ANNUAL REPORT 2013

For the year ended
January 31, 2013

Sekisui House, Ltd.

Our Corporate Profile

As Japan's leading home builder, Sekisui House, Ltd. boasts a track record of more than two million homes built to date. Our base of business is the construction, sale, purchase and administration of residential properties; the design, execution, contracting and supervision of construction projects; real estate brokerage and landscaping.
Since our establishment in 1960, we at Sekisui House have achieved steady growth, becoming an ever-increasingly active participant in the Japanese construction industry.

Contents

Forward-Looking Statements

The information in this annual report contains forward-looking statements regarding the Company's plan, outlook, strategies and results for the future. All the forward-looking statements are based on the Company's judgments derived from information available at the time of publication.
Therefore, certain risks and uncertainties could cause the Company's actual results to differ materially from any projections presented here.

Financial Highlights

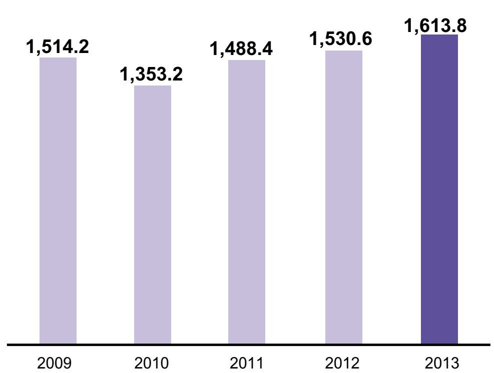
Sekisui House, Ltd. and Subsidiaries
For the year ended January 31

	Millions of yen					Thousands of U.S. dollars
	2013	2012	2011	2010	2009	**2013**
For the year:						
Net sales	**¥ 1,613,816**	¥ 1,530,578	¥ 1,488,370	¥ 1,353,186	¥ 1,514,172	**$ 17,707,000**
Operating income (loss)	**86,197**	70,897	56,355	(38,755)	73,960	**945,765**
Net income (loss)	**46,459**	28,962	30,421	(29,277)	11,517	**509,754**
At year ended						
Total assets	**1,539,273**	1,445,829	1,341,309	1,353,946	1,387,237	**16,889,105**
Net assets	**814,064**	750,374	738,029	716,296	754,130	**8,932,017**

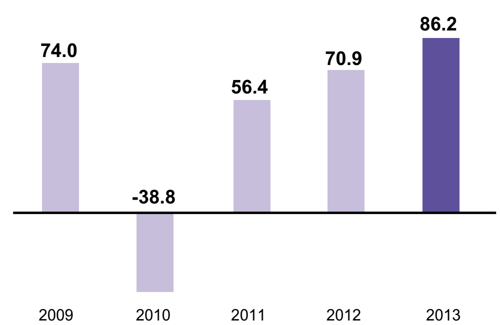
	Yen					U.S. dollars
	2013	2012	2011	2010	2009	**2013**
Per share:						
Net income (loss)	**¥ 69.17**	¥ 42.90	¥ 45.02	¥ (43.32)	¥ 17.04	**$ 0.76**
Net assets	**1,200.63**	1,107.43	1,090.67	1,059.18	1,115.20	**13.17**
Cash dividends applicable to the year	**28.00**	20.00	21.00	10.00	24.00	**0.31**

Note: U.S. dollar amounts above and elsewhere in this report represent translations of Japanese yen, for convenience only, at the approximate exchange rate of ¥91.14 = U.S. $1, effective at January 31, 2013.

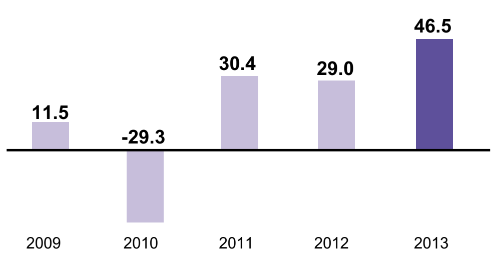
Net Sales
Billions of yen



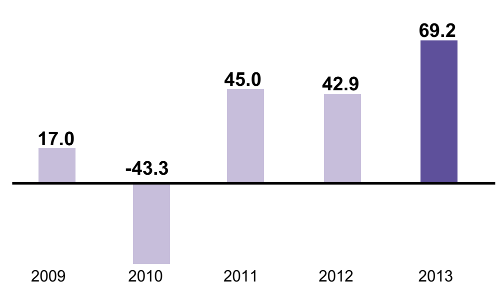
Operating Income
Billions of yen



Net Income
Billions of yen



Net Income Per Share
Yen



FY2012 Medium-Term Management Plan

Accelerating profit growth with strategies focused on the residential business domain

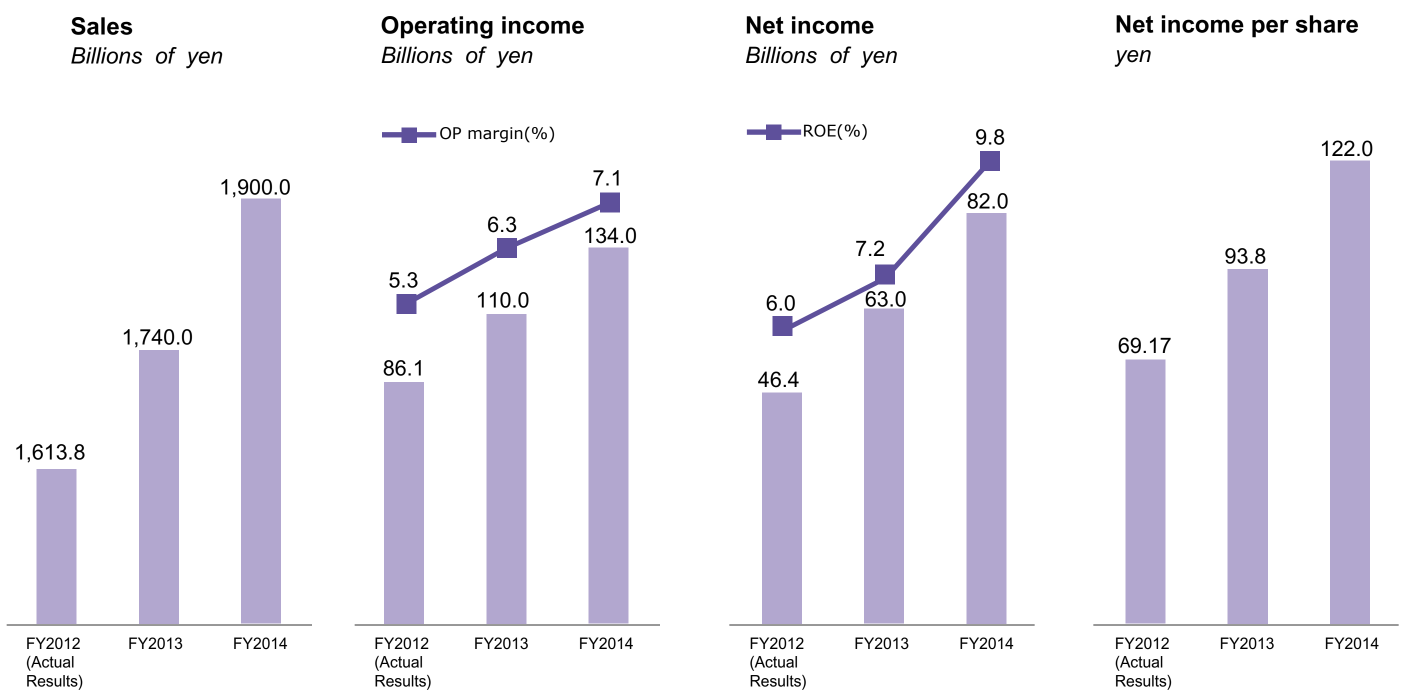
Pressing ahead with operations based on three business models

In line with the FY2010 Medium-Term Management Plan for fiscal 2010 to 2012, Sekisui House pressed ahead with operations on the basis of the Green First Strategy and reformed its earnings structure to steadily outperform its initial results targets. In view of the healthy results, we embarked on the new FY2012 Medium-Term Management Plan for fiscal 2012 to 2014 in November last year.

Under the new Medium-Term Management Plan, we will execute growth strategies with a focus on the residential business domain in a bid to accelerate profit growth through business expansion. A broad array of advanced technologies and lifestyle proposals that we have offered will be integrated into a unified brand vision of SLOW & SMART and our business will be operated based on three business models: the Built-to-Order Business, the Supplied Housing Business and the Development Business. Using this approach, we will aim for sustained growth in earnings while working towards the SLOW & SMART vision in growing overseas markets, while acting to put the business on the path of continued growth.

The plan sets a target of achieving net sales of ¥1,900 billion, operating income of ¥134 billion and an operating profit margin of 7.1%, all on a consolidated basis, for the final fiscal year 2014.

Consolidated Performance Targets



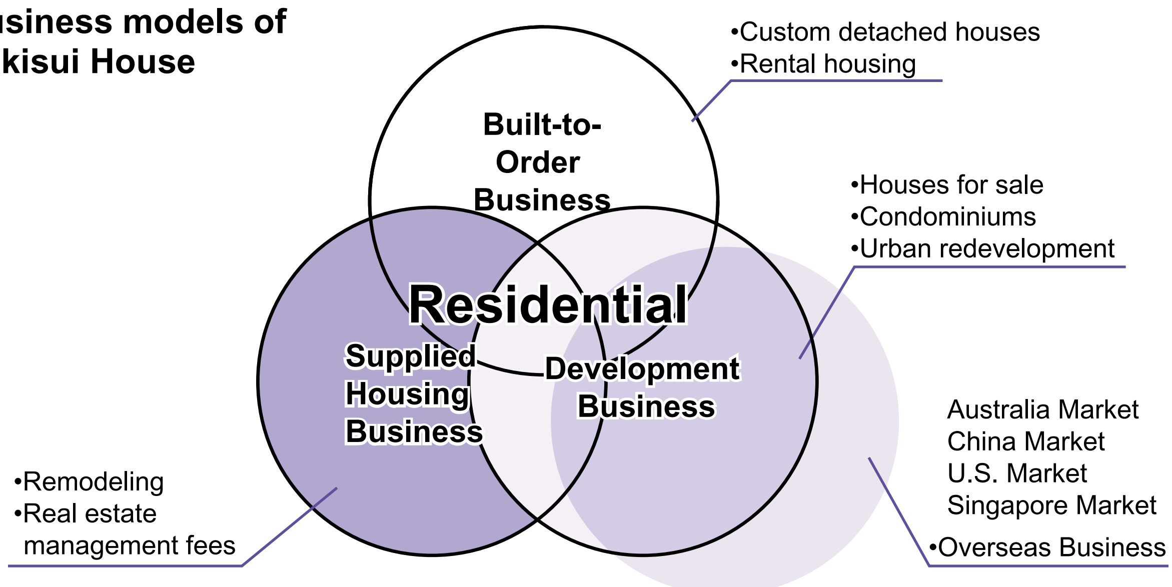
Note1: The target figures for FY2013 reflect the upward revision to the figures announced in November 2012.
Note2: Calculation of the return on equity (ROE) and earnings per share (EPS) does not take into account the conversion of bonds with stock acquisition rights.

Outline of the FY2012 Medium-Term Management Plan

Management Direction

Deployment of growth strategies focused on the "residential" business domain

Business models of Sekisui House



[Basic Direction]
Continue establishing infrastructure for growth
Pursue high profitability by further improving efficiency.

(1) Built-to-Order Business
Leverage management base and technical expertise to achieve growth.

(2) Supplied Housing Business
Use advantage of high quality stock that we have supplied in the past to achieve growth.

(3) Development Business
Harness unique technical expertise to pursue town planning business in Japan and overseas. Also prepare exit strategies using REITs, etc.

Brand Vision

SLOW & SMART
Housing innovation to make your heart feel at home

To Our Shareholders and Investors

The new Medium-Term Management Plan begins.
Sekisui House will focus on the residential business domain to achieve business expansion and profit growth.

Toshinori Abe
President & COO

Isami Wada
Chairman & CEO

■Three Business Models for Fresh Powerful Growth

First, we are pleased to report to our shareholders that we achieved higher results than initially targeted in the FY2010 Medium-Term Management Plan and that execution of the new FY2012 Medium-Term Management Plan began before the end of the third year under the previous plan. Covering the period until fiscal 2014, the new plan has defined detailed targets with a long-term outlook. Based on this plan, we will swiftly respond to changing conditions to increase the pace of our profit growth.

Specifically, we will classify our eight business segments into three business models and pursue growth strategies focused on the residential business domain.

The first model is the Built-to-Order Business, which covers the custom detached houses business and the rental housing business. The second model is the Supplied Housing Business. Capitalizing on a cumulative total of more than 2.13 million houses built, it comprises the remodeling business and the real estate management fees business. The third model is the Development Business, which deals with houses for sale, condominiums and urban redevelopment. The overseas business with huge growth potential is a new pillar in this business model.

With these three business models, and aiming to achieve new growth, Sekisui House will continue to step up its efforts with an emphasis on the unshakable foundation of the residential business domain, based on our lifelong housing concept.

The Japanese government is adopting a radical policy shift to create wealth through growth. There are mounting hopes that Japan will finally shake off its lingering deflation and overvalued yen and achieve a strong economy. The stock market already reflects the more positive economic mood. It is time Japan worked together to achieve solid new growth.

Sekisui House will unquestionably benefit from this favorable trend in the Japanese economy. With an ambitious spirit to drive the economy, we will move forward to achieve even more challenging goals. In this sense, the timing of the FY2012 Medium-Term Management Plan is excellent. We have constructed a robust internal infrastructure that supports these growth strategies.

■Embodying the Brand Vision of SLOW & SMART and Putting It in Tangible Form

Sekisui House will take steps to achieve profit growth through business expansion driven by the outcomes of the

reforms it has made to its earnings structure. The brand vision of SLOW & SMART has been launched as a major challenge in this respect. SLOW represents the reliable residential comfort that we value and SMART refers to our advanced technologies that respond to evolving needs.
Sekisui House is proud of its Green First, Slow Living, SHEQAS and other basic technologies, which support the high-quality houses that we have developed. We also boast advanced technologies for proposing *comfortable living - now and always.* These technologies have been amalgamated into SLOW & SMART. We will display the Sekisui House Group's overall strengths to meet ever-diversifying customer needs and to increase our market share to achieve business growth.

We have also launched the industry's first open innovation facility to put the SLOW & SMART concept into tangible form. Amid the accelerating diversification of lifestyles and family structures, we jointly explore and create living and lifestyles together with many different stakeholders, including consumers and researchers, using a scientific basis to identify the quality of comfort and richness of living. We believe that the exchange, research and communication functions of the facility will serve to symbolize the leading role that Sekisui House plays in the housing industry, proposing new value in constant anticipation of future developments.

■Together with Shareholders: A New History for Sekisui House Begins

In our core business, we will harness our unique strengths, including our thriving original Dyne Wall and Bellburn exterior walls. In addition, we have remodeled the β system construction method for heavy-gauge steel frame houses for the first time in 15 years. With extended design freedom, our three-story houses have unrivalled competitiveness in the markets for urban detached houses and rental housing. We will be exhaustive in efforts to combine quantitative enlargement with quality enhancement. We will organize events designed to boost our diverse sales operations and will redouble our sales promotion efforts.

In addition, in anticipation of a government policy aimed at effectively zero energy consumption by all new residential houses in 2020, we will upgrade our Green First strategy and launch a full-scale effort to promote Zero Energy Houses.

The development business we operate in Australia, the United States and Singapore is so bullish that stable profitability can now be expected. In China, as the supply of high quality houses will begin, the market has high expectations for our unique environmental technologies.

Sekisui House operates three business models. First is the Built-to-Order Business, which deals with custom detached houses and rental housing. Second is the Supplied Housing Business, which takes advantage of the customer base we have developed. And third is the Development Business, which expands into overseas markets. We will boost synergy among the three business models to move into the phase of solid growth. Governmental housing policies suggest that housing is of ever growing social importance, as housing construction has a significant ripple effect on the whole economy.

We have drawn up clear targets in the FY2012 Medium-Term Management Plan and developed the internal and external environment for growth.

With respect to the return of profits to shareholders, we have a basic policy of ensuring a payout ratio of 40% over the medium and long terms. We will endeavor to increase dividends through improvements in financial results.

Sekisui House makes a pledge to shareholders that it will strive to achieve steady growth with a focus on the residential business domain as its starting point.

■Financial analysis

In the fiscal year under review, demand for reconstruction projects in areas affected by the Great East Japan Earthquake acted as a key support for the Japanese economy. However, the search for a way to achieve an economic recovery continued, given unreliable economic conditions in external markets such as Europe and China, in addition to slowdowns in exports, capital spending and other economic activities attributable to the global economic downturn. In the meantime, the excessive appreciation of the yen corrected, and share prices showed signs of recovery, reflecting expectations of monetary easing and other bold measures for the economy that accompanied the change in government.

In the housing market, new housing starts showed a gradual recovery, assisted by increased public interest in housing safety, housing security and energy issues, and central government measures for supporting housing acquisition, including a system of subsidies for installing solar power generation systems, with continued low interest rates in the background. Public interest in housing also grew stronger because the outline of tax revisions proposed by the central government included an expanded tax deduction for housing loans, assuming a consumption tax increase, and the imposition of heavier inheritance taxes.

Under these circumstances, as an environmental strategy, Sekisui House proactively proposed Green First Hybrid, an advanced series of homes featuring the world's first power supply system providing integrated control of solar cells, fuel cells and storage batteries, using a home energy management system (HEMS). We also improved its lineup of storage batteries as eco-friendly home products by introducing lithium storage batteries and systems that are linked with electric vehicles. Moreover, we decided to develop a common HEMS platform with IBM Japan, Ltd. to centralize management of housing and social information and to realize comfortable living in smart towns and smart houses.

Looking at business performance, orders grew steadily for detached and rental housing, thanks to the successful implementation of the Green First Strategy. Sales promotion

events, such as *Sumai no Sankan-bi* (visits to model houses) and Sha-Maison Festa, proved effective, and reconstruction in areas affected by the earthquake also began to produce results.

Net sales in FY2012 amounted to ¥1,613,816 million ($17,707,000 thousand), up 5.4% from the previous fiscal year. Operating income grew to ¥86,197 million ($945,765 thousand, up 21.6%), while net income amounted to ¥46,459 million ($509,754 thousand, up 60.4%), resulting in higher sales and higher income.

For the financial position, total assets increased by ¥93,443 million to ¥1,539,273 million ($16,889,105). Assets increased primarily owing to the increases in land for sale for overseas business and rental properties. Liabilities increased mainly due to the increase in debt in order to meet the capital needs of overseas business. Net assets increased and equity ratio was 52.4%.

Looking ahead, in the Japanese economy, there is expectation of a recovery in corporate profits through monetary easing and other bold measures for the economy that accompanied the change in government. Under these circumstances, Sekisui House made a promising start by announcing a new medium-term management plan that focuses on the "residential" business domain. We aim to expand its businesses further, taking into consideration factors including an expanded tax deduction for housing loans and a large variety of other support measures planned by the central government plans.

For the fiscal year ending January 31, 2014, we have revised our consolidated business results forecast announced on November 15, 2012 as follows: Consolidated net sales of ¥1,740,000 million (up 7.8% from the current fiscal year under review), consolidated operating income of ¥110,000 million (up 27.6%), consolidated ordinary income of ¥111,000 million (up 21.0%), and consolidated net income of ¥63,000 million (up 35.6%).

For the year ended January 31, 2013, a year-end dividend of ¥16 per share, three yen higher than planned at the beginning of fiscal year, is to be paid. In addition to the interim dividend of ¥12 per share, this makes a full-year dividend of ¥28 per share, eight yen higher than the dividend for the preceding fiscal year. For the next fiscal year, we plan to pay out an interim dividend of ¥18 and a year-end dividend of ¥18, totaling ¥36 for the full year.

I. Wada

Isami Wada
Chairman & CEO

Toshinori Abe

Toshinori Abe
President & COO

Segment Information

FY2012 Business results

Consolidated net sales: ¥1,613,816 million, Consolidated operating income: ¥86,197 million

Custom Detached Houses

Sales

¥ 465,149 million

(down 2.1% year-on-year)

Operating income

¥ 48,800 million

(down 7.0% year-on-year)

[Business details]

Design, construction, and contracting of built-to-order detached houses

[Summary]

Sales remained almost unchanged from the previous fiscal year, while orders grew 5.9% after we proposed the Green First Strategy, among other initiatives, and focused on sales promotion. In the market for three-story steel-frame houses, a new product resulting from dramatic changes to the original β System method was introduced.

For Sha-Wood wooden houses, a production system was constructed to meet bullish orders for the Bellburn, an original exterior wall made of earthenware.

Rental Housing

Sales

¥ 303,713 million

(up 5.1% year-on-year)

Operating income

¥ 27,547 million

(up 3.6% year-on-year)

[Business details]

Design, construction, and contracting of properties for lease, medical and nursing care facilities, and other buildings

[Summary]

Sales for the fiscal year under review increased, overcoming the impact of lower sales of temporary houses built in the wake of the Great East Japan Earthquake, which were posted in FY2011. In addition to needs for high quality rental houses, we regularly received inquiries about purchases as a means of reducing the inheritance tax. Meanwhile, we took positive steps to boost sales, including the organization of the Sha-Maison Festa, generating strong orders.

Remodeling

Sales

¥ 111,549 million

(up 9.2% year-on-year)

Operating income

¥ 11,542 million

(up 19.9% year-on-year)

[Business details]

Remodeling of residential properties

before

after

[Summary]

We promoted the Green First Remodeling Strategy to vigorously sell solar power generation systems. We also stepped up renovations for heat insulation and proposal-based remodeling, which lead to enhanced energy conservation or performance. This effort resulted in both higher sales and higher profitability.

Real Estate Management Fees

Sales

¥ 393,978 million

(up 4.2% year-on-year)

Operating income

¥ 17,040 million

(up 19.5% year-on-year)

[Business details]

Sub-lease, management, operation and brokerage of real estate

[Summary]

Sales climbed after solid supply of rental houses. The number of units under management exceeded 500,000. The occupancy rate climbed 0.4 percentage point year on year, to 96.0%. Profitability also surged.

Houses for Sale

Sales
¥ 127,810 million
(up 0.5% year-on-year)

Operating income
¥ 1,580 million
(down 57.1% year-on-year)

[Business details]
Sale of houses and lands and designing, construction, and contracting of houses on lands for sale

[Summary]
As inventory adjustment with an emphasis on profitability came to an end, sales began to trend upwards. As a leader in smart houses, we stepped up our focus on promoting houses for sale, which allow residents to live safely and with peace of mind by eliminating power shortages and with the use of emergency power sources in the event of a disaster. We have develop a total of 11 smart towns nationwide.

Condominiums

Sales
¥ 52,539 million
(up 32.4% year-on-year)

Operating income
¥ 1,005 million
(-)

[Business details]
Sale of condominiums

[Summary]
In this segment as well, we moved forward with the Green First Strategy and took steps to bolster brand value. Sales proved buoyant, mainly in three major urban areas of Tokyo, Nagoya and Osaka.

Urban Redevelopment

Sales
¥ 45,529 million
(up 20.7% year-on-year)

Operating income
¥ 9,788 million
(down 1.9% year-on-year)

[Business details]
Development of office buildings and commercial facilities, and management and operation of owned properties

[Summary]
The Group's own assets for lease showed high occupancy rates. Following asset sales to REITs and other positive factors, sales climbed.

Overseas

Sales
¥ 54,845 million
(up 126.0% year-on-year)

Operating income
¥ 4,248 million
(-)

[Business details]
Contracting of built-to-order detached houses, sale of houses and real estate, and development and sale of facilities, including condominiums and commercial facilities, in overseas markets

[Summary]
An asset transfer commenced in the condominium business in Australia.
In North America, we saw good results with land for sale in lots, chiefly in the Houston area in Texas.
As a consequence, sales growth was achieved.

Other

Sales: ¥ 58,704 million (up 3.0% year-on-year), **Operating loss:** ¥ 446 million (-)
[Business details] Mainly involving in exterior business, etc.

Sekisui House Topics

Environmental and Social Responsibility

Sekisui House is striving to build a sustainable society. This is evident from its track record, including the announcement of the Environmental Future Plan in 1999, the Declaration of Sustainability in 2005, and Eco-First Company certification obtained in 2008. The following explains some of the actions taken by Sekisui House as a company that continues to lead the industry and attain growth.

■ Environmental Strategy at the Heart of Management Strategy

Placing its environmental strategy at the heart of its management, Sekisui House became one of the first companies to start taking action to combat global warming. It has been developing technological innovations to reduce carbon dioxide emissions. In an effort to lower the impact on the environment by enhancing the performance of detached houses, we began to provide multi-layer thermal barrier insulation glass and insulated aluminum sash as standard in 2000, followed by an industry first with the introduction of next-generation energy-saving specifications as standard in 2003. In addition, since 2005 we have been offering houses equipped with solar power generation systems.

In 2008, we announced the Carbon Neutral House, which combines energy saving with energy generation to achieve zero net CO_2 emissions when occupied. To coincide with the 2008 G8 Summit, we provided full support for the construction of the Zero Emission House as a futuristic residential building that emits no carbon dioxide throughout its product lifecycle, from production to dismantlement. Our environmental technologies and message were presented to the world through the media, earning strong praise.

In 2009, we defined environmentally friendly houses as a business axis and launched the Green First Strategy. We propose the Green First series of eco-friendly residential houses equipped with solar power generation systems as well as household fuel cells and storage batteries to cut CO_2 emissions by 60% to 100% in a state of occupancy. The Green First models accounted for 83.8% of total detached house orders received in fiscal 2012. We also received orders for 11,920 houses with solar power generation systems and 8,095 houses with household fuel cells. The share of rental housing reached 44.6% and we received orders for 2,136 of houses with solar power generation systems.

Our Green First initiative is not confined to new housing. We also promote Green First Remodeling for existing houses, responsible for a large proportion of CO_2 emissions in the household sector. Specifically, we propose remodeling for enhanced heat insulation efficiency and energy-saving equipment to improve living comfort as well as improved performance in energy generation and conservation. In fiscal 2012, we promoted solar power generation in the remodeling business, winning orders for 7,249 houses.

For fiscal 2012, total shipments for new houses and remodeling created a power generation capacity of 86 MW, comparable to the capacity of one of the larger mega solar facilities in Japan.

On the strength of these achievements, we have adopted as a priority challenge the task of vigorously promoting the Zero Energy House, which the Japanese government is aiming to have in widespread use by 2020. We also set a goal of achieving 60% of detached house orders in fiscal 2014.

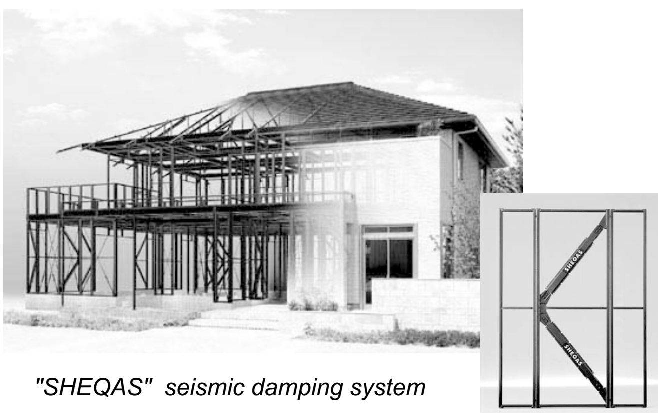
With these efforts, we will lead the industry.

Storage battery

Fuel cell

Brand Vision - SLOW & SMART

Sekisui House adopted its brand vision of SLOW & SMART in 2012. We are moving forward with housing that offers richness and permanent comfort while seeking enhanced basic housing performance and advanced technologies and building the overall capability to offer lifestyle proposals.
Defining improvement in customer comfort as a priority challenge, we are working hard to develop cutting-edge technologies that help achieve the challenge. In addition to environmental technologies, we possess a large number of proprietary technologies. These include the SHEQAS seismic damping system accredited by the Minister of Land, Infrastructure, Transport and Tourism, the Airkis air environment specification, designed to cut indoor concentration of chemicals to less than half the standards set by the Japanese government, and the Bellburn earthenware exterior wall. With these technologies, we support the construction of SLOW & SMART houses.



"SHEQAS" seismic damping system

Japan sees growing needs for, and mounting interest in, natural energy and energy conservation technologies. From an early stage, Sekisui House has focused on the smart house. We have conducted demonstrative and residential experiments in collaboration with many different companies, energy business operators and research institutions. A model house has been put on public display in Yokohama. In August 2011, we announced the Green First Hybrid, the world's first smart house equipped with photovoltaic cells, fuel cells and storage batteries to perform optimal energy control with a home energy management system (HEMS). For community building, we develop 11 smart towns across the country. We will continue to advance housing and community construction to achieve SLOW & SMART lifestyles all over Japan and around the world.

Development of our overseas business

Sekisui House set off its overseas business in 2009. Based on the high marks earned by our track record in eco-friendly technologies and high-quality house building, we have been launching a number of projects in Australia, the United States, China and Singapore, in cooperation with local administrative authorities and major developers that agree with our corporate policies.

As a method of operating our business, we are proceeding with the urban development and with the housing construction and sales businesses in alliance with leading local developers and home builders. We are targeting countries and regions with population and high economic growth potential and robust demand for enriched and high-quality housing, while making a judgment on the housing market conditions and the adaptability of our businesses in each area.

As we seek to achieve annual sales of ¥200 billion in FY2014, we will contribute to improvements in the local housing environment and culture as a proactive creator of comfortable living environments.

Australia "The Hermitage"

Actions for Sustainability

In consideration of biological diversity, Sekisui House proposes the planting of native species suitable for the local climate and vegetation at the time of constructing residential buildings or areas in accordance with our original guidelines. In so doing, we are promoting the *Gohon no ki* landscaping concept that helps to conserve eco-systems.

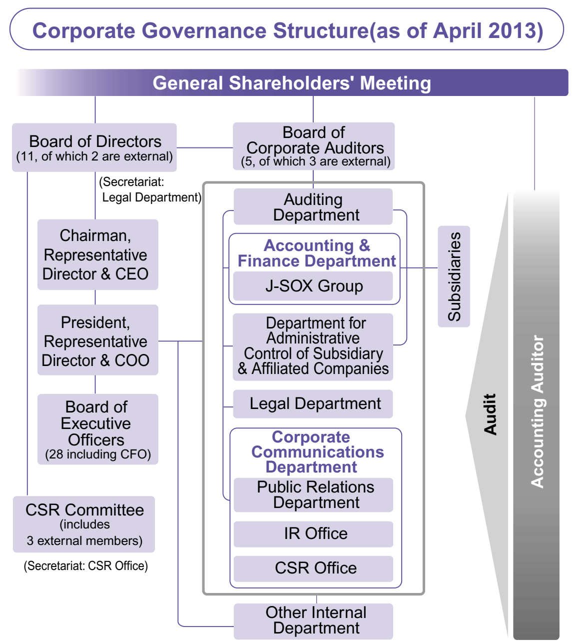
We exhaustively practice the Reduce, Reuse and Recycle approach in an effort to reduce construction waste and to make effective use of resources. We have a waste disposal system with a high level of traceability that covers all processes from separation on the construction site to the recycling routes in factories. After achieving zero emissions from production plants, new building sites, after-sales maintenance and remodeling sites, we are striving to achieve the same at the time of dismantling houses.

Sekisui House waste management system

We understand that one of our social missions is to pass the extensive knowledge and experience we have cultivated in our housing business on to society to help create comfortable living environments where both communities and homeowners thrive. For this reason, we engage in numerous educational activities, including initiatives to raise awareness of housing through experience and experiments, in addition to seminars for schools and the public on the subjects of housing and living as well as global warming and eco-system conservation through housing and living. We are also involved in industry-academia collaboration with universities and research institutions for interdisciplinary research that is key to sustainability studies, including those on environmental technologies, resource recycling technologies, health considerations, robot technologies and the states of living and communities.

■ Governance Structure

To earn even greater trust from its stakeholders, Sekisui House defines corporate governance as a priority management issue. To ensure the transparency of corporate administration and the timely and appropriate exertion of the check and supervisory functions, we have two outside directors and three outside auditors. We thus make clear the responsibility for management and accelerate business execution.



As a structure for executing our CSR activities, the CSR Committee has been set up with three outside members, to serve as an advisory body for the board. Introducing outside perspectives to CSR management, we seek to enrich our CSR activities.

Information on these and other corporate environment and social responsibility initiatives for FY2012 will be released in our "Sustainability Report 2013" and on our website.

Management's Discussion and Analysis

Results of Operations

For the year ended January 31

	Millions of yen					Thousands of U.S. dollars
	2013	2012	2011	2010	2009	**2013**
Net sales	**¥ 1,613,816**	¥ 1,530,578	¥ 1,488,370	¥ 1,353,186	¥ 1,514,172	**$ 17,707,000**
Cost of sales	**1,314,313**	1,255,254	1,231,162	1,196,849	1,222,923	**14,420,814**
Operating income (loss)	**86,197**	70,897	56,355	(38,755)	73,960	**945,765**
Net income (loss)	**46,459**	28,962	30,421	(29,277)	11,517	**509,754**

Segment information (Note 21)
Sales by each segment

	Millions of yen					Thousands of U.S. dollars
	2013	2012	2011	2010	2009	**2013**
Custom detached houses	**¥ 465,149**	¥ 475,330	¥ 455,239	-	-	**$ 5,103,675**
Rental housing	**303,713**	289,028	277,660	-	-	**3,332,379**
Remodeling	**111,549**	102,180	91,443	-	-	**1,223,930**
Real estate management fees	**393,978**	378,248	361,989	-	-	**4,322,778**
Houses for Sale	**127,810**	127,123	146,471	-	-	**1,402,348**
Condominiums	**52,539**	39,682	77,185	-	-	**576,465**
Urban redevelopment	**45,529**	37,720	22,209	-	-	**499,550**
Overseas	**54,845**	24,264	-	-	-	**601,767**
Other	**58,704**	57,003	56,174	-	-	**644,108**
Consolidated	**1,613,816**	1,530,578	1,488,370	1,353,186	1,514,172	**17,707,000**

	Millions of yen					Thousands of U.S. dollars
	2013	2012	2011	2010	2009	**2013**
Built to order housing	-	-	¥ 697,388	¥ 590,377	¥ 682,862	**-**
Real estate for sale	-	-	229,484	253,572	317,279	**-**
Real estate for leasing	-	-	377,667	364,218	357,075	**-**
Other	-	-	183,831	145,019	156,956	**-**

Note: We have changed segments classification in the year ended January 31, 2013 and 2012.

Amounts per share (Note 18)	Yen					U.S. dollars
	2013	2012	2011	2010	2009	**2013**
Net income (loss) per share	**¥ 69.17**	¥ 42.90	¥ 45.02	¥ (43.32)	¥ 17.04	**$ 0.76**
Diluted	**64.32**	41.12	45.00	-	17.03	**0.71**
Net assets	**1,200.63**	1,107.43	1,090.67	1,059.18	1,115.20	**13.17**
Dividends	**28.00**	20.00	21.00	10.00	24.00	**0.31**

Ratios

	2013	2012	2011	2010	2009
Equity ratio	**52.39%**	51.45%	54.94%	52.86 %	54.33%
Return on assets (ROA)∗	**5.96%**	5.28%	4.34%	(2.69)%	5.60%
Return on equity (ROE)	**5.99%**	3.91%	4.19%	(3.98)%	1.51%
DE ratio	**33.31%**	35.67%	28.77%	36.56 %	33.17%

∗ ROA = (Operating income + Interest and dividend income) / Total assets

∗ See notes to consolidated financial statements.

Consolidated Balance Sheets

Sekisui House, Ltd. and Subsidiaries
January 31, 2013 and 2012

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	**2013**
Assets			
Current assets:			
Cash and cash equivalents *(Note 19)*	**¥ 179,242**	¥ 169,524	**$ 1,966,667**
Short-term investments *(Notes 4, 10 and 19)*	**3,089**	5,000	**33,893**
Notes and accounts receivable :			
Affiliates	**215**	243	**2,359**
Trade *(Note 19)*	**38,612**	36,531	**423,656**
Other	**21,608**	21,729	**237,086**
Less allowance for doubtful accounts	**(1,823)**	(1,990)	**(20,002)**
	58,612	56,513	**643,099**
Inventories *(Notes 5 and 10)*	**648,823**	616,333	**7,118,971**
Deferred income taxes *(Note 11)*	**46,876**	50,248	**514,329**
Other current assets	**19,249**	18,456	**211,202**
Total current assets	**955,891**	916,074	**10,488,161**
Property, plant and equipment, at cost:			
Land *(Notes 6 and 10)*	**210,655**	191,356	**2,311,334**
Buildings and structures *(Notes 6 and 10)*	**259,903**	245,216	**2,851,690**
Machinery, equipment and other *(Note 6)*	**90,178**	85,684	**989,445**
Construction in progress	**19,342**	16,667	**212,223**
	580,078	538,923	**6,364,692**
Less accumulated depreciation	**(193,094)**	(184,787)	**(2,118,653)**
Property, plant and equipment, net	**386,984**	354,136	**4,246,039**
Investments and other assets:			
Long-term loans receivable	**43,575**	35,795	**478,110**
Less allowance for doubtful accounts	**(741)**	(1,012)	**(8,130)**
	42,834	34,783	**469,980**
Investments in securities *(Notes 4, 10 and 19)*	**69,641**	57,259	**764,110**
Investments in affiliates *(Notes 7, 10 and 19)*	**9,469**	8,597	**103,895**
Goodwill	**893**	1,219	**9,798**
Other intangible assets	**14,437**	13,112	**158,405**
Deferred income taxes *(Note 11)*	**21,562**	21,700	**236,582**
Other assets	**37,562**	38,949	**412,135**
Total investments and other assets	**196,398**	175,619	**2,154,905**
	¥ 1,539,273	¥ 1,445,829	**$16,889,105**

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	**2013**
Liabilities and net assets			
Current liabilities:			
Short-term loans *(Note 9)*	**¥ 18,697**	¥ 18,971	**$ 205,146**
Current portion of long-term debt and lease obligations *(Notes 9,10 and 19)*	**50,409**	62,285	**553,094**
Notes and accounts payable *(Note 19)* :			
Affiliates	**3,113**	3,008	**34,156**
Trade	**147,475**	135,530	**1,618,114**
Accrued income taxes *(Note 11)*	**26,840**	27,043	**294,492**
Advances received on construction projects in progress	**87,886**	76,273	**964,297**
Allowance for employees' bonuses	**18,384**	17,151	**201,712**
Allowance for directors' and corporate auditors' bonuses	**829**	734	**9,096**
Allowance for warranties for completed construction	**3,123**	3,091	**34,266**
Other current liabilities	**54,269**	64,166	**595,447**
Total current liabilities	**411,025**	408,252	**4,509,820**
Long-term liabilities:			
Long-term debt and lease obligations *(Notes 9, 10 and 19)*	**199,516**	184,076	**2,189,116**
Guarantee deposits received *(Note 10)*	**53,020**	52,294	**581,742**
Accrued retirement benefits for employees *(Note 12)*	**53,214**	42,526	**583,871**
Accrued retirement benefits for directors and corporate auditors	**1,140**	1,035	**12,508**
Other liabilities	**7,294**	7,272	**80,031**
Total long-term liabilities	**314,184**	287,203	**3,447,268**
Contingent liabilities *(Note 14)*			
Net assets:			
Shareholders' equity *(Note 15)*:			
Common stock:			
Authorized: 1,978,281,000 shares			
Issued: 676,885,078 shares in 2013 and 2012	**186,554**	186,554	**2,046,895**
Capital surplus	**237,523**	237,523	**2,606,133**
Retained earnings	**357,831**	326,154	**3,926,169**
Less treasury stock, at cost	**(4,219)**	(4,202)	**(46,291)**
Total shareholders' equity	**777,689**	746,029	**8,532,906**
Accumulated other comprehensive income (loss):			
Net unrealized holding gain on securities	**11,951**	1,575	**131,128**
Deferred loss on hedges	**(45)**	(7)	**(494)**
Translation adjustments	**16,812**	(3,767)	**184,463**
Total accumulated other comprehensive income (loss)	**28,718**	(2,199)	**315,097**
Stock subscription rights *(Note 15)*	**429**	365	**4,707**
Minority interests	**7,228**	6,179	**79,307**
Total net assets	**814,064**	750,374	**8,932,017**
	¥ 1,539,273	¥ 1,445,829	**$16,889,105**

∗See notes to consolidated financial statements.

Consolidated Statements of Income

Sekisui House, Ltd. and Subsidiaries
Years ended January 31, 2013 and 2012

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	**2013**
Net sales *(Note 21)*	**¥ 1,613,816**	¥ 1,530,578	**$17,707,000**
Cost of sales	**1,314,313**	1,255,254	**14,420,814**
Gross profit	**299,503**	275,324	**3,286,186**
Selling, general and administrative expenses *(Note 16)*	**213,306**	204,427	**2,340,421**
Operating income	**86,197**	70,897	**945,765**
Other income (expenses):			
Interest and dividend income	**2,776**	2,648	**30,459**
Interest expense	**(1,621)**	(1,886)	**(17,786)**
Loss on sales or disposal of fixed assets	**(1,466)**	(2,184)	**(16,085)**
Foreign exchange gains (losses), net	**4,235**	(1,022)	**46,467**
Equity in earnings of affiliates	**312**	450	**3,423**
Loss on revaluation of investments in securities	**(1,539)**	(2,771)	**(16,886)**
Loss on impairment of fixed assets *(Note 6)*	**(2,301)**	(958)	**(25,247)**
Cost on settlement of currency swap contracts	**(1,068)**	(1,340)	**(11,718)**
Loss from earthquake	**–**	(1,275)	**–**
Cumulative effect of initial application of accounting standard for asset retirement obligations	**–**	(688)	**–**
Other, net	**936**	329	**10,269**
Income before income taxes and minority interests	**86,461**	62,200	**948,661**
Income taxes *(Note 11)*:			
Current	**38,114**	33,836	**418,191**
Deferred	**(240)**	(619)	**(2,633)**
	37,874	33,217	**415,558**
Income before minority interests	**48,587**	28,983	**533,103**
Minority interests in earnings of subsidiaries	**(2,128)**	(21)	**(23,349)**
Net income	**¥ 46,459**	¥ 28,962	**$ 509,754**

∗See notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income

Sekisui House, Ltd. and Subsidiaries
Years ended January 31, 2013 and 2012

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	**2013**
Income before minority interests	**¥ 48,587**	¥ 28,983	**$ 533,103**
Other comprehensive income (loss):			
Net unrealized holding gain (loss) on securities	**10,296**	(1,255)	**112,969**
Deferred loss on hedges	**(37)**	(19)	**(406)**
Translation adjustments	**20,682**	(5,894)	**226,925**
Share of other comprehensive income of affiliates accounted for by the equity method	**117**	8	**1,284**
Total other comprehensive income (loss)	**31,058**	(7,160)	**340,772**
Comprehensive income	**¥ 79,645**	¥ 21,823	**$ 873,875**
Total comprehensive income (loss) attributable to:			
Shareholders of Sekisui House, Ltd.	**¥ 77,376**	¥ 21,823	**$ 848,979**
Minority interests	**2,269**	(0)	**24,896**

*See notes to consolidated financial statements.

Consolidated Statements of Changes in Net Assets

Sekisui House, Ltd. and Subsidiaries
Years ended January 31, 2013 and 2012

	Millions of yen										
						Accumulated other comprehensive income (loss)					
	Number of shares in issue	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Net unrealized holding gain on securities	Deferred loss on hedges	Translation adjustments	Stock subscription rights	Minority interests	Total net assets
Balance at February 1, 2011	**676,885,078**	**¥186,554**	**¥237,523**	**¥309,362**	**¥(1,417)**	**¥ 2,813**	**¥12**	**¥ 2,116**	**¥292**	**¥ 774**	**¥738,029**
Net income for the year.................	—	—	—	28,962	—	—	—	—	—	—	28,962
Cash dividends..............................	—	—	—	(12,165)	—	—	—	—	—	—	(12,165)
Purchases of treasury stock..........	—	—	—	—	(2,798)	—	—	—	—	—	(2,798)
Sales of treasury stock..................	—	—	—	(5)	13	—	—	—	—	—	8
Other changes...............................	—	—	—	—	—	(1,238)	(19)	(5,883)	73	5,405	(1,662)
Balance at February 1, 2012	**676,885,078**	**¥186,554**	**¥237,523**	**¥326,154**	**¥(4,202)**	**¥ 1,575**	**¥(7)**	**¥(3,767)**	**¥365**	**¥6,179**	**¥750,374**
Net income for the year.................	—	—	—	46,459	—	—	—	—	—	—	46,459
Cash dividends..............................	—	—	—	(14,781)	—	—	—	—	—	—	(14,781)
Purchases of treasury stock..........	—	—	—	—	(32)	—	—	—	—	—	(32)
Sales of treasury stock..................	—	—	—	(1)	15	—	—	—	—	—	14
Other changes...............................	—	—	—	—	—	10,376	(38)	20,579	64	1,049	32,030
Balance at January 31, 2013	**676,885,078**	**¥186,554**	**¥237,523**	**¥357,831**	**¥(4,219)**	**¥11,951**	**¥ (45)**	**¥16,812**	**¥429**	**¥7,228**	**¥814,064**

	Thousands of U.S. dollars (Note 1)									
					Accumulated other comprehensive income (loss)					
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Net unrealized holding gain on securities	Deferred loss on hedges	Translation adjustments	Stock subscription rights	Minority interests	Total net assets
Balance at February 1, 2012	**$2,046,895**	**$2,606,133**	**$3,578,605**	**$(46,105)**	**$ 17,281**	**$ (77)**	**$ (41,332)**	**$ 4,005**	**$67,797**	**$8,233,202**
Net income for the year.................	—	—	509,754	—	—	—	—	—	—	509,754
Cash dividends..............................	—	—	(162,179)	—	—	—	—	—	—	(162,179)
Purchases of treasury stock..........	—	—	—	(351)	—	—	—	—	—	(351)
Sales of treasury stock..................	—	—	(11)	165	—	—	—	—	—	154
Other changes...............................	—	—	—	—	113,847	(417)	225,795	702	11,510	351,437
Balance at January 31, 2013	**$2,046,895**	**$2,606,133**	**$3,926,169**	**$(46,291)**	**$ 131,128**	**$ (494)**	**$184,463**	**$ 4,707**	**$79,307**	**$8,932,017**

*See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Sekisui House, Ltd. and Subsidiaries
Years ended January 31, 2013 and 2012

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	**2013**
Cash flows from operating activities			
Income before income taxes and minority interests	**¥ 86,461**	¥ 62,200	**$ 948,661**
Adjustments for:			
Depreciation and amortization	**19,016**	18,035	**208,646**
Increase in accrued retirement benefits	**10,688**	7,611	**117,270**
Interest and dividend income	**(2,776)**	(2,648)	**(30,459)**
Interest expense	**1,621**	1,886	**17,786**
Equity in earnings of affiliates	**(312)**	(450)	**(3,423)**
Loss on revaluation of investments in securities	**1,539**	2,771	**16,886**
Cumulative effect of initial application of accounting standard for asset retirement obligations	**–**	688	**–**
Increase in notes and accounts receivable	**(1,944)**	(985)	**(21,330)**
Increase in inventories	**(7,301)**	(58,286)	**(80,107)**
Increase (decrease) in notes and accounts payable	**5,983**	(2,804)	**65,646**
Increase in advances received on construction projects in progress	**11,480**	279	**125,960**
Other	**(3,726)**	13,588	**(40,882)**
Subtotal	**120,729**	41,885	**1,324,654**
Interest and dividends received	**2,846**	2,553	**31,227**
Interest paid	**(2,655)**	(3,338)	**(29,131)**
Income taxes paid	**(38,337)**	(15,921)	**(420,639)**
Income taxes refunded	**–**	1,128	**–**
Net cash provided by operating activities	**82,583**	26,307	**906,111**
Cash flows from investing activities			
Proceeds from sales of short-term investments	**5,000**	5	**54,861**
Proceeds from sales of property, plant and equipment	**85**	1,263	**933**
Purchases of property, plant and equipment	**(54,714)**	(30,511)	**(600,329)**
Proceeds from sales of investments in securities	**–**	2,655	**–**
Purchases of investments in securities	**(1,879)**	(1,350)	**(20,618)**
Increase in loans receivable	**(7,737)**	(11,635)	**(84,891)**
Collection of loans receivable	**4,877**	4,156	**53,511**
Other	**(3,757)**	(7,512)	**(41,222)**
Net cash used in investing activities	**(58,125)**	(42,929)	**(637,755)**
Cash flows from financing activities			
(Decrease) increase in short-term loans, net	**(887)**	17,315	**(9,732)**
Proceeds from issuance of bonds	**20,000**	50,000	**219,442**
Redemption of bonds	**(60,000)**	–	**(658,328)**
Proceeds from long-term debt	**53,974**	15,163	**592,210**
Repayment of long-term debt	**(13,978)**	(31,309)	**(153,368)**
Cash dividends paid	**(14,781)**	(12,165)	**(162,179)**
Purchases of treasury stock	**(32)**	(2,798)	**(351)**
Other	**(1,586)**	1,796	**(17,402)**
Net cash (used in) provided by financing activities	**(17,290)**	38,002	**(189,708)**
Effect of exchange rate changes on cash and cash equivalents	**2,550**	(3,839)	**27,979**
Net increase in cash and cash equivalents	**9,718**	17,541	**106,627**
Cash and cash equivalents at beginning of the year	**169,524**	151,983	**1,860,040**
Cash and cash equivalents at end of the year	**¥ 179,242**	¥ 169,524	**$ 1,966,667**

*See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Sekisui House, Ltd. and Subsidiaries
January 31, 2013 and 2012

1. Basis of Preparation

The accompanying consolidated financial statements of Sekisui House, Ltd. (the "Company") and subsidiaries have been compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Act of Japan. In preparing the accompanying consolidated financial statements, certain reclassifications and rearrangements have been made to present them in a form which is familiar to readers outside Japan. In addition, the notes to the accompanying consolidated financial statements include information which is not required under accounting principles generally accepted in Japan but is presented herein as additional information.

The translation of Japanese yen amounts into U.S. dollars is included solely for the convenience of the reader and has been made at ¥91.14 = U.S.$1.00, the approximate rate of exchange in effect on January 31, 2013. This translation should not be construed as a representation that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollar amounts at the above or any other rate.

2. Summary of Significant Accounting Policies

(a) Principles of consolidation

The accompanying consolidated financial statements include the accounts of the Company and all its subsidiaries (collectively, the "Group") over which substantial control is exerted through either majority ownership of voting stock and/or by other means. All significant intercompany transactions and accounts have been eliminated in consolidation.

Investments in affiliates (companies over which the Company has the ability to exercise significant influence) are accounted for by the equity method.

For consolidation purposes, the financial statements of the subsidiaries whose balance sheet date is March 31 were prepared as of and for the year ended January 31, 2013.

The balance sheet date of overseas subsidiaries is December 31. Any significant differences in intercompany accounts and transactions arising from intervening intercompany transactions during the period from January 1 through January 31 have been adjusted, if necessary.

Goodwill is amortized using the straight-line method over their respective determinable useful lives or a period of 5 years if the useful lives are indeterminable. Goodwill is charged or credited to income in the year of acquisition if immaterial.

(b) Foreign currency translation

All monetary assets and liabilities denominated in foreign currencies are translated into yen at the rates of exchange in effect at the balance sheet date, except that receivables and payables hedged by qualified forward foreign exchange contracts are translated at the corresponding forward foreign exchange contract rates. Gain or loss on each translation is credited or charged to income.

The financial statements of overseas subsidiaries are translated into yen at the rate of exchange in effect at the balance sheet date except that the components of net assets are translated at their historical exchange rates. The income statement accounts are translated at the average exchange rate during the year. Differences arising from the translations are included in "Translation adjustments" and "Minority interests" in the accompanying consolidated balance sheets.

(c) Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, deposits held at call with banks, net of overdrafts, and all highly liquid investments with maturities of three months or less.

(d) Short-term investments and investments in securities

Securities other than those of affiliates are classified into three categories: trading securities, held-to-maturity debt securities and other securities.

Trading securities, consisting of debt and marketable equity securities, are stated at fair value. Gain or loss, both realized and unrealized, is credited or charged to income. Held-to-maturity debt securities are stated at amortized cost. Marketable securities classified as other securities are carried at fair value with any changes in unrealized holding gain or loss, net of the applicable income taxes, reported as a separate component of accumulated other comprehensive income (loss). Cost of securities sold is determined by the moving average method. Non-marketable securities classified as other securities are carried at cost determined by the moving average method.

Under the Corporation Law of Japan, unrealized holding gain on other securities, net of the related taxes, is not available for distribution as dividends.

(e) Inventories

Land held for sale, land held for development, construction for sale, including projects under construction and contracts in process are stated at the lower of cost or net selling value, cost being determined by the individual cost method. Other inventories are stated at the lower of cost or net selling value, cost being determined by the moving average method.

(f) Property, plant and equipment (except for leased assets)

Depreciation of buildings (except for structures attached to the buildings) is computed by the straight-line method over the estimated useful lives of the respective assets. Depreciation of other property, plant and equipment is computed by the declining-balance method over the estimated useful lives of the respective assets.

(g) Intangible assets (except for leased assets)

Amortization of intangible assets is calculated by the straight-line method over the estimated useful lives of the respective assets.

(h) Leases

Leased assets under finance lease transactions which do not transfer ownership to the lessee are capitalized and depreciated or amortized over the respective lease terms to a nil residual value by the straight-line method.

Finance lease transactions commencing on or before January 31, 2009 other than those in which the ownership of the leased assets is transferred to the lessee continue to be accounted for as operating leases.

(i) Income taxes

Income taxes are calculated based on taxable income and are determined in accordance with the applicable tax laws and charged to income on an accrual basis. The Group recognizes the tax effect of the temporary differences between assets and liabilities for financial reporting purposes and for income tax purposes.

(j) Consumption taxes

Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes.

Consumption taxes paid not offset by consumption taxes received in accordance with the Consumption Tax Act of Japan are charged to income when incurred. In certain subsidiaries, which are mainly engaged in the real estate leasing business, consumption taxes paid not offset by consumption taxes received in accordance with Consumption Tax Act of Japan that arise from the purchases of tangible fixed assets are recorded as "Other assets" and amortized over 5 years by the straight-line method.

(k) Allowance for doubtful accounts

The allowance for doubtful accounts is provided based on the actual historical percentage of bad debts and an estimate of uncollectible amounts determined by an assessment of individual receivables.

(l) Allowance for employees' bonuses

Allowance for employees' bonuses is provided at the estimated amount of bonuses to be paid to the employees in the following year which has been allocated to the current fiscal year.

(m) Allowance for directors' and corporate auditors' bonuses

Allowance for directors' and corporate auditors' bonuses are provided for payments of bonuses to directors and corporate auditors based on an estimated amount.

(n) Allowance for warranties for completed construction

Allowance for warranties for completed construction is provided for anticipated future costs based on past experience arising from warranties on completed construction and sold buildings.

(o) Accrued retirement benefits

Accrued retirement benefits are provided based on the amount of the projected benefit obligation reduced by the pension plan assets at fair value at the end of the year.

Actuarial gain or loss is amortized in the year following the year in which such gain or loss is recognized principally by the straight-line method over a period of 5 years.

Prior service cost is amortized by the straight-line method over a period of 5 years.

Directors and corporate auditors of the certain domestic subsidiaries are customarily entitled to lump-sum payments under an unfunded retirement allowances plan. The provision for retirement allowances for these officers has been made at an estimated amount based on each subsidiary's internal regulations.

(p) Recognition of revenues and costs of construction contracts

Revenues and costs of construction contracts are recognized by the percentage-of-completion method when the progress toward completion, revenues and costs can be estimated reliably. The percentage of completion is measured by comparing costs incurred to date with the most recent estimate of the total costs required to complete the contract (cost-to-cost basis.) The completed-contract method has been consistently applied to those construction contracts not accounted for by the percentage-of-completion method.

(q) Recognition of revenue derived from finance lease transactions as a lessor

Revenue from finance lease transactions and its related cost are recognized upon receipt of lease payments.

(r) Research and development cost

Research and development cost is charged to income as incurred.

(s) Capitalization of interest expenses

Interest expenses incurred for real estate development projects conducted by certain overseas subsidiaries have been capitalized as a part of the development cost of such projects.

For the years ended January 31, 2013 and 2012, interest expenses that were capitalized and included in inventories as part of construction for sale, including projects under construction, land held for sale and land held for development were ¥2,007 million ($22,021 thousand) and ¥1,345 million, ¥198 million ($2,172 thousand) and ¥21 million, ¥1,503 million ($16,491 thousand) and ¥1,438 million, respectively.

(t) Derivative transactions and hedge accounting

Derivative positions are carried at fair value with any changes in unrealized gain or loss charged or credited to income, except for those which meet the criteria for deferral hedge accounting under which unrealized gain or loss is deferred as an asset or a liability.

(Additional information)

Accounting standard for accounting changes and error corrections

Effective February 1, 2012, the Company and its domestic consolidated subsidiaries adopted "Accounting Standard for Accounting Changes and Error Corrections" (Accounting Standards Board of Japan ("ASBJ") Statement No.24 issued on December 4, 2009) and the "Guidance on Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Guidance No.24 issued on December 4, 2009).

(Accounting standards issued but not yet effective)

"Accounting Standard for Retirement Benefits" (ASBJ Statement No.26) and "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No.25) were revised on May 17, 2012. However, these accounting standards have not yet been adopted as of January 31, 2013.

Under these revised accounting standards, accounting treatment of unrecognized actuarial gain or loss and prior service cost, calculation method of retirement benefit obligations and service cost and disclosures were mainly revised. These revisions were made considering the viewpoint of enhancing financial reporting and international convergence of accounting standards.

The Company and its domestic subsidiaries will adopt these accounting standards effective the fiscal year ending January 31, 2015. At present, the Company is in the process of evaluating the impact on the consolidated financial statements from the adoption of these revised accounting standards.

3. Changes in Accounting Policies

(a) Changes in holding purposes of assets

Due to changes in holding purpose, ¥2,097 million ($23,009 thousand) and ¥7,224 million of inventories, which consist of "Construction for sale, including projects under construction" and "Land held for sale," were principally reclassified to "Buildings and structures" and "Land" at January 31, 2013 and 2012, respectively. In addition, ¥5,529 million ($60,665 thousand) and ¥15,055 million of investment real estate and land for internal use, which were mainly included in "Buildings and structures" and "Land," were reclassified to "Construction for sale, including projects under construction" and "Land held for sale," classified as inventories in the accompanying consolidated balance sheets at January 31, 2013 and 2012, respectively.

(b) Change in method of translating revenues and expenses of overseas subsidiaries into yen

Until the year ended January 31, 2012, revenues and expenses of the overseas subsidiaries were translated into yen at the rate of exchange in effect at the balance sheet date. Effective the year ended January 31, 2013, revenues and expenses of overseas subsidiaries are translated using the average rate during the year.

This change was made to reduce the effect of temporary foreign exchange fluctuations and to reflect the operating results of overseas subsidiaries more appropriately as overseas subsidiaries are expected to increase their sales significantly in the future.

The change is not retrospectively applied to the previous year's consolidated financial statements because the effect of this change to the previous year's consolidated operating results and the cumulative effect of this change to the beginning balances of the current year are immaterial.

4. Short-Term Investments and Investments in Securities

Held-to-maturity debt securities and other securities at January 31, 2013 and 2012 were as follows:

	Millions of yen							
	Held-to-maturity debt securities							
	2013				2012			
	Book value	Gross unrealized gain	Gross unrealized loss	Estimated fair value	Book value	Gross unrealized gain	Gross unrealized loss	Estimated fair value
Market value determinable:								
Bonds	**¥ 3,633**	**¥ 3**	**¥ (0)**	**¥ 3,636**	¥ 3,000	¥ 3	¥ (1)	¥ 3,002
	¥ 3,633	**¥ 3**	**¥ (0)**	**¥ 3,636**	¥ 3,000	¥ 3	¥ (1)	¥ 3,002

	Thousands of U.S. dollars			
	Held-to-maturity debt securities			
	2013			
	Book value	Gross unrealized gain	Gross unrealized loss	Estimated fair value
Market value determinable:				
Bonds	$ 39,862	$ 33	$ (0)	$ 39,895
	$ 39,862	$ 33	$ (0)	$ 39,895

	Millions of yen							
	Other securities							
	2013				2012			
	Acquisition cost	Gross unrealized gain	Gross unrealized loss	Book value (estimated fair value)	Acquisition cost	Gross unrealized gain	Gross unrealized loss	Book value (estimated fair value)
Market value determinable:								
Equity securities	**¥39,513**	**¥ 19,649**	**¥ (2,606)**	**¥56,556**	¥41,057	¥ 8,596	¥ (5,889)	¥43,764
	¥39,513	**¥ 19,649**	**¥ (2,606)**	**¥56,556**	¥41,057	¥ 8,596	¥ (5,889)	¥43,764

	Thousands of U.S. dollars			
	Other securities			
	2013			
	Acquisition cost	Gross unrealized gain	Gross unrealized loss	Book value (estimated fair value)
Market value determinable:				
Equity securities	$433,542	$215,591	$(28,593)	$620,540
	$433,542	$215,591	$(28,593)	$620,540

Sales of held-to-maturity debt securities for the years ended January 31, 2013 and 2012 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
Sales	**¥5,000**	¥ –	**$ 54,861**
Cost of sales	**5,000**	–	**54,861**
Gross realized gain or loss	**–**	–	**–**

Sales for the year ended January 31, 2013 were due to the exercise of an early redemption option by issuers.

Sales of other securities for the years ended January 31, 2013 and 2012 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
Sales	**¥ –**	¥ 2,654	**$ –**
Gross realized gain	**–**	0	**–**

5. Inventories

Inventories at January 31, 2013 and 2012 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
Land held for sale	**¥388,707**	¥340,632	**$4,264,944**
Land held for development	**94,385**	125,004	**1,035,605**
Construction for sale, including projects under construction	**149,675**	135,541	**1,642,254**
Contracts in process	**8,456**	8,345	**92,780**
Other	**7,600**	6,811	**83,388**
	¥648,823	¥616,333	**$7,118,971**

6. Impairment of Fixed Assets

The Company and its subsidiaries group their real estate assets for lease by individual asset and group other fixed assets by business unit, within which operations can be closely managed.

For the year ended January 31, 2013, the Group has written down certain real estate for lease and training facilities where operations have been suspended to their respective net recoverable values. For the year ended January 31, 2012, the Group has mainly written down certain real estate for lease to their respective net recoverable values. Consequently, the Group recorded a loss on impairment of fixed assets of ¥2,301 million ($25,247 thousand) and ¥958 million in the accompanying consolidated statements of income for the years ended January 31, 2013 and 2012, respectively.

The losses on impairment of fixed assets for the years ended January 31, 2013 and 2012 are outlined as follows:

2013

Location	Use	Classification	Millions of yen	Thousands of U.S. dollars
Nishiku, Kobe City etc.	Real estate for lease and other	Buildings and Structures	¥ 251	$ 2,754
		Land	2,050	22,493
			¥ 2,301	$ 25,247

2012

Location	Use	Classification	Millions of yen
Shouwaku, Nagoya City etc.	Real estate for lease and other	Buildings and Structures	¥ 354
		Machinery and Equipment	5
		Land	599
			¥ 958

The recoverable value of the above impaired fixed assets was measured at estimated net selling value. For the year ended January 31, 2013, the net selling value amount is measured considering appraisals conducted by real estate appraisers or at the valuation for property tax purposes. For the year ended January 31, 2012, the net selling value amount is measured considering appraisals conducted by real estate appraisers.

7. Investments in Affiliates

Investments in affiliates at January 31, 2013 and 2012 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
Investments in capital stock, at cost	**¥ 6,500**	¥ 6,916	**$ 71,319**
Equity in undistributed earnings since acquisition, net	**2,969**	1,681	**32,576**
	¥ 9,469	¥ 8,597	**$ 103,895**

8. Investment and Rental Properties

The Company and certain subsidiaries have apartment houses, office buildings and others as rental properties mainly in Tokyo Prefecture and other areas.

For the years ended January 31, 2013 and 2012, rental profit and loss on impairment of these rental properties amounted to ¥3,916 million ($42,967 thousand) and ¥721 million ($7,911 thousand), and ¥4,173 million and ¥914 million, respectively.

Rental income is included in net sales and related costs are included in the cost of sales.

The carrying value in the accompanying consolidated balance sheets as of January 31, 2013 and 2012 and corresponding fair value of those properties are as follows:

Millions of yen			
Carrying value			Fair value
January 31, 2012	Net change	January 31, 2013	January 31, 2013
¥ 256,001	¥ 36,245	¥ 292,246	¥ 308,963

Millions of yen			
Carrying value			Fair value
January 31, 2011	Net change	January 31, 2012	January 31, 2012
¥ 255,083	¥ 918	¥ 256,001	¥ 273,126

Thousands of U.S. dollars			
Carrying value			Fair value
January 31, 2012	Net change	January 31, 2013	January 31, 2013
$ 2,808,876	$ 397,685	$ 3,206,561	$ 3,389,982

Notes:
1. The carrying value represents the acquisition cost less accumulated depreciation.
2. The main components of net change in carrying value are the increase of ¥45,621 million ($500,560 thousand) in acquisitions of real estate and the decrease of ¥5,673 million ($62,245 thousand) in depreciation for the year ended January 31, 2013. The main components of net change in carrying value are the increase of ¥14,542 million in acquisitions of real estate and the decrease of ¥5,179 million in depreciation and the decrease of ¥6,470 million in transfer to inventories for the year ended January 31, 2012.
3. The fair value of main real estate is computed based on appraisal amounts valued by real estate appraisers. The fair value of the others is computed in accordance with "Real Estate Appraisal Standards."

9. Short-Term Loans, Long-Term Debt and Lease Obligations

Short-term loans consist of unsecured bank loans. The average interest rates on the short-term loans outstanding at January 31, 2013 and 2012 were 2.09% and 1.72%, respectively.

Long-term debt and lease obligations at January 31, 2013 and 2012 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
Unsecured loans from banks and insurance companies at interest rates ranging from 0.40% to 6.00%, due from 2013 to 2017	**¥ 83,407**	¥ 53,052	**$ 915,153**
Unsecured bonds denominated in yen at an interest rate of 0.70%, due 2015	**70,000**	70,000	**768,049**
Zero-coupon unsecured convertible bonds with stock subscription rights, due 2016	**50,000**	50,000	**548,607**
Nonrecourse bank loans, at interest rates ranging from 4.35% to 7.38%, due from 2013 through 2015	**24,925**	11,717	**273,479**
Unsecured bonds denominated in yen at an interest rate of 0.31%, due 2017	**20,000**	–	**219,443**
Unsecured discount bonds denominated in yen at an interest rate of 1.37%, due 2012	**–**	59,996	**–**
Lease obligations	**1,593**	1,596	**17,479**
	249,925	246,361	**2,742,210**
Less current portion	**(50,409)**	(62,285)	**(553,094)**
	¥ 199,516	¥ 184,076	**$ 2,189,116**

Zero-coupon unsecured convertible bonds with stock subscription rights at the gross issuance amount of ¥50,000 million ($548,607 thousand) were convertible into shares of common stock of the Company at ¥1,000 ($11) per share at January 31, 2013 and are exercisable from July 19, 2011 to June 21, 2016.

The aggregate annual maturities of long-term debt subsequent to January 31, 2013 are summarized as follows:

Year ending January 31,	Millions of yen	Thousands of U.S. dollars
2014	¥ 50,409	$ 553,094
2015	57,090	626,399
2016	70,823	777,079
2017	50,108	549,792
2018 and thereafter	21,495	235,846
	¥249,925	$2,742,210

In order to achieve more efficient and flexible financing, the Company has concluded line-of-credit agreements with certain financial institutions. The status of these lines of credit at January 31, 2013 and 2012 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
Lines of credit	**¥ 76,667**	¥ 68,601	**$ 841,200**
Credit utilized	**18,640**	16,509	**204,520**
Available credit	**¥ 58,027**	¥ 52,092	**$ 636,680**

10. Mortgaged and Pledged Assets

At January 31, 2013 and 2012, the following assets were either mortgaged or pledged for guarantees of a third party bank loan, guarantee deposits received and long-term debt, including current portion and totaled ¥27,582 million ($302,633 thousand) and ¥11,532 million, respectively.

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
Inventories	**¥ 67,295**	¥ 44,547	**$ 738,370**
Land	**4,442**	3,346	**48,738**
Buildings and structures	**1,762**	607	**19,333**
Investments in affiliates	**27**	24	**296**
	¥ 73,526	¥ 48,524	**$ 806,737**

In addition, for the purpose of covering warranty obligations for latent defects on certain housing, ¥1,513 million ($16,601 thousand) of investments in securities and ¥2,099 million ($23,031 thousand) of short-term investments at January 31, 2013 and ¥2,984 million of investments in securities at January 31, 2012 were deposited in accordance with relevant laws, respectively.

11. Income Taxes

The Company and its domestic subsidiaries are subject to several taxes based on income which, in the aggregate, resulted in a statutory tax rate of approximately 40.4% for the years ended January 31, 2013 and 2012. Overseas subsidiaries are subject to the income taxes of the countries in which they operate.

The effective tax rates reflected in the accompanying consolidated statements of income for the years ended January 31, 2013 and 2012 differ from the above statutory tax rate for the following reasons:

	2013	2012
Statutory tax rate	**40.4 %**	40.4%
Non-deductible entertainment expenses	**1.8**	1.9
Non-taxable dividend income	**(0.4)**	(0.4)
Inhabitants' per capita taxes	**0.7**	0.9
Valuation allowance	**(0.1)**	2.1
Effect of changes in corporation tax rates	**1.9**	8.4
Other	**(0.5)**	0.1
Effective tax rates	**43.8 %**	53.4%

The significant components of the Group's deferred tax assets (liabilities) at January 31, 2013 and 2012 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
Loss on revaluation of real estate held for sale	**¥ 33,927**	¥ 37,557	**$ 372,251**
Accrued retirement benefits for employees	**19,232**	15,526	**211,016**
Accumulated losses on impairment of fixed assets	**7,981**	8,058	**87,569**
Allowance for employees bonuses	**6,994**	6,969	**76,739**
Tax loss carryforwards	**3,249**	2,661	**35,648**
Unrealized profit on fixed assets	**2,571**	2,268	**28,209**
Loss on revaluation of securities	**2,000**	2,171	**21,944**
Net unrealized holding gain on securities	**(5,098)**	(1,067)	**(55,936)**
Other	**7,622**	7,930	**83,631**
Less valuation allowance	**(10,040)**	(10,125)	**(110,160)**
Net deferred tax assets	**¥ 68,438**	¥ 71,948	**$ 750,911**

12. Accrued Retirement Benefits

Employees of the Company and its domestic subsidiaries are covered by an employees' retirement allowances plan and employees' pension plans. The employees' pension plans consist of a defined benefit pension plan and a defined contribution pension plan.

The following table sets forth the funded and accrued status of the pension plans, and the amounts recognized in the accompanying consolidated balance sheets at January 31, 2013 and 2012 for the Group's defined benefit pension plans:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
Retirement benefit obligation at end of year	**¥ (239,922)**	¥ (229,146)	**$ (2,632,455)**
Fair value of plan assets at end of year	**184,451**	158,810	**2,023,820**
Unfunded retirement benefit obligation	**(55,471)**	(70,336)	**(608,635)**
Unrecognized actuarial loss	**6,089**	32,642	**66,809**
Unrecognized prior service cost	**(3,832)**	(4,832)	**(42,045)**
Accrued retirement benefits	**¥ (53,214)**	¥ (42,526)	**$ (583,871)**

Certain domestic subsidiaries have calculated their retirement benefit obligation based on the amount which would be payable at the year end if all eligible employees terminated their services voluntarily.

The components of net retirement benefit expenses for the years ended January 31, 2013 and 2012 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
Service cost	**¥ 9,344**	¥ 9,992	**$ 102,523**
Interest cost	**4,692**	5,324	**51,481**
Expected return on plan assets	**(6,164)**	(6,151)	**(67,632)**
Amortization:			
Actuarial loss	**16,157**	10,905	**177,277**
Prior service cost	**(1,000)**	(166)	**(10,972)**
Effect of change in calculation of retirement benefit obligation	**–**	161	**–**
Additional retirement benefits paid	**583**	1,220	**6,397**
Contribution to a defined contribution plan	**14**	15	**154**
Retirement benefit expenses	**¥ 23,626**	¥ 21,300	**$ 259,228**

Retirement benefit expenses for certain domestic subsidiaries, whose benefit obligation is calculated based on the amount which would be payable at the year end if all eligible employees terminated their services voluntarily, have been fully included in service cost.

The assumptions used in accounting for the defined benefit pension plans for the years ended January 31, 2013 and 2012 were as follows:

	2013	2012
Discount rates	**2.0%**	2.1%
Expected rate of return on plan assets	**4.0%**	4.0%

13. Asset Retirement Obligations

In accordance with exhibition contracts at housing exhibition sites, tenancy contracts for offices and real estate for investment, the Company and certain subsidiaries are obligated to remove leasehold improvements attached to these housing exhibitions, offices and real estate and return the property to its original state after vacating the premises.

The asset retirement obligations are determined and discounted to their present value using a risk-free rate and the anticipated future useful lives for each housing exhibition, office or real estate.

A breakdown of the total amount of the asset retirement obligations as of January 31, 2013 and 2012 is summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
Balance at beginning of the year	**¥ 1,643**	¥ 1,606	**$ 18,027**
Liability incurred for assets acquired	**323**	149	**3,544**
Accretion expense	**17**	18	**187**
Liabilities settled	**(77)**	(130)	**(845)**
Balance at end of the year	**¥ 1,906**	¥ 1,643	**$ 20,913**

Detailed information on the asset retirement obligations at January 31, 2013 and 2012 was omitted because the total amount of asset retirement obligations at January 31, 2013 and 2012 was less than 1% of the amount of total liabilities and net assets.

14. Contingent Liabilities

The Group had the following contingent liabilities at January 31, 2013:

	Millions of yen	Thousands of U.S. dollars
Guarantees of housing loans to customers	¥ 104,257	$ 1,143,921
Guarantees of bank loans of a third party	477	5,234
	¥ 104,734	$ 1,149,155

15. Shareholders' Equity

The Corporation Law of Japan (the "Law"), which superseded most of the provisions of the Commercial Code of Japan (the "Code"), went into effect on May 1, 2006. The Law provides that an amount equal to 10% of the amount to be disbursed as distributions of capital surplus (other than the capital reserve) and retained earnings (other than the legal reserve) be transferred to the capital reserve and the legal reserve, respectively, until the sum of the capital reserve and the legal reserve equals 25% of the capital stock account. Such distributions can be made at any time by resolution of the shareholders, or by the Board of Directors if certain conditions are met.

The Company's legal reserve included in retained earnings at January 31, 2013 and 2012 amounted to ¥23,129 million ($253,774 thousand) and ¥23,129 million, respectively.

Under the Law, upon the issuance and sale of new shares of common stock, the entire amount of the proceeds is required to be accounted for as common stock, although a company may, by resolution of the Board of Directors, account for an amount not exceeding one-half of the proceeds of the sale of new shares as capital surplus.

Stock-based compensation plan

In accordance with the Law, on June 13, 2012, the Company granted certain stock options (the 2012 plan) to directors and executive officers of the Company based on the approval of a resolution by the Board of Directors at a meeting held on May 17, 2012. Under the terms of this plan, 147,000 shares of common stock have been reserved at an exercise price of ¥1 per share. The options became exercisable on June 14, 2012 and are scheduled to expire on June 13, 2032.

In accordance with the Law, on June 14, 2011, the Company granted certain stock options (the 2011 plan) to directors and executive officers of the Company based on the approval of a resolution by the Board of Directors at a meeting held on May 19, 2011. Under the terms of this plan, 130,000 shares of common stock have been reserved at an exercise price of ¥1 per share. The options became exercisable on June 15, 2011 and are scheduled to expire on June 14, 2031.

In accordance with the Law, on June 16, 2010, the Company granted certain stock options (the 2010 plan) to directors and executive officers of the Company based on the approval of a resolution by the Board of Directors at a meeting held on May 20, 2010. Under the terms of this plan, 105,000 shares of common stock have been reserved at an exercise price of ¥1 per share. The options became exercisable on June 17, 2010 and are scheduled to expire on June 16, 2030.

In accordance with the Law, on June 9, 2009, the Company granted certain stock options (the 2009 plan) to directors and executive officers of the Company based on the approval of a resolution by the Board of Directors at a meeting held on May 21, 2009. Under the terms of this plan, 106,000 shares of common stock have been reserved at an exercise price of ¥1 per share. The options became exercisable on June 10, 2009 and are scheduled to expire on June 9, 2029.

In accordance with the Law, on June 6, 2008, the Company granted certain stock options (the 2008 plan) to directors and executive officers of the Company based on the approval of a resolution by the Board of Directors at a meeting held on May 15, 2008. Under the terms of this plan, 108,000 shares of common stock have been reserved at an exercise price of ¥1 per share. The options became exercisable on June

7, 2008 and are scheduled to expire on June 6, 2028.

In accordance with the Law, on June 7, 2007, the Company granted certain stock options (the 2007 plan) to directors and executive officers of the Company based on the approval of a resolution by the Board of Directors at a meeting held on May 17, 2007. Under the terms of this plan, 55,000 shares of common stock have been reserved at an exercise price of ¥1 per share. The options became exercisable on June 8, 2007 and are scheduled to expire on June 7, 2027.

In accordance with the Code, a stock option plan (the 2006 plan) for directors and executive officers of the Company was approved at the annual general meeting of the shareholders held on April 27, 2006. Under the terms of this plan, 48,000 shares of common stock have been reserved at an exercise price of ¥1 per share. The options became exercisable on April 28, 2006 and are scheduled to expire on April 27, 2026.

Information regarding the Company's stock option plans is summarized as follows:

	The 2012 plan	The 2011 plan	The 2010 plan	The 2009 plan	The 2008 plan	The 2007 plan	The 2006 plan
Number of stock options:							
Outstanding at February 1, 2011	–	–	105,000	104,000	103,000	46,000	39,000
Granted	–	130,000	–	–	–	–	–
Cancelled	–	1,000	–	–	–	–	–
Exercised	–	–	–	2 ,000	2 ,000	–	–
Outstanding at February 1, 2012	–	129,000	105,000	102,000	101,000	46,000	39,000
Granted	147,000	–	–	–	–	–	–
Cancelled	–	–	–	–	–	–	–
Exercised	–	–	2 ,000	2 ,000	5,000	2 ,000	2 ,000
Outstanding at January 31, 2013	147,000	129,000	103,000	100,000	96,000	44,000	37,000
Fair value of stock options as of the grant date	¥ 495	¥ 592	¥ 717	¥ 681	¥ 876	¥ 1,571	–

Treasury stock

Movements in treasury stock during the years ended January 31, 2013 and 2012 are summarized as follows:

	Number of shares 2013			
	January 31, 2012	Increase	Decrease	January 31, 2013
Treasury stock	5,211,881	40,262	17,264	5,234,879

The increase in treasury stock consists of 39,924 shares resulting from the purchase of shares less than one unit by the Company and 338 shares of treasury stocks attributable to the Company resulting from the purchase by an affiliate for the year ended January 31, 2013. The decrease in treasury stock consists of 4,264 shares resulting from sale of shares less than one unit by the Company and 13,000 shares resulting from the exercise of stock option plans for the year ended January 31, 2013.

	Number of shares 2012			
	January 31, 2011	Increase	Decrease	January 31, 2012
Treasury stock	1,187,859	4,034,867	10,845	5,211,881

The increase in treasury stock consists of 4,000,000 shares resulting from the purchase through an off-hours trade, 34,589 shares resulting from the purchase of shares less than one unit by the Company and 278 shares of treasury stocks attributable to the Company resulting from the purchase by an affiliate for the year ended January 31, 2012. The decrease in treasury stock consists of 6,845 shares resulting from sale of shares less than one unit by the Company and 4,000 shares resulting from the exercise of stock option plans for the year ended January 31, 2012.

16. Research and Development Cost

Research and development cost charged to income amounted to ¥4,319 million ($47,389 thousand) and ¥4,367 million for the years ended January 31, 2013 and 2012, respectively.

17 Leases

(Lessee)

Finance lease transactions commencing on or before January 31, 2009 other than those in which the ownership of the leased assets is transferred to the Company or its subsidiaries are accounted for in the same manner as operating leases.

However, the related disclosures as of and for the years ended January 31, 2013 and 2012 were omitted because these amounts were immaterial.

Future minimum lease payments subsequent to January 31, 2013 under non-cancellable operating leases are summarized as follows:

Year ending January 31,	Millions of yen	Thousands of U.S. dollars
2014	¥ 406	$ 4,454
2015 and thereafter	2,846	31,227
	¥ 3,252	$ 35,681

(Lessor)

Lease receivables from finance lease transactions in which the ownership of the leased assets is not transferred to the lessee as of January 31, 2013 and 2012 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
Current assets:			
Gross lease receivables	**¥ 1,288**	¥ 1,356	**$ 14,132**
Less unearned interest income	**(36)**	(47)	**(395)**
Net lease receivables	**¥ 1,252**	¥ 1,309	**$ 13,737**

Contractual maturities of the above gross lease receivables subsequent to January 31, 2013 in which the ownership of the leased assets is not transferred to the lessee are as follows:

Year ending January 31,	Millions of yen	Thousands of U.S. dollars
2014	¥ 68	$ 746
2015	68	746
2016	68	746
2017	68	746
2018	68	746
2019 and thereafter	948	10,402
	¥ 1,288	$ 14,132

Contractual maturities of lease receivables from finance lease transactions subsequent to January 31, 2013 in which the ownership of the leased assets is transferred to the lessee are as follows:

Year ending January 31,	Millions of yen	Thousands of U.S. dollars
2014	¥ 98	$ 1,075
2015	98	1,075
2016	98	1,075
2017	98	1,075
2018	98	1,075
2019 and thereafter	2,521	27,662
	¥ 3,011	$ 33,037

Future minimum lease receipts subsequent to January 31, 2013 under non-cancellable operating leases are summarized as follows:

Year ending January 31,	Millions of yen	Thousands of U.S. dollars
2014	¥ 4,942	$ 54,224
2015 and thereafter	52,269	573,502
	¥ 57,211	$ 627,726

Lease receivables and lease obligations in which the ownership of the leased assets is not transferred to the lessee as of January 31, 2013 and 2012 under sub-lease transactions are as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
Lease receivables:			
Current	**¥ 1,127**	¥ 1,170	**$ 12,366**
Lease obligations:			
Current	**43**	43	**472**
Non-current	**1,084**	1,127	**11,894**

18. Amounts per Share

Per share amounts as of and for the years ended January 31, 2013 and 2012 are as follows:

	Yen		U.S. dollars
	2013	2012	**2013**
Net income :			
Basic	**¥ 69.17**	¥ 42.90	**$ 0.76**
Diluted	**64.32**	41.12	**0.71**
Net assets	**1,200.63**	1,107.43	**13.17**
Cash dividends	**28.00**	20.00	**0.31**

Basic net income per share has been computed based on the net income attributable to shareholders of common stock and the weighted-average number of shares of common stock outstanding during the year.

Diluted net income per share is computed based on the net income available for distribution to shareholders and the weighted-average number of shares of common stock outstanding during each year after giving effect to the dilutive potential of shares of common stock to be issued upon the exercise of stock options and conversion of convertible bonds.

Amounts per share of net assets have been computed based on the net assets available for distribution to the shareholders and the number of shares of common stock outstanding at the year end.

Cash dividends per share of the Company represent the cash dividends declared as applicable to the respective years together with the interim cash dividends paid.

Financial data for the computation of basic net income per share for the years ended January 31, 2013 and 2012 in the table above are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
Information on basic net income per share:			
Net income	**¥ 46,459**	¥ 28,962	**$ 509,754**
Adjusted net income attributable to common stock	**¥ 46,459**	¥ 28,962	**$ 509,754**

	Thousands of shares	
	2013	2012
Weighted-average number of shares of common stock outstanding during the year	**671,667**	675,069

Financial data for the computation of net assets per share at January 31, 2013 and 2012 in the above table is summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
Total net assets	**¥ 814,064**	¥ 750,374	**$ 8,932,017**
Deductions from total net assets:			
Stock subscription rights	**429**	365	**4,707**
Minority interests	**7,228**	6,179	**79,307**
Total net assets available to common stockholders	**¥ 806,407**	¥ 743,830	**$ 8,848,003**

	Thousands of shares	
	2013	2012
Number of shares of common stock used in the calculation of net assets per share	**671,650**	671,673

19. Financial Instruments and Related Disclosures

The Group manages cash surpluses mainly through low-risk financial assets. The Group raises funds mainly through bank loans and issuance of bonds. The Group enters into derivative transactions for the purpose of reducing risk and does not enter into derivative transactions for speculative or trading purposes.

Notes and accounts receivable, trade are exposed to credit risk in relation to customers. Short-term investments and investments in securities, primarily consist of equity securities, held-to-maturity debt securities, certificates of deposits and investments in partnerships, are exposed to credit risk in relation to issuers and market risk. Substantially all notes and accounts payable, trade have payment due dates within one year. Bank loans and bonds are utilized principally for working capital and capital investments. The redemption dates of bank loans and bonds extend up to five years subsequent to the balance sheet date. Bank loans have variable interest rates and are exposed to interest rate fluctuation risk.

Regarding derivative transactions, the Group enters into forward foreign exchange contracts and currency swap contracts to reduce the foreign currency exchange risk arising from trade receivables, payables, investments and loan receivables denominated in foreign currencies. The Group also enters into interest rate swap contracts to reduce the interest rate fluctuation risk. Notional amounts related to forward foreign exchange contracts are set within the amounts of import transactions denominated in foreign currencies. Notional amounts related to interest rate swap contracts are set within the amounts of interest-bearing debts. The Company also formally assesses, at the hedge's inception, whether the derivatives used in the hedging transactions are highly effective in offsetting any changes in fair values or cash flows of the hedged items. Further information regarding the method of hedge accounting can be found in Note 2 (t).

For managing credit risk arising from receivables, each related division of the Group monitors the collection, due dates and outstanding balances by customer. In addition, the Group makes efforts to identify and mitigate risks of bad debts from customers experiencing financial difficulties.

The Group manages and enters into derivative transactions in accordance with internal rules. The Group enters into derivative transactions only with financial institutions with high credit ratings to mitigate the credit risks.

For short-term investments and investments in securities, the Group periodically reviews the fair values of such financial instruments and the financial position of the issuers.

Based on reports from each division of the Group, the Company prepares and updates their cash flow plans on a timely basis and maintains appropriate liquidity levels to manage liquidity risk. The Company also has multiple methods of stable financing, such as entering into commitment line contracts or providing the bond issuance limits. In addition, the Group has funding systems, such as the cash management system, to supply funds to the subsidiaries flexibly.

The fair value of financial instruments is determined based on their quoted market price, if available. When there is no available quoted market price, fair value is reasonably estimated. Since a number of variable factors are reflected in estimating the fair value, different factors could result in different fair values. In addition, the notional amounts of derivative transactions in the following table are not necessarily indicative of the actual market risk involved in the derivative transactions.

The carrying value of financial instruments on the accompanying consolidated balance sheets as of January 31, 2013 and 2012 and their estimated fair value are shown in the following table. The following table does not include financial instruments for which it is extremely difficult to determine the fair value.

	Millions of yen			Thousands of U.S. dollars		
	2013			2013		
	Carrying value	Estimated fair value	Difference	Carrying value	Estimated fair value	Difference
Cash and cash equivalents	¥ 179,242	¥ 179,242	¥ –	$ 1,966,667	$ 1,966,667	$ –
Notes and accounts receivable - trade	38,612			423,656		
Less allowance for doubtful accounts	(469)			(5,146)		
Sub total	38,143	38,143	–	418,510	418,510	–
Short-term investments and investments in securities and affiliates:						
Held-to-maturity debt securities	3,633	3,636	3	39,862	39,895	33
Investments in affiliates	3,233	1,507	(1,726)	35,473	16,535	(18,938)
Other securities	57,547	57,547	–	631,413	631,413	–
Total	281,798	280,075	(1,723)	3,091,925	3,073,020	(18,905)
Notes and accounts payable	150,588	150,588	–	1,652,270	1,652,270	–
Bonds	90,000	90,736	736	987,492	995,567	8,075
Long-term loans including current portion	108,332	108,340	8	1,188,632	1,188,721	89
Total	¥ 348,920	¥ 349,664	¥ 744	$ 3,828,394	$ 3,836,558	$ 8,164
Derivative transactions (*)	¥ (1,435)	¥ (1,435)	¥ –	$ (15,745)	$ (15,745)	$ –

	Millions of yen		
	2012		
	Carrying value	Estimated fair value	Difference
Cash and cash equivalents	¥ 169,524	¥ 169,524	¥ –
Notes and accounts receivable - trade	36,531		
Less allowance for doubtful accounts	(563)		
Sub total	35,968	35,968	–
Short-term investments and investments in securities and affiliates:			
Held-to-maturity debt securities	3,000	3,002	2
Investments in affiliates	3,121	1,450	(1,671)
Other securities	43,764	43,764	–
Total	255,377	253,708	(1,669)
Notes and accounts payable	138,538	138,538	–
Bonds	129,996	131,287	1,291
Total	¥ 268,534	¥ 269,825	¥ 1,291
Derivative transactions (*)	¥ (582)	¥ (582)	¥ –

(*) The value of assets and liabilities arising from derivatives is shown at net value, and the amounts in parentheses represent net liability position.

Fair value of cash and cash equivalents and notes and accounts receivable – trade approximates their carrying value since these items are settled in a short period of time.

The fair values of short-term investments and investments in equity securities are determined based on quoted market prices. The fair value of debt securities is based on either quoted market price or the price provided by the counterparty financial institutions. For further information of fair values of short-term investments and investments in securities, please refer to Note 4.

Fair value of notes and accounts payable approximates carrying value since these items are settled in a short period of time.

The fair values of bonds are determined based on market prices.

The fair value of long-term loans including current portion with variable interest rates approximates carrying value. The fair value of long-term loans including current portion with fixed interest rates is determined based on the discounted present value of the principal and interest payments using the corresponding fixed interest rate for new loans with the same terms and conditions.

Regarding derivative transactions, refer to Note 20.

Financial instruments for which it is extremely difficult to determine the fair value as of January 31, 2013 and 2012 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
Unlisted foreign debt securities	**¥ —**	¥ 5,000	**$ —**
Investments in special purpose entities	**7,720**	6,800	**84,705**
Unlisted stocks	**9,062**	8,165	**99,429**
Preferred stocks	**999**	999	**10,961**
Investments in investment limited liability partnerships	**5**	6	**55**

Because no quoted market price is available and it is assumed that significant costs are involved in estimating the future cash flows, it is extremely difficult to determine the fair value.

The redemption schedule for cash and cash equivalents, notes and accounts receivable and short-term investments and investments in securities with maturities at January 31, 2013 are as follows:

	2013 Millions of yen			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and cash equivalents	¥ 179,242	¥ —	¥ —	¥ —
Notes and accounts receivable	38,604	8	—	—
Short-term investments and investments in securities:				
Held-to-maturity debt securities (National government bonds)	2,100	1,535	—	—
Other securities with maturities (Debt securities)	990	—	—	—
Total	¥ 220,936	¥ 1,543	¥ —	¥ —

	2013 Thousands of U.S. dollars			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and cash equivalents	$ 1,966,667	$ —	$ —	$ —
Notes and accounts receivable	423,568	88	—	—
Short-term investments and investments in securities:				
Held-to-maturity debt securities (National government bonds)	23,041	16,842	—	—
Other securities with maturities (Debt securities)	10,863	—	—	—
Total	$2,424,139	$ 16,930	$ —	$ —

The redemption schedules for long-term debt are disclosed in Note 9 "Short-Term Loans, Long-Term Debt and Lease Obligations."

20. Derivative Transactions and Hedging Activities

The contract value (notional principal amount) and the estimated fair value of the derivative instruments outstanding which did not qualify for deferral hedge accounting at January 31, 2013 and 2012 were as follows:

Currency-related transactions

		2013 Millions of yen			
Classification	Description of transaction	Contract value (notional principal amount)	Contract value (notional principal amount) (over 1 year)	Estimated fair value	Unrealized loss
Over-the-counter transactions	Currency swap contracts	¥ 8,731	¥ 330	¥ (1,371)	¥ (1,371)

		2012 Millions of yen			
Classification	Description of transaction	Contract value (notional principal amount)	Contract value (notional principal amount) (over 1 year)	Estimated fair value	Unrealized loss
Over-the-counter transactions	Currency swap contracts	¥ 20,158	¥ 3,970	¥ (575)	¥ (575)

		2013 Thousands of U.S. dollars			
Classification	Description of transaction	Contract value (notional principal amount)	Contract value (notional principal amount) (over 1 year)	Estimated fair value	Unrealized loss
Over-the-counter transactions	Currency swap contracts	$ 95,798	$ 3,621	$ (15,043)	$ (15,043)

The fair value of the above derivative transactions is determined based on the prices provided by counterparty financial institutions.

The contract value (notional principal amount) and the estimated fair value of the derivative instruments outstanding which qualify for deferral hedge accounting at January 31, 2013 and 2012 were as follows:

Interest-rate related transactions

			2013 Millions of yen		
Method of hedge accounting	Description of transaction	Hedged items	Contract value (notional principal amount)	Contract value (notional principal amount) (over 1 year)	Estimated fair value
Deferral hedge accounting	Interest rate swap contracts Pay fixed / Receive floating	Long-term borrowings	¥ 11,547	¥ —	¥ (65)

			2012 Millions of yen		
Method of hedge accounting	Description of transaction	Hedged items	Contract value (notional principal amount)	Contract value (notional principal amount) (over 1 year)	Estimated fair value
Deferral hedge accounting	Interest rate swap contracts Pay fixed / Receive floating	Long-term borrowings	¥ 1,086	¥ —	¥ (7)

			2013 Thousands of U.S. dollars		
Method of hedge accounting	Description of transaction	Hedged items	Contract value (notional principal amount)	Contract value (notional principal amount) (over 1 year)	Estimated fair value
Deferral hedge accounting	Interest rate swap contracts Pay fixed / Receive floating	Long-term borrowings	$ 126,695	$ —	$ (713)

The fair value of the above derivative transactions is determined based on the prices provided by counterparty financial institutions at January 31, 2013.

21. Segment Information

Reportable segments of the Company are components for which separate financial information is available and whose operating results are regularly reviewed by the management to determine the allocation of management resources and assess the business performance. The Group engage in comprehensive businesses related to construction and development of residential properties. The Company establishes business domains, plans separate business strategies for each business domain and conducts business to achieve sustainable growth through the optimization of business resources.

The Company's business segments are classified by different products and services based on their business domains. The Company's business segments, excluding the other businesses segment, consist of the following reportable segments: custom detached houses, rental housing, remodeling, real estate management fees, houses for sale, condominiums, urban redevelopment and overseas.

Effective the year ended January 31, 2013, the overseas segment was classified separately from the other businesses segment in consideration of its significance. In accordance with this change, reportable segment information for the year ended January 31, 2012 was conformed with the current classification.

Details of the reportable segments are as follows:

Custom detached houses:	Design, construction, and contracting of built-to-order detached houses
Rental housing:	Design, construction, and contracting of built-to-order properties for lease , medical and nursing care facilities , and other buildings
Remodeling:	Remodeling of residential properties
Real estate management fees:	Sub-lease, management, operation and brokerage of real estate
Houses for sale:	Sale of houses and lands and designing, construction, and contracting of houses on lands for sale
Condominiums:	Sale of condominiums
Urban redevelopment:	Development of office buildings and commercial facilities, and management and operation of owned properties
Overseas:	Contracting of built-to-order detached houses, sale of houses and real estate, and development and sale of facilities, including condominiums and commercial facilities, in overseas markets

The accounting policies of the reportable segments are identical to those described in Note 2.

As described in Note 3(b), until the year ended January 31, 2012, the revenue and expenses of overseas subsidiaries were translated into yen at the rate of exchange in effect at the balance sheet date. Effective the year ended January 31, 2013, the revenue and expenses of overseas subsidiaries are translated using the average rate during the year.

The impact of the change on information of net sales and income or loss by each reportable segment is immaterial.

Information on net sales, income or loss, assets and other items by each reportable segment for the years ended January 31, 2013 and 2012 is outlined as follows:

	Millions of yen					
	2013					
	Reportable segments					
	Custom detached houses	Rental housing	Remodeling	Real estate management fees	Houses for sale	Condominiums
Sales to third parties	¥ 465,149	¥ 303,713	¥ 111,549	¥ 393,978	¥ 127,810	¥ 52,539
Intersegment sales and transfers	–	2,746	660	2,824	–	–
Net sales	465,149	306,459	112,209	396,802	127,810	52,539
Segment income (loss)	¥ 48,800	¥ 27,547	¥ 11,542	¥ 17,040	¥ 1,580	¥ 1,005
Segment assets	¥ 76,026	¥ 36,989	¥ 10,173	¥ 90,295	¥ 137,529	¥ 112,435
Other items:						
Depreciation and amortization	5,428	2,046	102	1,124	1,059	54
Increase in property, plant and equipment and intangible assets	6,801	1,416	19	1,200	1,259	33

	Millions of yen						
	2013						
	Reportable segments						
	Urban redevelopment	Overseas	Sub Total	Other	Total	Adjustments	Consolidated
Sales to third parties	¥ 45,529	¥ 54,845	¥ 1,555,112	¥ 58,704	¥ 1,613,816	¥ –	¥ 1,613,816
Intersegment sales and transfers	137	–	6,367	5,258	11,625	(11,625)	–
Net sales	45,666	54,845	1,561,479	63,962	1,625,441	(11,625)	1,613,816
Segment income (loss)	¥ 9,788	¥ 4,248	¥ 121,550	¥ (446)	¥ 121,104	¥ (34,907)	¥ 86,197
Segment assets	¥539,498	¥302,434	¥ 1,305,379	¥ 9,632	¥ 1,315,011	¥ 224,262	¥ 1,539,273
Other items:							
Depreciation and amortization	5,748	590	16,151	501	16,652	2,364	19,016
Increase in property, plant and equipment and intangible assets	45,542	2,682	58,952	78	59,030	1,885	60,915

	Millions of yen					
	2012					
	Reportable segments					
	Custom detached houses	Rental housing	Remodeling	Real estate management fees	Houses for sale	Condominiums
Sales to third parties	¥ 475,330	¥ 289,028	¥ 102,180	¥ 378,248	¥ 127,123	¥ 39,682
Intersegment sales and transfers	–	3,363	117	2,231	–	–
Net sales	475,330	292,391	102,297	380,479	127,123	39,682
Segment income (loss)	¥ 52,477	¥ 26,595	¥ 9,625	¥ 14,260	¥ 3,686	¥ (9,947)
Segment assets	¥ 78,187	¥ 35,288	¥ 8,754	¥ 85,742	¥ 140,089	¥ 129,728
Other items:						
Depreciation and amortization	5,292	1,993	97	475	1,072	58
Increase in property, plant and equipment and intangible assets	6,243	1,005	46	1,069	1,077	46

	Millions of yen						
	2012						
	Reportable segments						
	Urban redevelopment	Overseas	Sub Total	Other	Total	Adjustments	Consolidated
Sales to third parties	¥ 37,720	¥ 24,264	¥ 1,473,575	¥ 57,003	¥ 1,530,578	¥ –	¥ 1,530,578
Intersegment sales and transfers	105	–	5,816	5,072	10,888	(10,888)	–
Net sales	37,825	24,264	1,479,391	62,075	1,541,466	(10,888)	1,530,578
Segment income (loss)	¥ 9,974	¥ (3,177)	¥ 103,493	¥ (35)	¥ 103,458	¥ (32,561)	¥ 70,897
Segment assets	¥513,879	¥218,885	¥ 1,210,552	¥ 8,927	¥ 1,219,479	¥ 226,350	¥ 1,445,829
Other items:							
Depreciation and amortization	5,120	587	14,694	460	15,154	2,881	18,035
Increase in property, plant and equipment and intangible assets	23,363	7,369	40,218	52	40,270	3,043	43,313

	Thousands of U.S. dollars					
	2013					
	Reportable segments					
	Custom detached houses	Rental housing	Remodeling	Real estate management fees	Houses for sale	Condominiums
Sales to third parties	$5,103,675	$3,332,379	$1,223,930	$4,322,778	$1,402,348	$ 576,465
Intersegment sales and transfers	–	30,129	7,242	30,986	–	–
Net sales	5,103,675	3,362,508	1,231,172	4,353,764	1,402,348	576,465
Segment income (loss)	$ 535,440	$ 302,249	$ 126,640	$ 186,965	$ 17,336	$ 11,027
Segment assets	$ 834,167	$ 405,848	$ 111,619	$ 990,729	$1,508,986	$1,233,652
Other items:						
Depreciation and amortization	59,557	22,449	1,119	12,333	11,619	592
Increase in property, plant and equipment and intangible assets	74,621	15,537	208	13,167	13,814	362

	Thousands of U.S. dollars						
	2013						
	Reportable segments						
	Urban redevelopment	Overseas	Sub Total	Other	Total	Adjustments	Consolidated
Sales to third parties	$ 499,550	$ 601,767	$17,062,892	$ 644,108	$17,707,000	$ –	$17,707,000
Intersegment sales and transfers	1,503	–	69,860	57,691	127,551	(127,551)	–
Net sales	501,053	601,767	17,132,752	701,799	17,834,551	(127,551)	17,707,000
Segment income (loss)	$ 107,395	$ 46,610	$ 1,333,662	$ (4,893)	$ 1,328,769	$ (383,004)	$ 945,765
Segment assets	$5,919,443	$3,318,345	$14,322,789	$ 105,684	$14,428,473	$2,460,632	$16,889,105
Other items:							
Depreciation and amortization	63,068	6,474	177,211	5,497	182,708	25,938	208,646
Increase in property, plant and equipment and intangible assets	499,693	29,427	646,829	856	647,685	20,682	668,367

"Other" in the above tables represents a segment other than the reportable segments, which includes the exterior business.

Adjustments in the above tables:

The adjustments of segment income in the amounts of ¥34,907 million ($383,004 thousand) and ¥32,561 million for the years ended January 31, 2013 and 2012 are eliminations of intersegment transactions of ¥3,231 million ($35,451 thousand) and ¥3,038 million and corporate expenses of ¥31,676 million ($347,553 thousand) and ¥29,523 million, which were related to administration expenses and research and development costs, respectively.

The adjustments of segment assets in the amounts of ¥224,262 million ($2,460,632 thousand) and ¥226,350 million at January 31, 2013 and 2012, respectively, include corporate assets consisting of surplus funds held by the Company (cash and short-term investments), long-term investments (investments in securities) and assets of administration departments.

The adjustments of depreciation and amortization in the amounts of ¥2,364 million ($25,938 thousand) and ¥2,881 million for the years ended January 31, 2013 and 2012, respectively, consist of depreciation and amortization arising from corporate assets.

The adjustments of increase in property, plant and equipment and intangible assets in the amounts of ¥1,885 million ($20,682 thousand) and ¥3,043 million for the years ended January 31, 2013 and 2012, respectively, consist of the purchase of machinery and equipment by the Company.

The total amount of segment income (loss) in the above tables is adjusted to operating income of the consolidated statements of income for the years ended January 31, 2013 and 2012.

Information on each product and service for the years ended January 31, 2013 and 2012 was omitted because it was identical to that of the reportable segment information.

Geographical information and sales information by major customer for the years ended January 31, 2013 and 2012 was omitted because there were no items that meet the disclosure criteria.

Information on loss on impairment of fixed assets by reportable segment for the years ended January 31, 2013 and 2012 was as follows:

	Millions of yen					
	Year ended January 31, 2013					
	Custom detached houses	Rental housing	Remodeling	Real estate management fees	Houses for sale	Condominiums
Loss on impairment of fixed assets	¥ –	¥ –	¥ –	¥ –	¥ –	¥ –

	Millions of yen					
	Year ended January 31, 2013					
	Urban redevelopment	Overseas	Other	Total	Eliminations and other	Consolidated
Loss on impairment of fixed assets	¥ 721	¥ –	¥ –	¥ 721	¥1,580	¥2,301

	Millions of yen					
	Year ended January 31, 2012					
	Custom detached houses	Rental housing	Remodeling	Real estate management fees	Houses for sale	Condominiums
Loss on impairment of fixed assets	¥ 44	¥ –	¥ –	¥ –	¥ –	¥ –

	Millions of yen					
	Year ended January 31, 2012					
	Urban redevelopment	Overseas	Other	Total	Eliminations and other	Consolidated
Loss on impairment of fixed assets	¥ 914	¥ –	¥ –	¥ 958	¥ –	¥ 958

	Thousands of U.S. dollars					
	Year ended January 31, 2013					
	Custom detached houses	Rental housing	Remodeling	Real estate management fees	Houses for sale	Condominiums
Loss on impairment of fixed assets	$ –	$ –	$ –	$ –	$ –	$ –

	Thousands of U.S. dollars					
	Year ended January 31, 2013					
	Urban redevelopment	Overseas	Other	Total	Eliminations and other	Consolidated
Loss on impairment of fixed assets	$ 7,911	$ –	$ –	$ 7,911	$ 17,336	$ 25,247

Information on amortization of goodwill and the remaining balance by reportable segment as of and for the years ended January 31, 2013 and 2012 was as follows:

	Millions of yen					
	As of and for the year ended January 31, 2013					
	Custom detached houses	Rental housing	Remodeling	Real estate management fees	Houses for sale	Condominiums
Amortization of goodwill	¥ 183	¥ –	¥ –	¥ 114	¥ 21	¥ –
Remaining balance	577	–	–	228	65	–

	Millions of yen					
	As of and for the year ended January 31, 2013					
	Urban redevelopment	Overseas	Other	Total	Eliminations and other	Consolidated
Amortization of goodwill	¥ –	¥ 15	¥ –	¥ 333	¥ –	¥ 333
Remaining balance	–	23	–	893	–	893

	Millions of yen					
	As of and for the year ended January 31, 2012					
	Custom detached houses	Rental housing	Remodeling	Real estate management fees	Houses for sale	Condominiums
Amortization of goodwill	¥ 153	¥ –	¥ –	¥ 114	¥ 17	¥ –
Remaining balance	760	–	–	342	86	–

	Millions of yen					
	As of and for the year ended January 31, 2012					
	Urban redevelopment	Overseas	Other	Total	Eliminations and other	Consolidated
Amortization of goodwill	¥ –	¥ 27	¥ –	¥ 311	¥ –	¥ 311
Remaining balance	–	31	–	1,219	–	1,219

	Thousands of U.S. dollars					
	As of and for the year ended January 31, 2013					
	Custom detached houses	Rental housing	Remodeling	Real estate management fees	Houses for sale	Condominiums
Amortization of goodwill	$ 2,008	$ –	$ –	$ 1,251	$ 230	$ –
Remaining balance	6,331	–	–	2,502	713	–

	Thousands of U.S. dollars					
	As of and for the year ended January 31, 2013					
	Urban redevelopment	Overseas	Other	Total	Eliminations and other	Consolidated
Amortization of goodwill	$ –	$ 165	$ –	$ 3,654	$ –	$ 3,654
Remaining balance	–	252	–	9,798	–	9,798

22. Related Party Transactions

Principal transactions between the Company and its President, Representative Director during the year ended January 31, 2013 are summarized as follows:

Name of related party	Description	Millions of yen 2013	Thousands of U.S. dollars 2013
Toshinori Abe	Sale of apartment house	¥ 136	$1,492

The selling price of the apartment house was determined using the same method as for third party transactions.
There are no items to be disclosed for the year ended January 31, 2012.

23. Other Comprehensive Income

The following table presents the analysis of other comprehensive income for the year ended January 31, 2013.

	Millions of yen	Thousands of U.S. dollars
	2013	2013
Net unrealized holding gain on securities:		
Amount arising during the year	¥ 12,792	$ 140,356
Reclassification adjustments for gains included in net income	1,539	16,886
Before tax effect	14,331	157,242
Tax effect	(4,035)	(44,273)
Net unrealized holding gain on securities	10,296	112,969
Deferred loss on hedges:		
Amount arising during the year	(64)	(702)
Reclassification adjustments for losses included in net income	7	77
Before tax effect	(57)	(625)
Tax effect	20	219
Deferred loss on hedges	(37)	(406)
Translation adjustments:		
Amount arising during the year	20,682	226,925
Share of other comprehensive income of affiliates accounted for by the equity method:		
Amount arising during the year	117	1,284
Total other comprehensive income	¥ 31,058	$ 340,772

24. Subsequent Event

The following distribution of retained earnings of the Company, which has not been reflected in the accompanying consolidated financial statements for the year ended January 31, 2013, was approved at a shareholders' meeting held on April 25, 2013:

	Millions of yen	Thousands of U.S. dollars
Cash dividends (¥16 = U.S.$0.18 per share)	¥ 10,749	$ 117,939

Independent Auditor's Report

The Board of Directors
Sekisui House, Ltd.

We have audited the accompanying consolidated financial statements of Sekisui House, Ltd. and subsidiaries, which comprise the consolidated balance sheet as at January 31, 2013, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Sekisui House, Ltd. and subsidiaries as at January 31, 2013, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Convenience Translation
We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note 1.

April 25, 2013
Osaka, Japan

Ernst & Young ShinNihon LLC

Ernst & Young ShinNihon LLC
Auditors

Corporate Data

Outline of the Company

(As of January 31, 2013)

Established
August 1, 1960

Capital Stock Issued
¥186,554 million

Employees
21,476 (consolidated)

Head Office
Tower East Umeda Sky Building
1-88 Oyodonaka 1-chome Kita-ku Osaka
531-0076 Japan
Phone: 81-6-6440-3111
Facsimile: 81-6-6440-3369

Factories
Ibaraki, Shizuoka, Yamaguchi, Miyagi and Hyogo

Laboratory
Comprehensive Housing R & D Institute (Kyoto)

Major Subsidiaries and Affiliates
Sekiwa Real Estate, Ltd.
Sekisui House Remodeling, Ltd.
Sekiwa Construction Higashi-Tokyo, Ltd.
Sekisui House SI Asset Management, Ltd.
Sekisui House Australia Holdings Pty Limited
North America Sekisui House, LLC
Sekisui House Changcheng (Suzhou) Real Estate Development Co. Ltd.

All 148 subsidiaries and 18 affiliates

Stock Information

(As of January 31, 2013)

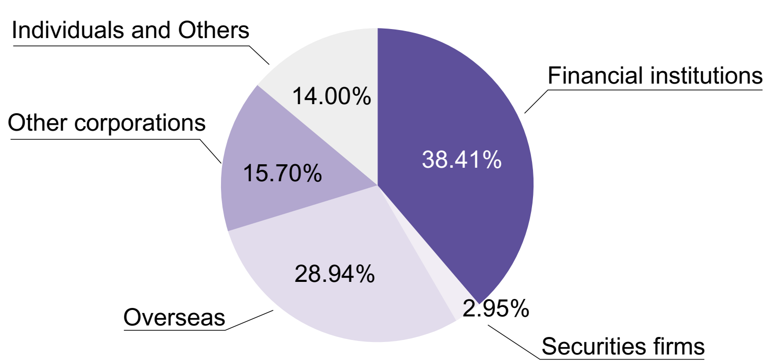
Stock Listing
Tokyo, Osaka, Nagoya

American Depositary Receipts
Symbol: SKHSY
CUSIP: 816078307
Ratio: 1:1
Exchange: OTC (Over-The-Counter)
Depositary: The Bank of New York Mellon
BNY Mellon Shareowner Services
PO Box 358516
Pittsburgh, PA 15252-8516 U.S.A.
U.S. toll free: (888)269-2377 (888-BNY-ADRS)
International Callers: +1(201)680-6825
http://www.adrbnymellon.com

Major Shareholders

	Name	Number of shares	Shareholding ratio (%)
1	SEKISUI CHEMICAL CO., LTD.	72,168,727	10.66
2	The Master Trust Bank of Japan, Ltd. (Trust account)	46,429,000	6.86
3	Japan Trustee Services Bank, Ltd. (Trust account)	45,517,500	6.72
4	Employees' Stockholding	18,677,645	2.76
5	Japan Trustee Services Bank, Ltd. (Trust account 9)	17,077,000	2.52
6	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	13,624,515	2.01
7	SSBTOD05OMNIBUSACCOUNT-TREATYCLIENTS	12,327,200	1.82
8	The Dai-ichi Life Insurance Company, Limited	12,158,730	1.80
9	State Street Bank and Trust Company 505225	11,016,187	1.63
10	Nippon Life Insurance Company	9,706,332	1.43

Stock Composition



Directors and Corporate Auditors
(As of April 25, 2013)

Chairman, Representative Director & CEO
Isami Wada

President, Representative Director & COO
Toshinori Abe

Executive Vice President & Director
Sumio Wada

Executive Vice President & Director & CFO
Shiro Inagaki

Directors
Katsuhiko Machida
Teruyuki Saegusa
Fumiaki Hirabayashi
Tetsuo Iku
Takashi Uchida
Daiji Kuroki
Kengo Yoshida

Standing Corporate Auditors
Tadashi Iwasaki
Yoshiro Kubota

Corporate Auditors
Takaharu Dohi
Yoshinori Shinohara
Koichi Kunisada

Executive Officers
(As of April 25, 2013)

Executive Vice President
Sumio Wada
Shiro Inagaki

Senior Managing Officers
Fumiaki Hirabayashi
Tetsuo Iku

Managing Officers
Takashi Uchida
Kengo Yoshida
Masaaki Oikawa
Fumiyasu Suguro
Keigo Nakano
Motohiko Fujiwara

Executive Officers
Michio Yoshizaki
Kotaro Asano
Hisao Yamada
Yuichi Matsushima
Kazushi Mitani
Koji Nakata
Haruyuki Iwata
Noboru Ashida
Kunpei Nishida
Daisuke Akamatsu
Akira Kuroda
Hiroyuki Sato
Yosuke Horiuchi
Kenichi Ishida
Osamu Minagawa
Osamu Otani
Noriaki Ogata
Toshikazu Shimanuki

ANNUAL REPORT 2013

SEKISUI HOUSE

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1-88 Oyodonaka 1-chome,
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