

Consolidated Financial Statements Summary
for the Second Quarter of FY2018 (February 1, 2018 through July 31, 2018)
(Japanese Standard)

September 6, 2018

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 : September 13, 2018
Date of scheduled payment of dividends : September 28, 2018
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, 2018 (February 1, 2018 through July 31, 2018)

(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, 2018	1,002,621	(0.7)	78,649	(11.6)	82,598	(12.4)	57,847	(3.9)
Six months ended Jul. 31, 2017	1,009,484	6.3	89,002	12.3	94,284	19.9	60,164	15.5

(Note) Comprehensive income:

Six months ended Jul. 31, 2018: ¥28,492 million (-43.8%) Six months ended Jul. 31, 2017: ¥50,713 million (-%)

	Profit per share	Fully diluted Profit per share
	¥	¥
Six months ended Jul. 31, 2018	83.82	83.72
Six months ended Jul. 31, 2017	87.18	87.08

(Note) Because we have finalized the provisional accounting for business combinations in the third quarter of the fiscal year ended January 31, 2018, we have reflected the contents of the finalized provisional accounting on the values for the second quarter of the fiscal year ended January 31, 2018.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity capital ratio
	¥ million	¥ million	%
As of July 31, 2018	2,358,255	1,209,520	50.7
As of January 31, 2018	2,419,012	1,208,121	49.4

(Reference) Equity capital* As of July 31, 2018: ¥1,195,990 million As of January 31, 2018: ¥1,194,975 million

* Equity capital shows the amount of the net assets excluding non-controlling interests and stock subscription rights.

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, 2018	-	37.00	-	40.00	77.00
Year ending Jan. 31, 2019	-	39.00			
Year ending Jan. 31, 2019 (forecast)			-	40.00	79.00

(Note) Revised dividend forecast for the current period: None

3. Consolidated Results Forecast for FY2018 (February 1, 2018 through January 31, 2019)

(% 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, 2019	2,166,000	0.3	185,000	(5.4)	190,000	(6.7)	127,000	(4.7)	184.03

(Note) Revised forecast for the current period: Yes

Notes

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

New Consolidated Companies: -

Excluded: -

(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

(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, 2018: 690,683,466 shares

As of Jan. 31, 2018: 690,683,466 shares

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

As of Jul. 31, 2018: 579,035 shares

As of Jan. 31, 2018: 586,249 shares

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

Six months ended Jul. 31, 2018: 690,101,000 shares

Six months ended Jul. 31, 2017: 690,080,128 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 ended July 31, 2018” 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 6, 2018. 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 Six Months Ended July 31, 2018**Consolidated****(1) Sales**

¥ millions

		Six months ended July 31, 2017	Six months ended July 31, 2018	YOY(%)
Built-to-order Business	Custom detached houses	185,595	168,403	(9.3)
	Rental housing	210,268	203,763	(3.1)
	Subtotal	395,863	372,166	(6.0)
Supplied Housing Business	Remodeling	70,281	71,399	1.6
	Real estate management fees	243,705	256,247	5.1
	Subtotal	313,986	327,646	4.4
Development Business	Houses for sale	79,934	73,959	(7.5)
	Condominiums	28,819	50,320	74.6
	Urban redevelopment	64,109	59,120	(7.8)
	Subtotal	172,863	183,400	6.1
Overseas Business		88,622	82,057	(7.4)
Other businesses		38,148	37,350	(2.1)
Consolidated		1,009,484	1,002,621	(0.7)

(2) Operating income and OP margin

¥ millions

		Six months ended July 31, 2017	Six months ended July 31, 2018	YOY(%)
		Amount OP margin	Amount OP margin	
Built-to-order Business	Custom detached houses	24,334 13.1%	18,564 11.0%	(23.7)
	Rental housing	27,750 13.2%	23,569 11.6%	(15.1)
	Subtotal	52,084 13.2%	42,134 11.3%	(19.1)
Supplied Housing Business	Remodeling	10,407 14.8%	10,751 15.1%	3.3
	Real estate management fees	16,987 7.0%	20,112 7.8%	18.4
	Subtotal	27,395 8.7%	30,863 9.4%	12.7
Development Business	Houses for sale	7,713 9.6%	5,245 7.1%	(32.0)
	Condominiums	3,362 11.7%	6,348 12.6%	88.8
	Urban redevelopment	9,542 14.9%	11,523 19.5%	20.8
	Subtotal	20,617 11.9%	23,117 12.6%	12.1
Overseas Business		* 5,959 6.7%	1,992 2.4%	(66.6)
Other businesses		701 1.8%	(90) (0.2%)	-
Eliminations and back office		(17,756)	(19,368)	-
Consolidated		* 89,002 8.8%	78,649 7.8%	(11.6)

(Note) In accordance with the finalization of the provisional processing of the business combination stated in “(Matters relating to business combination)” in “(3) Notes Regarding Quarterly Financial Statements” on page 13, a material review of the amount of initial allocation of the acquisition costs was reflected on the values for the six months ended July 31, 2017.

(3) Orders

¥ millions

		Six months ended July 31, 2017	Six months ended July 31, 2018	YOY(%)
Built-to-order Business	Custom detached houses	193,767	190,435	(1.7)
	Rental housing	237,251	210,282	(11.4)
	Subtotal	431,018	400,718	(7.0)
Supplied Housing Business	Remodeling	70,423	74,351	5.6
	Real estate management fees	243,705	256,247	5.1
	Subtotal	314,129	330,598	5.2
Development Business	Houses for sale	82,143	80,952	(1.4)
	Condominiums	64,379	47,198	(26.7)
	Urban redevelopment	64,109	44,889	(30.0)
	Subtotal	210,632	173,040	(17.8)
Overseas Business		130,339	122,528	(6.0)
Other businesses		39,054	41,827	7.1
Consolidated		1,125,174	1,068,713	(5.0)

(4) Accumulated orders

¥ millions

		As of January 31, 2018	As of July 31, 2018	YOY (%)
Built-to-order Business	Custom detached houses	200,156	222,188	11.0
	Rental housing	398,755	405,275	1.6
	Subtotal	598,912	627,464	4.8
Supplied Housing Business	Remodeling	23,988	26,940	12.3
	Real estate management fees	-	-	-
	Subtotal	23,988	26,940	12.3
Development Business	Houses for sale	42,153	49,146	16.6
	Condominiums	121,732	118,610	(2.6)
	Urban redevelopment	28,755	14,523	(49.5)
	Subtotal	192,640	182,281	(5.4)
Overseas Business		119,721	160,192	33.8
Other businesses		43,337	47,814	10.3
Consolidated		978,601	1,044,692	6.8

1. Qualitative Information Regarding the Consolidated Results for the Six Months Ended July 31, 2018

(1) Qualitative Information Regarding Consolidated Business Results

During the first six months of the consolidated fiscal year ending January 31, 2019, the Japanese economy saw a continued moderate economic recovery as consumer spending improved on a steady strengthening of employment and corporate earnings and capital spending increased. Meanwhile, overseas, the U.S. continued to experience a steady economic recovery and Asian economies also showed signs of growing momentum.

In the housing market, construction of rental housing decreased, mainly due to a changing attitude among financial institutions towards lending. The number of new housing starts continued to decrease from the previous year. Meanwhile, in the overseas housing market, there was continued brisk demand for housing in the United States.

Under these circumstances, the Company stepped up efforts to strengthen housing and residential-related business and expand new business areas under the basic policy adopted in the Fourth Mid-Term Management Plan (2017-2019) of “building the foundations for residential-related businesses BEYOND 2020” in the second year of that Plan, while the Sekisui House Group overall pursued the value that housing can provide to the society.

In April, the Company strengthened the sales system by increasing the expertise of sales staff of custom detached houses business and reorganizing the divisions for sales to meet demand in the non-housing contract business (hotels, day nurseries, medical institutions, etc.) The Company also decided to establish the Human Life R & D Institute in August, which will study and propose “houses where the more you live, the happier you will be,” as part of the Company’s efforts in pursuing “a sense of happiness” such as health and family bonds, in addition to the research themes such as living safety, security, and comfort that it has been working on over many years.

Moreover, the Company improved its construction site environment with the aim of introducing upper power exoskeletons at sites in December 2018 to reduce the burdens of tasks requiring an upward-facing posture, as part of increasing its construction capacity. The Company also installed a quality inspection system based on image processing and AI technology in the manufacturing lines of Bellburn, the Company’s original earthenware exterior walls for Shawood wooden houses, at its Shizuoka Factory, to increase production efficiency and quality.

In the ESG (environment, society, governance) field, which the Company positions as an important management issue, the Company was selected for the Gold Class, the highest sustainability rating, in the RobecoSAM Sustainability Award 2018 of RobecoSAM, the international socially responsible investing evaluation service provider for the third year in a row.

With respect to environmental efforts, the Company made a decarbonation declaration in 2008 with a target year of 2050 to help build a sustainable society, and it has been working on reducing greenhouse gas emissions from its business activities by, for instance, promoting ZEH (net zero energy housing) and joining the RE100 initiative in 2017. The target gained the first certification of an international “Science Based Targets initiative” in the Japanese housing industry.

As for the social aspects, the Company has been pursuing a management strategy of diversity to create an environment in which diverse human resources can make the best use of their abilities to their fullest potential. As for the advancement of women in the workplace, the Company was selected for the Nadeshiko Brand designation for fiscal 2017 under joint administration of the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange (for the fifth time as the only company in the housing and construction industry). As a “Kids First Company” that leads a society that supports

child care and parenting, the Company has announced that all male employees who have children under the age of three will take childcare leave of at least one month.

In terms of governance, positioning the year of 2018 as the “first year of governance reform,” the Company introduced a system for invigorating the activities of the Board of Directors and bolstering the development of future managers. It also clarified the division of responsibilities and authorities of directors and other managers and reformed the organizational structure to ensure links among divisions, among other measures, as the initiatives to create a more sound corporate culture.

In the first six months ended July 31, 2018, net sales amounted to ¥1,002,621 million (down 0.7% year-on-year). Operating income amounted to ¥78,649 million (down 11.6% year-on-year), ordinary income to ¥82,598 million (down 12.4% year-on-year) and profit attributable to owners of parent to ¥57,847 million (down 3.9% 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 worked to develop and promote the sales of high value-added products such as zero energy houses (ZEHs) and houses using original external walls. The Company focused on sales of Green First Zero, our original ZEHs, which achieve an energy balance by saving energy through high insulation and other means and generating energy through methods such as photovoltaic power generation and fuel cells. The ZEH ratio rose to 76% in fiscal 2017, shifting steadily toward the fiscal 2020 target of 80%. The Company will accelerate its initiatives for popularizing ZEHs, focusing on the strengths that make a comfortable lifestyle consistent with ZEHs. In addition, the Company expanded the sales of the IS series of steel-frame houses and the GRAVIS series of SHAWOOD-HOME wood-framed houses, the high-end products. In urban areas, the Company focused on selling three- and four-story heavy steel-framed houses offering greater layout flexibility that can meet diverse needs, including demand for multiple-family cohabitation. Meanwhile, the Company introduced Airkis specifications for giving consideration to indoor air quality to the SHAWOOD-HOME series of wood-framed houses, enabling it to propose the specifications in all custom detached house lines. Orders received for the Business fell slightly year-on-year, reflecting weak construction demand centered on demand for reconstruction.

Sales in the Custom Detached Houses Business amounted to ¥168,403 million, down 9.3% year-on-year, and operating income to ¥18,564 million, down 23.7% 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 conducting exhaustive marketing in specific areas focused on urban districts and making attractive proposals that lead to stable management in the long term, such as the supply of rental properties of good quality. In addition, the Company sought to meet diverse construction demand and bolster its ability to propose applications, such as houses for combined residential and commercial use, hotels, day nurseries, and medical facilities, using the new flexible β system construction method in which design adaptability and space proposal capability are enhanced. As a result, sales increased solidly for non-housing segments. However, orders received for the Business overall fell year-on-year, mainly due to sluggish rental housing sales.

Sales in the Rental Housing Business amounted to ¥203,763 million, down 3.1% year-on-year, and operating income to ¥23,569 million, down 15.1% year-on-year.

<Supplied Housing Business>**(Remodeling Business)**

In the Remodeling Business, the Company promoted its shift from maintenance-based remodeling to proposal-based remodeling, which offers lifestyle ideas, and environment-based remodeling, such as energy-saving renovation, and took steps to bolster its sales structure. In addition, the Company made aggressive proposals that contribute to stable management in the long term, including the maintenance and improvement of rent levels and occupancy rates, to the owners of Sha-Maison rental houses.

Sales in the Remodeling Business amounted to ¥71,399 million, up 1.6% year-on-year, and operating income to ¥10,751 million, up 3.3% year-on-year.

(Real Estate Management Fees Business)

In the Real Estate Management Fees Business, the number of Sha-Maison rental houses units for blockleasing and management commissioned to Sekiwa Real Estate companies achieve solid growth. Under this condition, the Company maintained high occupancy rates by meeting demand for high-quality rental houses.

Sales in the Real Estate Management Fees Business amounted to ¥256,247 million, up 5.1% year-on-year, and operating income to ¥20,112 million, up 18.4% year-on-year.

<Development Business>**(Houses for Sale Business)**

In the Houses for Sale Business, the Company continued to procure land actively for first-time buyers, and at the same time, the Company furthered events and other initiatives to promote sales. In addition, the Company advanced efforts to develop communities of high quality that can be passed on to the next generation in the forms of initiatives for planning and proposing not only individual gardens and external facilities but also integrated rows of houses and activities for supporting community development, adopting the concept of “beauty that blooms with time” in which attractions and value grow over the years.

Sales in the Houses for Sale Business amounted to ¥73,959 million, down 7.5% year-on-year, and operating income to ¥5,245 million, down 32.0% 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 properties on sale, orders received were solid for condominiums such as Grande Maison Uemachidai the Tower (Chuo-ku, Osaka), where Ene Farm fuel cells for household use will be installed in all units, and Grande Maison Shinagawa Seaside no Mori (Shinagawa-ku, Tokyo). Handovers also progressed according to plan for properties, such as Grande Maison Ekoda no Mori (Nakano-ku, Tokyo).

Sales in the Condominiums Business amounted to ¥50,320 million, up 74.6% year-on-year, and operating income to ¥6,348 million, up 88.8% year-on-year.

(Urban Redevelopment Business)

In the Urban Redevelopment Business, 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. Additionally, the Company sold a total of six properties, including Prime Maison Shirokanedai Tower, to Sekisui House Reit, Inc.

Sales in the Urban Redevelopment Business amounted to ¥59,120 million, down 7.8% year-on-year, and operating income to ¥11,523 million, up 20.8% year-on-year.

<Overseas Business>**(Overseas Business)**

In the United States, homebuilding business at Woodside Homes Company, LLC, which had become a consolidated subsidiary in the previous fiscal year, steadily increased. Meanwhile, condominiums in Taicang, China, were sold out and handovers were also in line with the plan. In Singapore, sales of Seaside Residence continued to be strong. In Australia, there was progress in the construction of condominiums scheduled for completion during the current fiscal year.

Sales in the Overseas Business amounted to ¥82,057 million, down 7.4% year-on-year, and operating income to ¥1,992 million, down 66.6% year-on-year.

<Other Businesses>

In the Exterior Business, the Company worked to step up integrated proposals for houses and external facilities. The Company made aggressively proposals for building original gardens and external facilities in custom detached houses, rental houses and condominiums based on the “Gohon no Ki” landscaping plan through which garden trees are selected from native, non-cultivated and other plant varieties to match the local climate.

Sales in the Other Businesses amounted to ¥37,350 million, down 2.1% year-on-year, and operating loss to ¥90 million.

(2) Qualitative Information Regarding Consolidated Financial Conditions

Total assets decreased by ¥60,757 million to ¥2,358,255 million at the end of the second quarter of the consolidated fiscal year ending January 31, 2019. This was primarily attributable to a decrease in cash and deposits in accordance with payments of notes and accounts payable and income taxes. Liabilities decreased ¥62,155 million to ¥1,148,735 million, following the payments of notes and accounts payable and income taxes. Net asset, despite payments of dividends and a decrease in translation adjustments, increased ¥1,398 million to ¥1,209,520 million, mainly due to posting profit attributable to owners of parent.

(3) Qualitative Information Regarding Consolidated Results Forecast

In light of the consolidated results for the six months ended July 31, 2018 and net sales and orders received in each business segments, the Company has revised the forecasts of consolidated results for the fiscal year ending January 31, 2019, which were announced on March 8, 2018, to net sales of ¥2,166.0 billion (up 0.3% year-on-year), operating income of ¥185.0 billion (down 5.4%), ordinary income of ¥190.0 billion (down 6.7%), and profit attributable to owners of parent of ¥127.0 billion (down 4.7%).

2. Consolidated Quarterly Financial Statements**(1) Consolidated Quarterly Balance Sheets**

	(¥ million)	
	As of January 31, 2018	As of July 31, 2018
Assets		
Current assets		
Cash and deposits	325,834	233,084
Notes receivable, accounts receivable from completed construction contracts	45,877	44,900
Short-term investment securities	589	589
Costs on uncompleted construction contracts	9,414	9,240
Buildings for sale	369,124	389,575
Land for sale in lots	599,514	598,597
Undeveloped land for sale	109,480	117,509
Other inventories	7,627	8,567
Deferred tax assets	29,075	22,834
Other	77,402	89,585
Less allowance for doubtful accounts	(1,270)	(1,199)
Total current assets	1,572,669	1,513,285
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	189,209	195,041
Machinery, equipment and vehicles	8,981	9,490
Land	322,502	316,906
Construction in progress	26,117	25,120
Other, net	6,002	6,635
Total property, plant and equipment	552,814	553,195
Intangible assets	22,016	21,395
Investments and other assets		
Investment in securities	173,802	168,941
Long-term loans receivable	25,341	25,072
Asset for retirement benefits	14,725	15,630
Deferred tax assets	3,080	5,624
Other	54,994	55,547
Less allowance for doubtful accounts	(431)	(437)
Total investments and other assets	271,512	270,379
Total noncurrent assets	846,343	844,970
Total assets	2,419,012	2,358,255

	(¥ million)	
	As of January 31, 2018	As of July 31, 2018
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts	104,136	92,560
Electronically recorded obligations-operating	68,677	43,078
Short-term loans payable	209,707	220,392
Current portion of bonds	15,000	-
Current portion of long-term loans payable	2,431	26,826
Accrued income taxes	32,200	15,574
Advances received on construction contracts in progress	142,690	147,018
Accrued employees' bonuses	28,900	19,026
Accrued directors' and corporate auditors' bonuses	1,560	558
Provision for warranties for completed construction	2,980	2,820
Other	98,612	77,300
Total current liabilities	706,898	645,156
Noncurrent liabilities		
Bonds payable	235,000	235,000
Long-term loans payable	154,201	155,099
Guarantee deposits received	60,508	61,014
Deferred income taxes	12,499	10,412
Accrued retirement benefits for directors and corporate auditors	1,337	959
Liabilities for retirement benefits	21,504	21,861
Other	18,941	19,232
Total noncurrent liabilities	503,993	503,579
Total liabilities	1,210,891	1,148,735
Net assets		
Shareholders' equity		
Capital stock	202,591	202,591
Capital surplus	251,563	251,563
Retained earnings	626,961	657,185
Less treasury stock, at cost	(948)	(934)
Total shareholders' equity	1,080,167	1,110,405
Accumulated other comprehensive income		
Net unrealized holding gain on securities	48,033	42,837
Deferred gain (loss) on hedges	(68)	38
Translation adjustments	50,677	30,617
Retirement benefits liability adjustments	16,166	12,091
Total accumulated other comprehensive income	114,807	85,584
Stock subscription rights	761	796
Non-controlling interests	12,384	12,732
Total net assets	1,208,121	1,209,520
Total liabilities and net assets	2,419,012	2,358,255

(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, 2017 and 2018

	(¥ million)	
	Feb. 1, 2017– Jul. 31, 2017	Feb. 1, 2018 – Jul. 31, 2018
Net sales	1,009,484	1,002,621
Cost of sales	800,020	798,274
Gross profit	209,463	204,346
Selling, general and administrative expenses	120,461	125,697
Operating income	89,002	78,649
Non-operating income		
Interest income	1,053	1,057
Dividends income	956	1,066
Foreign exchange gains	421	-
Equity in earnings of affiliates	4,186	4,327
Other	1,314	1,241
Total non-operating income	7,933	7,694
Non-operating expenses		
Interest expenses	1,259	2,179
Foreign exchange losses	-	390
Other	1,391	1,174
Total non-operating expenses	2,650	3,745
Ordinary income	94,284	82,598
Extraordinary income		
Gain on sales of shares of subsidiaries and affiliates	888	181
Total extraordinary income	888	181
Extraordinary loss		
Loss on sales or disposal of fixed assets	849	389
Loss on impairment of fixed assets	32	380
Loss on valuation of investment securities	2,879	2
Bad debt losses	5,559	-
Total extraordinary losses	9,321	772
Profit before income taxes	85,852	82,007
Income taxes-current	17,008	18,652
Income taxes-deferred	8,158	5,618
Total income taxes	25,167	24,270
Profit	60,685	57,736
Profit attributable to non-controlling interests	520	(111)
Profit attributable to owners of parent	60,164	57,847

(Consolidated Quarterly Statements of Comprehensive Income)**For the six months ended July 31, 2017 and 2018**

	Feb. 1, 2017 – Jul. 31, 2017	Feb. 1, 2018 – Jul. 31, 2018
Profit	60,685	57,736
Other comprehensive income		
Net unrealized holding gain (loss) on securities	1,495	(5,106)
Translation adjustment	(7,381)	(19,034)
Retirement benefits liability adjustments	(4,498)	(4,089)
Share of other comprehensive income (loss) of affiliates accounted for by the equity method	411	(1,013)
Total other comprehensive income	(9,971)	(29,244)
Comprehensive income	50,713	28,492
Comprehensive income attributable to		
Owners of the parent	50,202	28,624
Non-controlling shareholders' interests	510	(132)

(3) Notes to Consolidated Quarterly Financial Statements**(Related to Consolidated Quarterly Statements of Income)****(Notes Regarding Assumption of a Going Concern)**

Not applicable

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

Not applicable

(Matters relating to business combination)

(Material review of the amount of initial allocation of the acquisition costs for comparison)

The business combination with Woodside Homes Company, LLC on March 1 (February 28 in US time), 2017, which was provisionally processed in the second quarter of the previous fiscal year, was finally accounted for in the third quarter of the previous fiscal year.

As the provisional processing of the business combination was finalized, a material review of the amount of initial allocation of the acquisition costs which is included for comparison in these consolidated financial statements for the second quarter of the current fiscal year was reflected.

As a result, in the consolidated quarterly statements of income for the second quarter of the previous fiscal year, gross profit, operating income, ordinary income and profit attributable to owners of parent decreased ¥1,453 million, ¥1,383 million, ¥1,366 million, and ¥844 million, respectively.

(Significant Subsequent Event)

At the Board of Directors meeting held on September 6, 2018, the Company resolved to acquire its own shares under the provisions of Article 156 of the Companies Act, as applied pursuant to Article 165 (3) of the Companies Act.

(1) Reason for share repurchase

To implement flexible capital policies in accordance with the business environment and to improve capital efficiency to increase shareholder value

(2) Type of shares

Common stock of Sekisui House, Ltd.

(3) Aggregate number of shares to be repurchased

Up to 2,000,000 shares

(4) Aggregate price of shares to be repurchased

Up to 4,500 million yen

(5) Period for share repurchase

From September 7, 2018 to January 31, 2019

(6) Method of share repurchase

Market purchases (including Off-Auction Own Share Repurchase Trading (N-NET3) of the Nagoya Stock Exchange)