

Consolidated Financial Statements Summary
for the Second Quarter of FY2017 (February 1, 2017 through July 31, 2017)
(Japanese Standard)

September 7, 2017

Company name : **Sekisui House, Ltd.** (URL <http://www.sekisuihouse.co.jp>)
Listed exchanges : Tokyo, Nagoya
Stock code : 1928
Representative : Toshinori Abe, President and Representative Director
Inquiries : Hitoshi Kuroyanagi, Managing Officer, Chief Manager of Corporate Communications
Dept. Tel +81 6 6440 3111
Filing date of quarterly securities report : September 13, 2017
Date of scheduled payment of dividends : September 29, 2017
Quarterly earnings supplementary explanatory documents : Yes
Quarterly earnings results briefing : Yes (for institutional investors and analysts, in Japanese)

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

1. Consolidated Results for the Six months Ended July 31, 2017 (February 1, 2017 through July 31, 2017)

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
Six months ended Jul. 31, 2017	1,009,484	6.3	90,385	14.0	95,651	21.7	61,008	17.2
Six months ended Jul. 31, 2016	949,622	1.9	79,266	(3.0)	78,612	(10.0)	52,070	0.0

(Note) Comprehensive income:

Six months ended Jul. 31, 2017: ¥51,552 million (-%) Six months ended Jul. 31, 2016: ¥(10,742)million (-%)

	Profit per share	Fully diluted Profit per share
	¥	¥
Six months ended Jul. 31, 2017	88.41	88.30
Six months ended Jul. 31, 2016	74.63	74.49

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio
	¥ million	¥ million	%
As of July 31, 2017	2,295,437	1,145,206	49.2
As of January 31, 2017	2,184,895	1,118,264	50.5

(Reference) Shareholders' equity As of July 31, 2017: ¥1,130,314 million As of January 31, 2017: ¥1,103,359 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, 2017	-	32.00	-	32.00	64.00
Year ending Jan. 31, 2017	-	37.00			
Year ending Jan. 31, 2017 (forecast)			-	38.00	75.00

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

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		Profit attributable to owners of parent		Profit per share
	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%	¥
Year ending January 31, 2018	2,144,000	5.8	192,000	4.3	200,000	4.7	128,000	5.0	185.48

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

Notes

(1) Changes in significant subsidiaries (changes in specific subsidiaries that caused a change in scope of consolidation): Applicable

New Consolidated Companies: 3

The Name of Companies:

Sekisui House US Holdings, LLC

SH Residential Holdings, LLC

Woodside Homes Company, LLC

(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: Not applicable

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

(c) Changes in accounting estimates: Not applicable

(d) Restatements: Not applicable

(4) Number of shares outstanding (common stock)

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

As of Jul. 31, 2017: 690,683,466 shares

As of Jan. 31, 2017: 709,683,466 shares

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

As of Jul. 31, 2017: 600,703 shares

As of Jan. 31, 2017: 19,610,876 shares

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

Six months ended Jul. 31, 2017: 690,080,128 shares

Six months ended Jul. 31, 2016: 697,744,564 shares

*** This quarterly financial results report is exempt from quarterly review.***** Notes Regarding the Appropriate Use of Results Forecasts and Other Important Matters**

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

(Obtaining supplementary explanatory documents)

The Company plans to hold a briefing for institutional investors and analysts on September 7, 2017. Relevant financial explanatory documents to be handed out at the briefing will be posted on our official website on the same day.

TABLE OF CONTENTS OF THE ATTACHED MATERIAL

1. Qualitative Information Regarding the Consolidated Results for the Six months under Review	6
(1) Qualitative Information Regarding Consolidated Business Results	6
(2) Qualitative Information Regarding Consolidated Financial Conditions	9
(3) Qualitative Information Regarding Consolidated Results Forecast	9
2. Consolidated Quarterly Financial Statements	10
(1) Consolidated Quarterly Balance Sheets	10
(2) Consolidated Quarterly Statements of Income and Consolidated Quarterly Statements of Comprehensive Income	12
Consolidated Quarterly Statements of Income	
For the Cumulative Second Quarter.....	12
Consolidated Quarterly Statements of Comprehensive Income	
For the Cumulative Second Quarter.....	13
(3) Notes Regarding Quarterly Financial Statements.....	13
(Related to Consolidated Quarterly Statements of Income)	
(Notes Regarding Assumption of a Going Concern)	
(Notes on significant changes in the amount of shareholders' equity)	
(Additional information)	
(Significant subsequent events)	

Appendix: Segment breakdown for the Six months Ended July 31, 2017**Consolidated****(1) Sales**

¥ millions

		Six months ended July 31, 2016	Six months ended July 31, 2017	YOY(%)
Built-to-order Business	Custom detached houses	188,496	185,595	(1.5)
	Rental housing	206,875	210,268	1.6
	Subtotal	395,372	395,863	0.1
Supplied Housing Business	Remodeling	68,403	70,281	2.7
	Real estate management fees	233,625	243,705	4.3
	Subtotal	302,028	313,986	4.0
Development Business	Houses for sale	68,442	79,934	16.8
	Condominiums	31,621	28,819	(8.9)
	Urban redevelopment	77,296	64,109	(17.1)
	Subtotal	177,361	172,863	(2.5)
Overseas Business		33,619	88,622	163.6
Other businesses		41,241	38,148	(7.5)
Consolidated		949,622	1,009,484	6.3

(2) Operating income and OP margin

¥ millions

		Six months ended July 31, 2016	Six months ended July 31, 2017	YOY(%)
		Amount OP margin	Amount OP margin	
Built-to-order Business	Custom detached houses	23,510 12.5%	24,334 13.1%	3.5
	Rental housing	26,455 12.8%	27,750 13.2%	4.9
	Subtotal	49,965 12.6%	52,084 13.2%	4.2
Supplied Housing Business	Remodeling	8,767 12.8%	10,407 14.8%	18.7
	Real estate management fees	16,425 7.0%	16,987 7.0%	3.4
	Subtotal	25,193 8.3%	27,395 8.7%	8.7
Development Business	Houses for sale	5,416 7.9%	7,713 9.6%	42.4
	Condominiums	1,869 5.9%	3,362 11.7%	79.8
	Urban redevelopment	12,943 16.7%	9,542 14.9%	(26.3)
	Subtotal	20,228 11.4%	20,617 11.9%	1.9
Overseas Business		553 1.6%	7,342 8.3%	-
Other businesses		274 0.7%	701 1.8%	155.4
Eliminations and back office		(16,949)	(17,756)	-
Consolidated		79,266 8.3%	90,385 9.0%	14.0

(3) Orders

¥ millions

		Six months ended July 31, 2016	Six months ended July 31, 2017	YOY(%)
Built-to-order Business	Custom detached houses	206,092	193,767	(6.0)
	Rental housing	240,701	237,251	(1.4)
	Subtotal	446,793	431,018	(3.5)
Supplied Housing Business	Remodeling	69,490	70,423	1.3
	Real estate management fees	233,625	243,705	4.3
	Subtotal	303,116	314,129	3.6
Development Business	Houses for sale	79,660	82,143	3.1
	Condominiums	46,083	64,379	39.7
	Urban redevelopment	86,596	64,109	(26.0)
	Subtotal	212,341	210,632	(0.8)
Overseas Business		39,622	130,339	228.9
Other businesses		40,014	39,054	(2.4)
Consolidated		1,041,889	1,125,174	8.0

(4) Accumulated orders

¥ millions

		As of January 31, 2017	As of July 31, 2017	YOY (%)
Built-to-order Business	Custom detached houses	208,655	216,828	3.9
	Rental housing	378,401	405,383	7.1
	Subtotal	587,056	622,212	6.0
Supplied Housing Business	Remodeling	22,996	23,139	0.6
	Real estate management fees	-	-	-
	Subtotal	22,996	23,139	0.6
Development Business	Houses for sale	43,959	46,168	5.0
	Condominiums	86,697	122,257	41.0
	Urban redevelopment	-	-	-
	Subtotal	130,657	168,425	28.9
Overseas Business		109,996	151,714	37.9
Other businesses		43,106	44,012	2.1
Consolidated		893,813	1,009,503	12.9

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

(1) Qualitative Information Regarding Consolidated Business Results

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

In the housing market, people's interest in acquiring their own homes continued mainly due to low interest rates on housing loans and Japanese government measures to encourage housing purchases, and this added to an uptrend in employment and income conditions. On the other hand, there were signs of prolonged negotiating periods. Moreover, demand for the construction of rental housing remained strong in market segments centered on urban areas.

In the Custom Detached Houses and Rental Housing Businesses, where the Company leads the industry as a top-brand holder, the Company worked to diversify built-to-order operations, including the construction of hotels and nursery homes, taking advantage of the high-quality elements supplied by its own factories, while at the same time stepping up sales of houses with high added value. Moreover, the Company concluded a basic agreement on the design, construction and other aspects of the Prefectural Futaba Medical Center (provisional name) with Fukushima Prefecture to prepare medical service conditions for the reconstruction of Futaba-gun, Fukushima Prefecture, and the return of residents to the community. Construction was commenced, and is scheduled to be complete in January 2018.

As part of its measures for expanding its business areas, the Company commenced the construction of Four Points by Sheraton Nagoya, a Marriott International hotel, with operations slated to begin in the fall of 2018, at Chubu Centrair International Airport, Nagoya, which has been experiencing an increase in passengers and an expansion in inbound demand.

In the overseas business, which is positioned as a pillar of its new business model, in March 2017, the Company acquired Woodside Homes Company, LLC, a custom detached housing business operator in the United States, and entered the homebuilding business.

Furthermore, the Company was selected for the METI Minister Award program of the New Diversity Management Selection 100 sponsored by the Ministry of Economy, Trade and Industry (METI) based on the assessment that the Company had addressed the need to change ways of working through business efficiency improvement using IT and positioned the advancement of women in the workplace as a management strategy in a bid to enable diverse employees to display their individual abilities. The METI and the Tokyo Stock Exchange also selected the Company for Nadeshiko Brand designation under their joint administration (for the fourth time).

In the second quarter of the consolidated fiscal year under review, net sales amounted to ¥1,009,484 million (up 6.3% year-on-year). Operating income amounted to ¥90,385 million (up 14.0% year-on-year), ordinary income to ¥95,651 million (up 21.7% year-on-year) and profit attributable to owners of parent to ¥61,008 million (up 17.2% year-on-year).

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 (ZEHs) (Green First Zero of Sekisui House, Ltd.) and aimed to bring the energy balance to zero, while maintaining a comfortable lifestyle with

energy conservation using high-insulation and LED lighting facilities and generating energy with solar power, among other means. The Company will accelerate its initiatives for the popularization of ZEHs to raise the adoption ratio of ZEHs, which had been increasing to 74% by 2016, to 80%, a target in 2020. In the IS SERIES of steel-frame houses, the Company strengthened its proposal for a slow living space, a large pillar-free space with a large opening and a ceiling height of 2.74 meters and a maximum width of 7 meters that spreads vertically and horizontally by introducing a new construction method called the Dynamic Frame System. The Company achieved ZEHs, a large space and a large opening at the same time by additionally adopting ultra-high insulation window sashes. Moreover, the Company focused on expanding the sales of houses adopting original external walls, such as the SHAWOOD-HOME SERIES of wood-framed houses featuring BELLBURN porcelain-tiled external walls, and on selling three- or four-story heavy steel-framed detached houses offering greater layout flexibility and meeting diverse demand, such as demand for occupancy by multiple households, in urban areas.

Sales in the Custom Detached Houses Business amounted to ¥185,595 million, down 1.5% year-on-year, and operating income to ¥24,334million, up 3.5% year-on-year.

(Rental Housing Business)

In the Rental Housing Business, the Company sought to win more orders for rental houses centered on those with three or four stories by making attractive rental housing proposals that lead to stable management in the long term, through area marketing that makes the most of Group's strengths, including collaboration with Sekiwa Real Estate companies. Demand for high-quality rental houses is rising in urban areas prioritized by the Company, where demand for inheritance tax responses also remains high. The Company sought to differentiate itself with flexible proposals based on the β system construction method that are high in design adaptability and hotel-like specifications, including high-quality common areas.

The Company also decided to construct rental houses in Kanazawa City, Ishikawa Prefecture, all of which are Japan's first housing units that comply with the ZEH standards.

Sales in the Rental Housing Business amounted to ¥210,268 million, up 1.6% year-on-year, and operating income to ¥27,750 million, up 4.9% year-on-year.

<Supplied Housing Business>

(Remodeling Business)

In the Remodeling Business, the Company advanced proposals for renovations that enhance the value of houses through large-scale renovation work that agrees with purposes such as new lifestyles and energy conservation while bolstering its sales structure. The Company worked to expand sales for the Business with initiatives including the step-by-step establishment of a zone for experiencing renovation at five Sumai-no Yume Kojo facilities throughout Japan, offering experiences related to homebuilding. Furthermore, the Company proactively advanced proposals for remodeling Sha-Maison rental houses that contribute to their stable management over the long term.

Sales in the Remodeling Business amounted to ¥70,281 million, up 2.7% year-on-year, and operating income to ¥10,407 million, up 18.7% year-on-year.

(Real Estate Management Fees Business)

In the Real Estate Management Fees Business, the number of Sha-Maison rental apartment units for blockleasing and management by Sekiwa Real Estate companies on a commissioned basis rose firmly, supported in part by a stable supply of rental properties. At the same time, occupancy rates remained high. Under these conditions, the Company sought to

strengthen the real estate brokerage business, including SumStock that rates superior supplied houses using an original assessment method, as an approach to trading markets for existing houses.

Sales in the Real Estate Management Fees Business amounted to ¥243,705 million, up 4.3% year-on-year, and operating income to ¥16,987 million, up 3.4% 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 ¥79,934 million, up 16.8% year-on-year, and operating income to ¥7,713 million, up 42.4% year-on-year.

(Condominiums Business)

In the Condominium Business, the Company advanced its brand strategies by thoroughly enforcing area-specific strategies and integrating homebuilding knowhow gained through custom detached houses. Looking at new properties for sale, the Company received steady orders for properties, including Grand Maison Shin Umeda Tower (Kita-ku, Osaka) and Grand Maison Shinagawa Seaside-no Mori (Shinagawa-ku, Tokyo). Property handovers also progressed according to plan.

Sales in the Condominiums Business amounted to ¥28,819 million, down 8.9% year-on-year, and operating income to ¥3,362 million, up 79.8% year-on-year.

(Urban Redevelopment Business)

In the Urban Redevelopment Business, the Company undertook development projects aimed at establishing high quality social infrastructure. Occupancy rates for rental properties owned by the Sekisui House Group, such as offices, commercial buildings and Prime Maison rental houses developed by the Company, remained high. Meanwhile, the Company sold two properties, the floors in the Honmachi Garden City used by the St. Regis Osaka as a hotel facility and part of the Garden City Shinagawa Gotenyama.

Sales in the Urban Redevelopment Business amounted to ¥64,109 million, down 17.1% year-on-year, and operating income to ¥9,542 million, down 26.3% year-on-year.

<Overseas Business>

In the United States, strong sales continued for subdivisions in Tampa, Florida and other locations, and sales posted by Woodside Homes Company, LLC, a company that became a consolidated subsidiary in this fiscal year, contributed. In Australia, the Company began handing over condominium units in Central Park (Sydney) that were developed in the second phase. In China, the Company continued to steadily hand over condominium units in Taicang City, sustaining the pace from the previous fiscal year. In Singapore, sales remained strong for condominium units in the new Seaside Residence development.

Sales in the Overseas Business amounted to ¥88,622 million, up 163.6% year-on-year, and operating income to ¥7,342 million.

<Other Businesses>

In the Exterior Business, the Company made efforts to strengthen integrated construction proposals for external facilities and houses by allocating employees with an emphasis on their specialization. At the same time, the Company advanced proposals for original landscaping and external facilities for custom detached houses, rental houses and condominiums based mainly on the “Gohon no ki” landscaping concept through which garden trees are selected from native, non-cultivated and other plant varieties adapted to the local climate.

Sales in the Other Businesses amounted to ¥38,148 million, down 7.5% year-on-year, and operating income to ¥701 million, up 155.4%.

(2) Qualitative Information Regarding Consolidated Financial Conditions

Total assets increased by ¥110,542 million to ¥2,295,437 million at the end of the second quarter of the consolidated fiscal year under review, primarily owing to the increases in real estate for sale by the acquisition of Woodside Homes Company, LLC. Liabilities increased ¥83,601 million, to ¥1,150,231 million, mainly due to an increase in short-term loans payable and the issue of short-term bonds payable. Net asset, despite payments of dividends and a decrease in foreign currency translation adjustment, increased ¥26,941 million to ¥1,145,206 million, mainly due to posting profit attributable to owners of parent.

(3) Qualitative Information Regarding Consolidated Results Forecast

In light of the financial results for the first six months of the consolidated fiscal year under review and sales of respective business segments as well as the progress in orders, the Company has revised the forecasts of consolidated results for the fiscal year ending January 31, 2018 which were announced on March 9, 2017, to net sales of 2,144,000 million (up 5.8% year on year), operating income of ¥192,000 million (up 4.3%), ordinary income of ¥200,000 million yen (up 4.7%), and profit attributable to owners of parent of ¥128,000 million (up 5.0%), as a result of the revision to ordinary income.

2. Consolidated Quarterly Financial Statements

(1) Consolidated Quarterly Balance Sheets

	(¥ million)	
	As of January 31, 2017	As of July 31, 2017
Assets		
Current assets		
Cash and deposits	212,808	214,827
Notes receivable, accounts receivable from completed construction contracts	49,031	42,897
Short-term investment securities	1,399	449
Costs on uncompleted construction contracts	10,150	10,129
Buildings for sale	321,682	364,697
Land for sale in lots	566,018	608,935
Undeveloped land for sale	92,682	109,940
Other inventories	7,210	7,727
Deferred tax assets	30,229	23,987
Other	64,987	76,138
Allowance for doubtful accounts	(1,172)	(1,148)
Total current assets	1,355,029	1,458,582
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	196,682	188,799
Machinery, equipment and vehicles, net	10,936	10,104
Land	325,073	324,105
Construction in progress	24,950	34,281
Other, net	6,039	5,592
Total property, plant and equipment	563,682	562,883
Intangible assets	13,345	21,998
Investments and other assets		
Investment securities	149,515	152,103
Long-term loans receivable	40,645	33,790
Net defined benefit asset	8,117	9,110
Deferred tax assets	2,727	2,931
Other	52,292	54,484
Allowance for doubtful accounts	(460)	(447)
Total investments and other assets	252,837	251,973
Total noncurrent assets	829,865	836,855
Total assets	2,184,895	2,295,437

	(¥ million)	
	As of January 31, 2017	As of July 31, 2017
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts	108,835	103,313
Electronically recorded obligations-operating	70,202	60,931
Short-term bonds payable	35,000	65,000
Short-term loans payable	150,863	213,979
Current portion of bonds	40,000	55,000
Current portion of long-term loans payable	22,373	26,515
Income taxes payable	34,311	13,926
Advances received on uncompleted construction contracts	129,783	131,305
Provision for bonuses	28,005	19,129
Provision for directors' bonuses	1,290	-
Provision for warranties for completed construction	2,800	2,906
Other	90,477	79,961
Total current liabilities	713,945	771,970
Noncurrent liabilities		
Bonds payable	130,000	115,000
Long-term loans payable	108,355	145,803
Long-term lease and guarantee deposited	59,951	60,593
Deferred tax liabilities	6,460	7,208
Provision for directors' retirement benefits	1,197	1,234
Net defined benefit liability	20,266	20,869
Other	26,453	27,552
Total noncurrent liabilities	352,685	378,261
Total liabilities	1,066,630	1,150,231
Net assets		
Shareholders' equity		
Capital stock	202,591	202,591
Capital surplus	253,559	251,563
Retained earnings	577,663	580,310
Treasury stock	(37,248)	(976)
Total shareholders' equity	996,565	1,033,488
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	37,839	39,755
Deferred gains or losses on hedges	19	(138)
Foreign currency translation adjustment	46,975	39,729
Remeasurements of defined benefit plans	21,959	17,479
Total accumulated other comprehensive income	106,793	96,826
Subscription rights to shares	694	728
Minority interests	14,211	14,162
Total net assets	1,118,264	1,145,206
Total liabilities and net assets	2,184,895	2,295,437

(2) Consolidated Quarterly Statements of Income and Consolidated Quarterly Statements of Comprehensive Income
(Consolidated Quarterly Statements of Income)
For the six months ended July 31, 2016 and 2017

	(¥ million)	
	Feb. 1, 2016– Jul. 31, 2016	Feb. 1, 2017 – Jul. 31, 2017
Net sales	949,622	1,009,484
Cost of sales	755,930	798,566
Gross profit	193,691	210,917
Selling, general and administrative expenses	114,424	120,531
Operating income	79,266	90,385
Non-operating income		
Interest income	942	1,053
Dividends income	777	956
Foreign exchange gains	-	421
Equity in earnings of affiliates	4,648	4,186
Other	1,429	1,314
Total non-operating income	7,797	7,933
Non-operating expenses		
Interest expenses	1,172	1,277
Foreign exchange losses	4,587	-
Other	2,691	1,389
Total non-operating expenses	8,451	2,667
Ordinary income	78,612	95,651
Extraordinary income		
Gain on sales of subsidiaries and affiliates' stock	-	888
Total extraordinary losses	-	888
Extraordinary loss		
Bad debt losses	-	5,559
Loss on valuation of investment securities	-	2,879
Loss on sales and retirement of noncurrent assets	338	849
Impairment loss	-	32
Total extraordinary losses	338	9,321
Income before income taxes and non-controlling shareholders' interests	78,274	87,219
Income taxes-current	17,886	17,760
Income taxes-deferred	7,970	7,929
Total income taxes	25,856	25,689
Profit	52,417	61,529
Profit attributable to non-controlling shareholders' interests	346	520
Profit attributable to owners of parent	52,070	61,008

(Consolidated Quarterly Statements of Comprehensive Income)**For the six months ended July 31, 2016 and 2017**

	Feb. 1, 2016 – Jul. 31, 2016	Feb. 1, 2017 – Jul. 31, 2017
Profit	52,417	61,529
Other comprehensive income		
Valuation difference on available-for-sale securities	2,400	1,495
Deferred gains or losses on hedges	6	-
Foreign currency translation adjustment	(61,512)	(7,386)
Remeasurements of defined benefit plans	(2,744)	(4,498)
Share of other comprehensive income of associates accounted for using equity method	(1,310)	411
Total other comprehensive income	(63,160)	(9,977)
Comprehensive income	(10,742)	51,552
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	(10,991)	51,041
Comprehensive income attributable to non-controlling shareholders' interests	248	510

(3) Notes to Consolidated Quarterly Financial Statements**(Related to Consolidated Quarterly Statements of Income)****Bad debt losses**

An extraordinary loss is posted in conjunction with the uncollected amount arisen from a transaction incident that occurred when purchasing land for condominiums.

(Notes Regarding Assumption of a Going Concern)

Not applicable

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

Not applicable

(Additional information)

(Application of the Implementation Guidance on Recoverability of Deferred Tax Assets)

The Company applied the Implementation Guidance on Recoverability of Deferred Tax Assets (Accounting Standard Board of Japan Implementation Guidance No. 26 issued on March 28, 2016) from the first quarter under review.

(Significant subsequent events)

(Issuance of unsecured bonds)

The Company decided comprehensively to issue unsecured bonds at a Board of Directors' meeting held on June 9, 2017. Based on that decision, it determined terms and conditions for the issuance of the first unsecured bonds with clauses on the extension for the payment of interest and early redemptions (with subordination provisions) on August 10, 2017, and issued the bonds on August 18, 2017. Details are as follows.

First unsecured bonds of Sekisui House, Ltd. with clauses on extension for the payment of interest and early redemptions (with subordination provisions)

- | | |
|---|--|
| (1) Total amount of bonds | 120,000 million yen |
| (2) Denomination per bond | 100 million yen |
| (3) Issue price | 100 yen per the face value of 100 yen. |
| (4) Coupon rate | 0.81% per annum (fixed rate applies until August 18, 2022)
Floating rates apply on and after the next day of August 18, 2022.
(There is a step-up coupon provision on August 19, 2022) |
| (5) Redemption method and maturity date | A one-time redemption on August 18, 2077. However, early redemptions may be made at the Company's discretion on coupon payment days after August 18, 2022. |
| (6) Collateral | No collateral is furnished to the bonds, and no assets are reserved for the bonds. |
| (7) Use of proceeds | Redemption of bonds, repayment of borrowings and redemption of short-term bonds |