Consolidated Financial Statements Summary for the Third Quarter of FY2019 (February 1, 2019 through October 31, 2019) (Japanese Standard)

December 6, 2019

Company name	: **Sekisui House, Ltd.** (URL https://www.sekisuihouse.co.jp)
Listed exchanges	: Tokyo, Nagoya
Stock code	: 1928
Representative	: Yoshihiro Nakai, President and Representative Director
Inquiries	: Atsushi Yoshida, Chief Manager of Investor Relations Department Tel +81 6 6440 3111
Filing date of quarterly securities report	: December 13, 2019
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, 2019 (February 1, 2019 through October 31, 2019)

(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	%
Nine months ended Oct. 31, 2019	1,735,228	16.6	154,994	35.9	161,030	36.0	117,467	41.7
Nine months ended Oct. 31, 2018	1,488,113	(0.4)	114,036	(10.2)	118,387	(10.7)	82,923	(3.4)

(Note) Comprehensive income:
Nine months ended Oct. 31, 2019: ¥105,783 million (109.4%) Nine months ended Oct. 31, 2018: ¥50,528 million (-44.0%)

	Profit per share	Fully diluted profit per share
	¥	¥
Nine months ended Oct. 31, 2019	170.91	170.72
Nine months ended Oct. 31, 2018	120.23	120.08

(2) Consolidated Financial Position

	Total assets	Net assets	Equity capital ratio
	¥ million	¥ million	%
As of October 31, 2019	2,630,092	1,273,233	46.3
As of January 31, 2019	2,413,035	1,196,923	49.0

(Reference) Equity capital* As of October 31, 2019: ¥1,217,231 million As of January 31, 2019: ¥1,182,808 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, 2019	-	39.00	-	40.00	79.00
Year ending Jan. 31, 2020	-	40.00	-		
Year ending Jan. 31, 2020 (forecast)				41.00	81.00

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

3. Consolidated Results Forecast for FY2019 (February 1, 2019 through January 31, 2020)

(% 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, 2020	2,367,000	9.6	205,000	8.3	208,000	6.6	139,000	8.1	202.51

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

The Company conducted a share repurchase based on a resolution at a meeting of the Board of Directors held on September 5, 2019. As a result, profit per share in the consolidated results forecast for the fiscal year ending January 31, 2020 is presented in consideration of the relevant share repurchase.

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: 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, 2019: 690,683,466 shares As of Jan. 31, 2019: 690,683,466 shares

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

As of Oct. 31, 2019: 7,264,141 shares As of Jan. 31, 2019: 2,531,961 shares

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

Nine months ended Oct. 31, 2019: 687,291,301 shares Nine months ended Oct. 31, 2018: 689,701,968 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) Information Regarding Consolidated Results Forecast" in "1. Qualitative Information Regarding Consolidated Results for the Nine Months Ended October 31, 2019 " 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 6, 2019. 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, 2019

Consolidated

(1) Sales

¥ millions

		Nine months ended October 31, 2018	Nine months ended October 31, 2019	YOY(%)
Built-to-order Business	Custom detached houses	251,261	293,104	16.7
	Rental housing	295,457	295,072	(0.1)
	Subtotal	546,719	588,176	7.6
Supplied Housing Business	Remodeling	97,172	114,512	17.8
	Real estate management fees	384,117	400,166	4.2
	Subtotal	481,289	514,678	6.9
Development Business	Houses for sale	103,837	113,843	9.6
	Condominiums	65,347	52,098	(20.3)
	Urban redevelopment	96,057	112,506	17.1
	Subtotal	265,243	278,448	5.0
Overseas Business		144,018	298,377	107.2
Other businesses		50,842	55,547	9.3
Consolidated		1,488,113	1,735,228	16.6

(2) Operating income and OP margin

¥ millions

		Nine months ended October 31, 2018 Amount OP margin	Nine months ended October 31, 2019 Amount OP margin	YOY(%)
Built-to-order Business	Custom detached houses	26,695 10.6%	33,524 11.4%	25.6
	Rental housing	31,638 10.7%	33,110 11.2%	4.7
	Subtotal	58,334 10.7%	66,634 11.3%	14.2
Supplied Housing Business	Remodeling	13,165 13.5%	17,673 15.4%	34.2
	Real estate management fees	30,053 7.8%	31,781 7.9%	5.7
	Subtotal	43,218 9.0%	49,455 9.6%	14.4
Development Business	Houses for sale	7,172 6.9%	9,478 8.3%	32.1
	Condominiums	8,144 12.5%	6,232 12.0%	(23.5)
	Urban redevelopment	19,356 20.2%	13,691 12.2%	(29.3)
	Subtotal	34,674 13.1%	29,402 10.6%	(15.2)
Overseas Business		7,645 5.3%	41,229 13.8%	439.2
Other businesses		(937) (1.8%)	(533) (1.0%)	-
Eliminations and back office		(28,899)	(31,194)	-
Consolidated		114,036 7.7%	154,994 8.9%	35.9

(3) Orders

¥ millions

		Nine months ended October 31, 2018	Nine months ended October 31, 2019	YOY(%)
Built-to-order Business	Custom detached houses	284,784	268,688	(5.7)
	Rental housing	311,704	332,751	6.8
	Subtotal	596,489	601,439	0.8
Supplied Housing Business	Remodeling	110,616	113,863	2.9
	Real estate management fees	384,117	400,166	4.2
	Subtotal	494,733	514,029	3.9
Development Business	Houses for sale	122,237	111,670	(8.6)
	Condominiums	65,084	54,813	(15.8)
	Urban redevelopment	69,406	121,718	75.4
	Subtotal	256,728	288,203	12.3
Overseas Business		179,298	409,499	128.4
Other businesses		55,120	60,072	9.0
Consolidated		1,582,371	1,873,244	18.4

(4) Accumulated orders

¥ millions

		As of January 31, 2019	As of October 31, 2019	YOY (%)
Built-to-order Business	Custom detached houses	229,004	204,588	(10.7)
	Rental housing	407,403	445,081	9.2
	Subtotal	636,407	649,670	2.1
Supplied Housing Business	Remodeling	30,989	30,340	(2.1)
	Real estate management fees	-	-	-
	Subtotal	30,989	30,340	(2.1)
Development Business	Houses for sale	49,481	47,308	(4.4)
	Condominiums	118,054	120,770	2.3
	Urban redevelopment	1,888	11,100	487.8
	Subtotal	169,424	179,179	5.8
Overseas Business		111,303	222,425	99.8
Other businesses		47,716	399,968	738.2
Consolidated		995,842	1,481,584	48.8

* (4) Accumulated orders – Other businesses includes the amount of outstanding orders at Otori Holdings, Co., Ltd., which became our consolidated subsidiary during the third quarter under review. Note that the financial results, such as (1) net sales, (2) operating income and OP margin and (3) orders received, do not reflect any of the subsidiary's corresponding financial results because it is assumed that acquisition of the subsidiary was completed on September 30, 2019, which was the subsidiary's fiscal year end.

1. Qualitative Information Regarding the Consolidated Results for the Nine Months Ended October 31, 2019

(1) Qualitative Information Regarding Consolidated Business Results

During the first nine months of the consolidated fiscal year ending January 31, 2020, the Japanese economy saw a moderate recovery, reflecting improvements in corporate earnings and capital spending. Meanwhile, overseas, while the U.S. continued to enjoy a steady economic recovery due to increases in consumption and capital spending, China's economic development slowed. With respect to the future outlook, uncertainties still remained, mainly reflecting trade problems and fluctuations in the financial and capital markets. In Japan, meanwhile, attention to the trend of consumer sentiment was needed in the wake of the consumption tax hike.

In the domestic housing market, the construction of custom detached houses and built for houses such as condominiums increased. However, the number of new rental housing starts decreased, mainly reflecting a continued downturn in investor confidence attributable, in particular, to the tightened lending attitude of financial institutions and growing concerns about the vacancy risk, which resulted in a fall in the number of new housing starts.

Under these circumstances, the Company stepped up its efforts to strengthen the housing and residential-related business and expand new business areas under the core policy adopted in the Fourth Mid-Term Management Plan (2017-2019) of Building the foundation for residential-related business BEYOND 2020 in the final year of that Plan, while the entire Sekisui House Group pursued the value that housing can provide to society. The Company, while continuing to develop the Platform House that assists happiness in the era of the 100-year life toward its launch in 2020, entered into a long-term research collaboration on in-home wellness monitoring with the Institute of Medical Engineering and Science, a research institute of the Massachusetts Institute of Technology (MIT), to realize the concept of health nurturing home. In addition to these initiatives, it continued its efforts to facilitate the Trip Base Michi-no-Eki Stations Project, a regional revitalization project, and commenced the construction of roadside hotels that will open in 15 locations in 6 prefectures from autumn 2020, as the first stage.

The Company also converted Otori Holdings, Co., Ltd. (a holding company of Konoike Construction Co., Ltd.) into a consolidated subsidiary in October. It will ensure that the conversion leads to further growth by strengthening its collaboration with Konoike Construction Co., Ltd. and creating business synergies.
It also decided to change the trading names of Sekiwa Real Estate companies. Effective from February 1, 2020, they will be Sekisui House Real Estate companies instead of Sekiwa Real Estate companies. By doing so, the Company will further clarify the direction of group-based business promotion and seek to accelerate its growth.

On top of this, the Company also worked on ESG (environment, society, governance), one of the key management issues, with the aim of becoming a leading company in ESG management.

In the first nine months of the consolidated fiscal year under review, net sales amounted to ¥1,735,228 million (up 16.6% year-on-year). Operating income amounted to ¥154,994 million (up 35.9% year-on-year), ordinary income to ¥161,030 million (up 36.0% year-on-year) and profit attributable to owners of parent to ¥117,467 million (up 41.7% 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 marketing activities for the Family Suite, a living room with a large area for maintaining a comfortable sense of distance among family members. The Family Suite was created based on the achievements of a study of Houses in which the more you live, the happier you will be, and advanced technologies. Recently, it has been adopted by half of our customers. The Company also promoted sales of Green First Zero, its net zero energy house (ZEH) that achieves an energy balance by saving and creating energy while maintaining a comfortable life. Its adoption rate rose to surpass 80%, or the target for 2020. Orders received decreased year-on-year.

Sales in the Custom Detached Houses Business amounted to ¥293,104 million, up 16.7% year-on-year, and operating income to ¥33,524 million, up 25.6% 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 institutions. As a result, sales progressed solidly for non-housing segments. In addition, the Company facilitated the promotion of ZEH, which had been believed to be difficult in apartment complexes. Thanks to these efforts, orders received increased from the same period of the previous fiscal year.

Sales in the Rental Housing Business amounted to ¥295,072 million, down 0.1% year-on-year, and operating income to ¥33,110 million, up 4.7% 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 September, the Company launched the Family Sweet Renovation incorporating the Family Sweet concept in housing renovation for existing houses. In addition, it stepped up its efforts to propose large-scale remodeling such as *Idokoro Dan-netsu* launched last December, which is remodeling based on the Green First Renovation concept, spotlighting the heat insulation-based renovation of the LDK areas coupled with comfortable facilities. As a result, orders received increased year on year. 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 ¥114,512 million, up 17.8% year-on-year, and operating income to ¥17,673 million, up 34.2% year-on-year.

(Real Estate Management Fees Business)

In the Real Estate Management Fees Business, the number of Sha-Maison rental housing units for block leasing and that of housing units under management is commissioned achieved solid growth through a group-based collaboration with Sekiwa Real Estate companies. Under this condition, the Company maintained high occupancy rates by meeting demand for high-quality rental houses featuring hotel-like specifications. To strengthen the brokerage business in the future, the Company has established the Broking and Leasing Business Headquarters.

Sales in the Real Estate Management Fees Business amounted to ¥400,166 million, up 4.2% year-on-year, and operating income to ¥31,781 million, up 5.7% 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 ¥113,843 million, up 9.6% year-on-year, and operating income to ¥9,478 million, up 32.1% 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. Grande Maison Shin Umeda Tower THE CLUB RESIDENCE (Kita-ku, Osaka), Grande Maison Meguro Place (Meguro-ku, Tokyo) and Grande Maison Hisaya Odori (Higashi-ku, Nagoya) continued to record strong sales performance. In addition, deliveries were made as planned for Grande Maison Garden City Kokura (Kitakyushu, Fukuoka) and other properties.

Sales in the Condominiums Business amounted to ¥52,098 million, down 20.3% year-on-year, and operating income to ¥6,232 million, down 23.5% 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. Meanwhile, the Company sold office buildings and rental properties to Sekisui House Reit, Inc., including Akasaka Garden City (part of the stake) and Prime Maison Hongo.

Sales in the Urban Redevelopment Business amounted to ¥112,506 million, up 17.1% year-on-year, and operating income to ¥13,691 million, down 29.3% year-on-year.

<Overseas Business>

In the United States, the Company sold a total of 7 properties, including Union Denver (in Denver), Sofia (in Los Angeles) The Griffin (in Los Angeles) and The Grace (in Los Angeles) in the multifamily business. The master-planned community business and the homebuilding business of Woodside Homes Company, LLC remained firm during the period. In China, condominium sales remained strong in Suzhou and Taicang. The Company announced a move into the UK housing market, forming partnership with Homes England and Urban Splash House Holdings Ltd.

Sales in the Overseas Business amounted to ¥298,377 million, up 107.2% year-on-year, and operating income to ¥41,229 million, up 439.2% 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 species to match the local climate.

Sales in the Other Businesses amounted to ¥55,547 million, up 9.3% year-on-year, and operating loss to ¥533 million.

The Company's specific efforts regarding ESG were as follows.

The Company was selected for the Silver Class in the Homebuilding category of the SAM Sustainability Award 2019, a sustainability assessment undertaken by RobecoSAM, a global class assessor of social responsibility investment (SRI).

With respect to environmental efforts, the Company made a decarbonization declaration in 2008 to help build a sustainable society, with 2050 as the target year. The Company has continuously promoted efforts to popularize ZEH and reduce greenhouse gases generated from its business activities.

In terms of enhancing its position on social issues, the Company moved forward with initiatives to create systems and workplaces that enable employees to work actively in a healthy environment. These initiatives include childcare leave of at least one month for male employees, which has been taken by half of eligible employees, and the establishment of a new employee welfare system featuring the registration of partners in a common law or same-sex marriage, which is aimed at making diversity a growth driver.

In the area of governance, the Company focused on securing the independence of managers in charge of general affairs, who play the pivotal role in the governance of each operating base, and strengthening their checking functions, as well as improving the integrity of future branch managers through development and selection programs. In addition, the Company also worked to further strengthen its corporate governance system by embarking on a fundamental review of the executive remuneration system, including the introduction of a restricted stock remuneration plan, and by reviewing the standards for appointing and removing directors, establishing policies on shortening of the term of office of directors and abolishing of the executive adviser system.

(2) Information Regarding Consolidated Financial Conditions

Total assets increased ¥217,056 million, to ¥2,630,092 million, at the end of the third quarter of the consolidated fiscal year ending January 31, 2020. This was primarily attributable to increases in cash and deposits, and property, plant and equipment, resulting from the conversion of Otori Holdings, Co., Ltd. into a consolidated subsidiary. Liabilities increased ¥140,747 million, to ¥1,356,859 million, mainly reflecting rises in advances received on construction contracts in progress and accounts payable attributable to the conversion of Otori Holdings, Co., Ltd. into a consolidated subsidiary. Net assets increased ¥76,309 million, to ¥1,273,233 million, reflecting the posting of profit attributable to owners of parent.

(3) Information Regarding Consolidated Results Forecast

The consolidated results forecast for the fiscal year ending January 31, 2020 remains unchanged from the plan announced on March 7, 2019, considering progress in each business segment.

2. Consolidated Quarterly Financial Statements

(1) Consolidated Quarterly Balance Sheet

(¥ million)

	As of January 31, 2019	As of October 31, 2019
Assets		
Current assets		
Cash and deposits	343,358	553,763
Notes receivable, accounts receivable from completed construction contracts	42,503	120,943
Costs on uncompleted construction contracts	12,168	20,501
Buildings for sale	393,538	326,213
Land for sale in lots	579,000	545,763
Undeveloped land for sale	106,934	101,797
Other inventories	8,546	9,945
Other	84,706	100,052
Less allowance for doubtful accounts	(1,440)	(1,204)
Total current assets	1,569,318	1,777,775
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	188,497	191,734
Machinery, equipment and vehicles	8,579	9,510
Land	304,370	307,513
Construction in progress	21,888	24,970
Other, net	7,058	9,314
Total property, plant and equipment	530,394	543,043
Intangible assets	20,566	19,981
Investments and other assets		
Investment in securities	156,959	158,830
Long-term loans receivable	24,157	36,781
Asset for retirement benefits	382	324
Deferred tax assets	37,727	30,490
Other	73,747	63,455
Less allowance for doubtful accounts	(218)	(590)
Total investments and other assets	292,755	289,291
Total noncurrent assets	843,717	852,316
Total assets	2,413,035	2,630,092

(¥ million)

	As of January 31, 2019	As of October 31, 2019
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts	94,001	129,312
Electronically recorded obligations-operating	53,427	76,166
Short-term loans	239,472	174,069
Short-term bonds	20,000	35,000
Current portion of long-term loans payable	64,303	56,313
Accrued income taxes	33,008	23,721
Advances received on construction contracts in progress	156,605	252,002
Accrued employees' bonuses	25,527	36,429
Accrued directors' and corporate auditors' bonuses	1,477	379
Provision for warranties for completed construction	2,788	3,424
Other	90,706	86,352
Total current liabilities	781,318	873,171
Long-term liabilities		
Bonds payable	215,000	200,000
Long-term loans payable	94,006	154,554
Guarantee deposits received	60,701	58,857
Deferred income taxes	1,090	1,474
Accrued retirement benefits for directors and corporate auditors	1,060	1,168
Liabilities for retirement benefits	49,988	53,270
Other	12,946	14,362
Total long-term liabilities	434,794	483,687
Total liabilities	1,216,112	1,356,859
Net assets		
Shareholders' equity		
Common stock	202,591	202,591
Capital surplus	251,563	251,467
Retained earnings	700,949	762,857
Less treasury stock, at cost	(4,215)	(13,747)
Total shareholders' equity	1,150,888	1,203,169
Accumulated other comprehensive income		
Net unrealized holding gain on securities	33,146	40,228
Deferred (loss) gain on hedges	(56)	(47)
Translation adjustments	21,269	(3,090)
Retirement benefits liability adjustments	(22,440)	(23,029)
Total accumulated other comprehensive income	31,919	14,062
Stock subscription rights	803	640
Non-controlling interests	13,312	55,361
Total net assets	1,196,923	1,273,233
Total liabilities and net assets	2,413,035	2,630,092

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

(Consolidated Quarterly Statement of Income)

For the nine months ended October 31, 2018 and 2019

(¥ million)

	Feb. 1, 2018– Oct. 31, 2018	Feb. 1, 2019 – Oct. 31, 2019
Net sales	1,488,113	1,735,228
Cost of sales	1,185,876	1,382,090
Gross profit	302,237	353,138
Selling, general and administrative expenses	188,200	198,143
Operating income	114,036	154,994
Non-operating income		
Interest income	1,491	2,438
Dividends income	1,118	1,109
Equity in earnings of affiliates	5,260	7,942
Other	2,501	2,368
Total non-operating income	10,372	13,858
Non-operating expenses		
Interest expenses	3,416	3,989
Foreign exchange losses	206	568
Other	2,398	3,264
Total non-operating expenses	6,021	7,822
Ordinary income	118,387	161,030
Extraordinary income		
Gain on step acquisitions	-	8,598
Gain on sales of shares of subsidiaries and affiliates	181	3,640
Gain on sales of investments in securities	234	-
Total extraordinary income	415	12,238
Extraordinary loss		
Loss on sales or disposal of fixed assets	577	868
Loss on impairment of fixed assets	381	272
Loss on valuation of investment securities	2	-
Total extraordinary losses	961	1,141
Profit before income taxes	117,842	172,128
Income taxes-current	32,473	44,692
Income taxes-deferred	2,442	3,799
Total income taxes	34,916	48,492
Profit	82,925	123,635
Profit attributable to non-controlling interests	1	6,168
Profit attributable to owners of parent	82,923	117,467

(Consolidated Quarterly Statement of Comprehensive Income)

For the nine months ended October 31, 2018 and 2019

	Feb. 1, 2018 – Oct. 31, 2018	Feb. 1, 2019 – Oct. 31, 2019
Profit	82,925	123,635
Other comprehensive income		
Net unrealized holding gain (loss) on securities	(10,483)	7,445
Translation adjustments	(15,648)	(23,413)
Retirement benefits liability adjustments	(6,130)	(439)
Share of other comprehensive gain (loss) of affiliates accounted for by the equity method	(135)	(1,444)
Total other comprehensive income	(32,397)	(17,851)
Comprehensive income	50,528	105,783
Comprehensive income attributable to		
Owners of the parent	50,552	99,609
Non-controlling shareholders' interests	(24)	6,174

(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

(Changes in accounting policies)

(Adoption of ASU2014-09 "Revenue from Contracts with Customers.")

Overseas subsidiaries adopting U.S. GAAP have adopted ASU2014-09 "Revenue from Contracts with Customers" (May 28, 2014) from the beginning of the first quarter of the consolidated fiscal year under review.

Due to the adoption of ASU2014-09, revenue is recognized at the time the promised goods or services are transferred to the customer, in an amount that reflects the consideration expected to be received in exchange for the goods or services.

The impact on the consolidated statement of income for the nine months of the fiscal year under review is immaterial.

(Adoption of IFRS16 "Leases")

Overseas subsidiaries adopting the International Financial Reporting Standards ("IFRS") have adopted IFRS16 "Leases" (January 13, 2016) from the first quarter of the consolidated fiscal year under review.

Due to the adoption, the Company principally recognizes assets and liabilities of lease as a lessee.

The impact on the consolidated statement of income for the nine months of the fiscal year under review is immaterial.

(Additional information)

(Adoption of the "Partial Amendments to Accounting Standard for Tax Effect Accounting," etc.)

The Company has adopted the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28 on February 16, 2018), etc. from the beginning of the first quarter of the consolidated fiscal year under review. As a result, deferred tax assets are presented in investments and other assets, and deferred tax liabilities are presented in long-term liabilities.