>)
Listed exchanges : Tokyo, Nagoya
Stock code : 1928
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Filing date of quarterly securities report : December 14, 2016
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, 2016 (February 1, 2016 through October 31, 2016)

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

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
Nine months ended Oct. 31, 2016	1,445,740	6.0	127,292	14.0	127,465	8.7	83,158	16.8
Nine months ended Oct. 31, 2015	1,364,434	4.6	111,618	22.9	117,217	20.4	71,181	26.8

(Note) Comprehensive income:

Nine months ended Oct. 31, 2016: ¥18,623million (-64.5%) Nine months ended Oct. 31, 2015: ¥52,396 million (-22.7%)

	Net income per share	Fully diluted net income per share
	¥	¥
Nine months ended Oct. 31, 2016	119.53	119.34
Nine months ended Oct. 31, 2015	101.43	100.69

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio
	¥ million	¥ million	%
As of October 31, 2016	2,069,181	1,024,815	48.8
As of January 31, 2016	2,029,794	1,068,428	52.1

(Reference) Shareholders' equity As of October 31, 2016: ¥1,010,643 million As of January 31, 2016: ¥1,057,696 million

2. Cash Dividends

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

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

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

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

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

(Note) Revised forecast for the quarter under review: 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, 2016: 709,683,466 shares

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

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

As of Oct. 31, 2016: 19,612,994 shares

As of Jan. 31, 2016: 8,670,214 shares

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

Nine months ended Oct. 31, 2016: 695,688,267 shares

Nine months ended Oct. 31, 2015: 701,811,513 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 9.

(Obtaining supplementary explanatory documents)

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

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Appendix: Segment breakdown for the Nine Months Ended October 31, 2016**Consolidated****(1) Sales**

¥ millions

		Nine months ended October 31, 2015	Nine months ended October 31, 2016	YOY(%)
Built-to-order Business	Custom detached houses	285,187	280,242	(1.7)
	Rental housing	282,000	309,658	9.8
	Subtotal	567,188	589,900	4.0
Supplied Housing Business	Remodeling	93,967	93,177	(0.8)
	Real estate management fees	335,692	350,927	4.5
	Subtotal	429,660	444,104	3.4
Development Business	Houses for sale	99,653	99,869	0.2
	Condominiums	74,697	46,985	(37.1)
	Urban redevelopment	76,485	110,951	45.1
	Overseas Business	59,903	96,499	61.1
	Subtotal	310,740	354,306	14.0
Other businesses		56,843	57,428	1.0
Consolidated		1,364,434	1,445,740	6.0

(2) Operating income and OP margin

¥ millions

		Nine months ended October 31, 2015 Amount OP margin	Nine months ended October 31, 2016 Amount OP margin	YOY(%)
Built-to-order Business	Custom detached houses	32,237 11.3%	34,418 12.3%	6.8
	Rental housing	32,516 11.5%	39,709 12.8%	22.1
	Subtotal	64,753 11.4%	74,127 12.6%	14.5
Supplied Housing Business	Remodeling	9,572 10.2%	10,895 11.7%	13.8
	Real estate management fees	21,168 6.3%	24,450 7.0%	15.5
	Subtotal	30,740 7.2%	35,346 8.0%	15.0
Development Business	Houses for sale	7,794 7.8%	7,841 7.9%	0.6
	Condominiums	7,836 10.5%	3,522 7.5%	(55.1)
	Urban redevelopment	20,298 26.5%	20,531 18.5%	1.1
	Overseas Business	3,767 6.3%	12,187 12.6%	223.5
	Subtotal	39,697 12.8%	44,082 12.4%	11.0
Other businesses		1,366 2.4%	(110) (0.2%)	-
Eliminations and back office		(24,940)	(26,153)	-
Consolidated		111,618 8.2%	127,292 8.8%	14.0

(3) Orders

¥ millions

		Nine months ended October 31, 2015	Nine months ended October 31, 2016	YOY(%)
Built-to-order Business	Custom detached houses	291,737	292,279	0.2
	Rental housing	321,099	349,088	8.7
	Subtotal	612,836	641,367	4.7
Supplied Housing Business	Remodeling	102,584	103,170	0.6
	Real estate management fees	335,692	350,927	4.5
	Subtotal	438,277	454,098	3.6
Development Business	Houses for sale	100,373	118,169	17.7
	Condominiums	55,464	66,517	19.9
	Urban redevelopment	76,485	119,451	56.2
	Overseas Business	100,777	118,979	18.1
	Subtotal	333,102	423,118	27.0
Other businesses		55,657	55,764	0.2
Consolidated		1,439,873	1,574,348	9.3

(4) Accumulated orders

¥ millions

		As of January 31, 2016	As of October 31, 2016	Change (%)
Built-to-order Business	Custom detached houses	209,722	221,759	5.7
	Rental housing	356,991	396,421	11.0
	Subtotal	566,714	618,181	9.1
Supplied Housing Business	Remodeling	21,931	31,924	45.6
	Real estate management fees	-	-	-
	Subtotal	21,931	31,924	45.6
Development Business	Houses for sale	34,087	52,387	53.7
	Condominiums	66,348	85,880	29.4
	Urban redevelopment	-	8,500	-
	Overseas Business	133,273	155,753	16.9
	Subtotal	233,709	302,521	29.4
Other businesses		46,363	44,700	(3.6)
Consolidated		868,718	997,327	14.8

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 remained at a standstill, reflecting the impact of economic downside pressure in association with slowing economic growth in emerging Asian economies and the significant appreciation of the yen. These factors contributed to the lack of strength in corporate capital spending, while consumer spending was strong. There was uncertainty over the effects of Brexit and financial policies in different countries.

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

Under these circumstances, the Company continued to develop its business in the final year of the medium-term management plan formulated in 2014, while expanding the housing and residential-related businesses as a whole group and seeking to develop new markets, according to the brand vision “SLOW & SMART” and the Group’s basic direction of “Strengthening synergies in the Group and taking on new challenges in the ‘residential’-related business.” In the Custom Detached Houses and Rental Housing Businesses, the Company 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, working in cooperation with the Frasers Hospitality Group (headquartered in Singapore), the Company decided to develop a business that offers extended-stay luxury serviced apartments in Akasaka, Tokyo, for people who will stay in Japan for business and sightseeing purposes. This business aims to meet the sharp increase in inbound visitor demand and the rising need for high quality hotels ahead of the Tokyo Olympic Games.

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

To contribute to society by promoting art and culture, the Company decided to open 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.

In the Third quarter of the consolidated fiscal year under review, net sales amounted to ¥1,445,740 million (up 6.0% year-on-year). Operating income amounted to ¥127,292 million (up 14.0% year-on-year), ordinary income to ¥127,465 million (up 8.7% year-on-year) and net income attributable to owners of parent to ¥83,158 million (up 16.8% year-on-year).

Business results by segments are as follows.

<Built-to-Order Business>

(Custom Detached Houses Business)

The Company promoted sales of zero energy houses (Green First Zero of Sekisui House, Ltd.), which aim to achieve a Zero Energy Balance while maintaining a comfortable lifestyle by reducing energy consumption through extensive heat insulation and LED lighting facilities and by generating energy with solar power, among other measures. 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 ¥280,242 million, down 1.7% year-on-year, and operating income to ¥34,418 million, up 6.8% year-on-year.

(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.

Sales in the Rental Housing Business amounted to ¥309,658 million, up 9.8% year-on-year, and operating income to ¥39,709 million, up 22.1% year-on-year.

<Supplied Housing Business>

(Remodeling Business)

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

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

Sales in the Remodeling Business amounted to ¥93,177 million, down 0.8% year-on-year, and operating income to ¥10,895 million, up 13.8% 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 ¥350,927 million, up 4.5% year-on-year, and operating income to ¥24,450 million, up 15.5% year-on-year.

<Development Business>

(Houses for Sale Business)

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

Sales in the Houses for Sale Business amounted to ¥99,869 million, up 0.2% year-on-year, and operating income to ¥7,841million, up 0.6% year-on-year.

(Condominiums Business)

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

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

Sales in the Condominiums Business amounted to ¥46,985 million, down 37.1% year-on-year, and operating income to ¥3,522 million, down 55.1% year-on-year.

(Urban Redevelopment Business)

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

Sales in the Urban Redevelopment Business amounted to ¥110,951 million, up 45.1% year-on-year, and operating income to ¥20,531 million, up 1.1% year-on-year.

(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. 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 ¥96,499 million, up 61.1% year-on-year, and operating income to ¥12,187 million, up 223.5% year-on-year.

<Other Businesses>

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

Sales in the Other Businesses amounted to ¥57,428 million, up 1.0% year-on-year, and operating loss to ¥110 million.

(2) Qualitative Information Regarding Consolidated Financial Conditions

Total assets increased by ¥39,387 million to ¥2,069,181 million at the end of the third quarter of the consolidated fiscal year under review, mainly attributable to increases in real estate for sale and noncurrent assets. Liabilities increased ¥82,999 million, to ¥1,044,365 million, mainly due to the issue of bonds payable and an increase in advances received on uncompleted construction contracts. Net asset, despite posting net income, decreased ¥43,612 million to ¥1,024,815 million, primarily owing to the payment of dividends, the acquisition of treasury stock and a decrease in foreign currency translation adjustment.

(3) Qualitative Information Regarding Consolidated Results Forecast

The consolidated results forecast for the fiscal year ending January 31, 2017 remained unchanged from the plan announced on September 8, 2016, 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 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.

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

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

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

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

(4) Additional Information:

(Effects due to Changes in Corporate Tax Rates)

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

As a result of this change in tax rates, deferred tax assets (the amount after deducting deferred tax liabilities) have decreased by ¥589 million, while income taxes-deferred, valuation difference on available-for-sale securities, and remeasurements of defined benefit plans have increased by ¥1,734 million, ¥656 million, and ¥488 million, respectively.

3. Consolidated Quarterly Financial Statements

(1) Consolidated Quarterly Balance Sheets

	(¥ million)	
	As of January 31, 2016	As of October 31, 2016
Assets		
Current assets		
Cash and deposits	195,239	180,842
Notes receivable, accounts receivable from completed construction contracts	50,256	57,050
Short-term investment securities	2,798	1,279
Costs on uncompleted construction contracts	9,395	15,910
Buildings for sale	301,125	300,687
Land for sale in lots	510,247	529,532
Undeveloped land for sale	86,881	80,734
Other inventories	7,261	8,460
Deferred tax assets	31,176	26,672
Other	71,776	70,855
Allowance for doubtful accounts	(1,225)	(1,169)
Total current assets	1,264,933	1,270,855
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	195,590	196,591
Machinery, equipment and vehicles, net	9,862	11,274
Land	311,431	335,251
Construction in progress	10,329	10,359
Other, net	5,961	6,021
Total property, plant and equipment	533,175	559,498
Intangible assets	14,779	13,572
Investments and other assets		
Investment securities	115,541	125,965
Long-term loans receivable	50,627	40,656
Net defined benefit asset	3,228	4,451
Deferred tax assets	2,291	2,761
Other	45,760	51,929
Allowance for doubtful accounts	(543)	(509)
Total investments and other assets	216,905	225,255
Total noncurrent assets	764,861	798,325
Total assets	2,029,794	2,069,181

(¥ million)

	As of January 31, 2016	As of October 31, 2016
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts	107,249	95,614
Electronically recorded obligations-operating	58,836	62,389
Short-term bonds payable	60,000	45,000
Short-term loans payable	146,188	168,035
Current portion of bonds with subscription rights to shares	1,130	-
Current portion of long-term loans payable	97,283	87,168
Income taxes payable	33,008	15,826
Advances received on uncompleted construction contracts	117,253	145,373
Provision for bonuses	26,627	32,011
Provision for directors' bonuses	1,062	-
Provision for warranties for completed construction	2,795	2,762
Other	83,940	67,798
Total current liabilities	735,376	721,980
Noncurrent liabilities		
Bonds payable	90,000	170,000
Long-term loans payable	27,850	40,026
Long-term lease and guarantee deposited	59,141	60,326
Deferred tax liabilities	1,434	2,243
Provision for directors' retirement benefits	1,151	1,142
Net defined benefit liability	19,292	20,334
Other	27,119	28,311
Total noncurrent liabilities	225,990	322,385
Total liabilities	961,366	1,044,365
Net assets		
Shareholders' equity		
Capital stock	202,591	202,591
Capital surplus	253,559	253,559
Retained earnings	498,094	538,975
Treasury stock	(17,577)	(37,252)
Total shareholders' equity	936,667	957,874
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	26,671	31,543
Deferred gains or losses on hedges	(13)	(18)
Foreign currency translation adjustment	68,747	(19)
Remeasurements of defined benefit plans	25,622	21,264
Total accumulated other comprehensive income	121,028	52,769
Subscription rights to shares	622	676
Non-controlling interests	10,108	13,495
Total net assets	1,068,428	1,024,815
Total liabilities and net assets	2,029,794	2,069,181

**(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, 2015 and 2016

	(¥ million)	
	Feb. 1, 2015– Oct. 31, 2015	Feb. 1, 2016 – Oct. 31, 2016
Net sales	1,364,434	1,445,740
Cost of sales	1,085,932	1,145,869
Gross profit	278,501	299,870
Selling, general and administrative expenses	166,883	172,578
Operating income	111,618	127,292
Non-operating income		
Interest income	1,634	1,221
Dividends income	857	799
Equity in earnings of affiliates	3,969	6,746
Other	2,738	1,969
Total non-operating income	9,199	10,736
Non-operating expenses		
Interest expenses	590	1,777
Foreign exchange losses	-	5,581
Other	3,009	3,205
Total non-operating expenses	3,600	10,564
Ordinary income	117,217	127,465
Extraordinary income		
Gain on sales of investment securities	4,228	-
Total extraordinary income	4,228	-
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	483	441
Impairment loss	3,683	-
Loss on valuation of investment securities	499	-
Total extraordinary losses	4,665	441
Income before income taxes and non-controlling shareholders' interests	116,779	127,023
Income taxes-current	39,509	34,022
Income taxes-deferred	5,373	6,008
Total income taxes	44,883	40,031
Net income	71,896	86,992
Net income attributable to non-controlling interests	715	3,833
Net income attributable to owners of parent	71,181	83,158

(Consolidated Quarterly Statements of Comprehensive Income)**For the nine months ended October 31, 2015 and 2016**

	Feb. 1, 2015 – Oct. 31, 2015	Feb. 1, 2016 – Oct. 31, 2016
Net Income	71,896	86,992
Other comprehensive income		
Valuation difference on available-for-sale securities	4,222	5,150
Deferred gains or losses on hedges	(20)	11
Foreign currency translation adjustment	(18,860)	(67,309)
Remeasurements of defined benefit plans	(4,118)	(4,392)
Share of other comprehensive income of associates accounted for using equity method	(723)	(1,828)
Total other comprehensive income	(19,500)	(68,368)
Comprehensive income	52,396	18,623
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	51,709	14,899
Comprehensive income attributable to non-controlling shareholders' interests	686	3,723

(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