

S EMIANNUAL

R EPORT

2012

February 1 to July 31, 2012



SEKISUI HOUSE

TO OUR SHAREHOLDERS AND INVESTORS

In the first six months of the fiscal year under review, the Japanese economy was initially buoyed by positive developments such as modest stock market gains and demand associated with the recovery from the Great East Japan Earthquake. However, negative factors such as the European debt crisis, concern over the global economic slowdown, and the strong yen gave rise to growing unease over future corporate performance. In the housing market, the rate of the decline in land prices continues to abate and new housing starts have begun to climb. The government has also been providing sustained support for the acquisition of housing through initiatives such as a system of subsidies for installing solar power generation systems, and the number of users has increased, reflecting heightened awareness of housing safety, security and energy issues.

Under these circumstances, the Company entered the final year of its three-year medium term management plan which began in FY2010, and pursued business activities based on its fundamental "Green First Strategy," with a view to catalyzing further growth in businesses which have been progressing favorably.

In the Custom Detached Houses Business, we worked to increase sales of our core products, introducing a luxury modern model to the IS ROY+E series of steel frame detached houses with our unique exterior wall Dyne Wall in June, and continuing to emphasize the appeal of our unique Bellburn exterior wall incorporated in the Sha-Wood wood framed house series. We also proposed products such as the Green First Hybrid, and worked to expand orders of eco-friendly housing. As a result of these business promotions and the success of the Green First Strategy, orders have been favorable. Sales in this segment amounted to ¥223,207 million, and operating income to ¥20,458 million.

In the Rental Housing Business, Sekisui House held the Sha-Maison Festa, a sales promotion event, in March. The Company also has been holding seminars on the increase in the inheritance tax expected in the future, and has been proactively soliciting orders. The efficacy of sales promotion events has been shown to be successful and orders have moved positively. Sales in this segment amounted to ¥139,506 million, and operating income to ¥11,057 million.

In the Houses for Sale Business, as a leading smart house company, we began to propose smart towns nationwide, proactively marketing a new, high value-added home for sale. Continuing on from the opening of Japan's first smart town, Smart Common City Akaishidai, sales have commenced for Smart Common Stage Keyakidaira where 67 households are capable of producing electricity sufficient for 85 households, to provide emergency power to allow safe and secure living to continue during disaster. Overall, orders were weak. However, we are working to acquire new sites after inventory adjustments and the order environment is improving. Sales in this segment amounted to ¥58,472 million, and operating income to ¥1,004 million.

In the Condominium Business, sales commenced for the Grande Maison Komae, which features the first ever use of "double energy creation" with a gas hot water system using solar power and the gas cogeneration systems in a multiple family dwelling, as part of efforts to pursue the Green First Strategy in Condominiums Business as well. As a result, orders for new units offered for sale have been positive. Sales in this segment amounted to ¥20,288 million, and operating income to ¥246 million.

In the Urban Redevelopment Business, occupancy rates of Sekisui House Group's rental properties remained firm. In addition, four Prime Maison properties were sold to J-REIT Sekisui House SI Investment Corporation, which contributed to the construction of a new portfolio. Sales in this segment amounted to ¥18,909 million, and operating income to ¥3,027 million.

In the Remodeling Business, under the banner of "Green First Remodeling," we have been appealing to market needs by selling and proactively proposing solar power generation systems installation, insulation improvement remodeling, remodeling to improve energy conservation and efficiency. Business is progressing steadily, with sales of solar power generation systems already exceeding last year's annual sales. Sales in this segment amounted to ¥54,712 million, and operating income to ¥5,718 million.

In the Real Estate Management Fees Business, the number of units of Sha-Maison low-rise apartments for block leasing and management by Sekiwa Real Estate companies enjoyed a steady growth. By making proposals for remodeling to meet the needs of the market, occupancy rates have remained high, particularly in the Tokyo area. Sales in this segment amounted to ¥196,033 million, and operating income to ¥8,304 million.

In the Overseas Business, in addition to the favorable progress of condominium sales at Wentworth Point in Australia and at the Punggol Site in Singapore, etc., sales of subdivisions were strong at Camden Hills in Australia and in the United States, largely in the Houston area of Texas. On the other hand, in Shenyang, China, a steel frame housing factory was completed and the production of industrialized housing has begun. Sales in this segment amounted to ¥19,034 million, and operating income to ¥1,095 million.

In the Other Businesses, the Company proposed landscaping in line with its "Gohon no ki" landscaping concept in the exterior business. It also made proactive proposals for comprehensive exterior designs with detached and rental housing designed to complement the neighboring townscape. Sales in this segment amounted to ¥27,849 million, and operating loss to ¥500 million.

For overall business performance, net sales amounted to ¥758,009 million (\$9,696,930 thousand), operating income was ¥33,275 million (\$425,675 thousand), and net income was ¥17,076 million (\$218,447 thousand) for the first six months of the fiscal year under review. We have made revisions to our consolidated results forecast for the year ending January 31, 2013 as follows: Operating income of ¥85 billion and net income of ¥44 billion.

The dividend for the interim period under review will be ¥12.00 (\$0.15) per share.

September 2012



Isami Wada
Chairman & CEO



Toshinori Abe
President & COO

CONSOLIDATED BALANCE SHEETS

As of July 31 and January 31, 2012 and July 31, 2011

Assets	Millions of yen			Thousands of U.S. dollars
	July 31 2012	January 31 2012	July 31 2011	July 31 2012
Current assets:				
Cash and cash equivalents.....	¥ 135,230	¥ 169,524	¥ 154,681	\$ 1,729,948
Short-term investments.....	2,098	5,000	5	26,839
Notes and accounts receivable:				
Affiliates.....	278	243	165	3,556
Trade.....	40,400	36,531	44,369	516,822
Other.....	22,566	21,729	19,415	288,679
Less allowance for doubtful accounts..	(1,949)	(1,990)	(2,139)	(24,933)
	61,295	56,513	61,810	784,124
Inventories.....	634,250	616,333	594,543	8,113,726
Deferred income taxes	45,559	50,248	51,937	582,820
Other current assets.....	22,094	18,456	31,777	282,640
Total current assets	900,526	916,074	894,753	11,520,097
 Property, plant and equipment, at cost:				
Land.....	198,632	191,356	194,373	2,541,026
Buildings and structures.....	257,315	245,216	250,788	3,291,736
Machinery, equipment and other.....	90,050	85,684	90,340	1,151,976
Construction in progress.....	14,193	16,667	8,505	181,566
	560,190	538,923	544,006	7,166,304
Less accumulated depreciation.....	(189,807)	(184,787)	(187,863)	(2,428,131)
Property, plant and equipment, net	370,383	354,136	356,143	4,738,173
 Investments and other assets:				
Long-term loans receivable.....	39,250	35,795	27,132	502,111
Less allowance for doubtful accounts....	(1,064)	(1,012)	(1,430)	(13,611)
	38,186	34,783	25,702	488,500
Investments in securities.....	55,236	57,259	68,736	706,614
Investments in affiliates.....	8,868	8,597	5,183	113,445
Intangible assets	15,034	14,331	13,866	192,324
Deferred income taxes.....	24,887	21,700	20,941	318,370
Other assets	38,123	38,949	38,562	487,694
Total investments and other assets	180,334	175,619	172,990	2,306,947
	¥ 1,451,243	¥ 1,445,829	¥ 1,423,886	\$ 18,565,217

Liabilities and net assets	Millions of yen			Thousands of U.S. dollars
	July 31 2012	January 31 2012	July 31 2011	July 31 2012
Current liabilities:				
Short-term loans.....	¥ 17,755	¥ 18,971	¥ 2,648	\$ 227,133
Current portion of long-term debt and lease obligations.....	62,372	62,285	28,645	797,902
Notes and accounts payable:				
Affiliates.....	2,819	3,008	3,176	36,062
Trade.....	135,573	135,530	136,658	1,734,335
Accrued income taxes.....	10,686	27,043	14,054	136,702
Advances received on construction projects in progress.....	87,195	76,273	81,849	1,115,454
Allowance for employees' bonuses.....	13,137	17,151	12,909	168,057
Allowance for directors' and corporate auditors' bonuses.....	—	734	—	—
Allowance for warranties for completion contracts.....	3,083	3,091	3,017	39,440
Other current liabilities.....	54,374	64,166	51,662	695,587
Total current liabilities	<u>386,994</u>	<u>408,252</u>	<u>334,618</u>	<u>4,950,672</u>
Long-term liabilities:				
Long-term debt and lease obligations...	192,001	184,076	236,622	2,456,198
Guarantee deposits received.....	53,243	52,294	52,311	681,118
Accrued retirement benefits for employees	47,956	42,526	38,771	613,484
Accrued retirement benefits for directors and corporate auditors.....	1,036	1,035	940	13,253
Other liabilities	7,734	7,272	9,215	98,938
Total long-term liabilities	<u>301,970</u>	<u>287,203</u>	<u>337,859</u>	<u>3,862,991</u>
Contingent liabilities (Note 2)				
Net assets:				
Shareholders' equity				
Common stock:				
Authorized:1,978,281,000 shares				
Issued:676,885,078 shares in July 2012 and 2011, and January 2012...	186,554	186,554	186,554	2,386,517
Capital surplus.....	237,523	237,523	237,523	3,038,544
Retained earnings.....	336,510	326,154	320,821	4,304,848
Less treasury stock, at cost.....	(4,200)	(4,202)	(1,427)	(53,729)
Total shareholders' equity	<u>756,387</u>	<u>746,029</u>	<u>743,471</u>	<u>9,676,180</u>
Accumulated other comprehensive (loss) income:				
Net unrealized holding gain on securities	1,830	1,575	3,185	23,411
Deferred loss on hedges.....	(34)	(7)	(25)	(435)
Translation adjustments.....	(2,667)	(3,767)	3,546	(34,118)
Total accumulated other comprehensive (loss) income.....	(871)	(2,199)	6,706	(11,142)
Stock subscription rights	394	365	330	5,040
Minority interests	6,369	6,179	902	81,476
Total net assets	<u>762,279</u>	<u>750,374</u>	<u>751,409</u>	<u>9,751,554</u>
	<u>¥ 1,451,243</u>	<u>¥ 1,445,829</u>	<u>¥ 1,423,886</u>	<u>\$ 18,565,217</u>

* See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME

Six months ended July 31, 2012 and 2011, and year ended January 31, 2012

	Millions of yen			Thousands of U.S. dollars
	July 31 2012	July 31 2011	January 31 2012	July 31 2012
Net sales	¥ 758,009	¥ 746,394	¥ 1,530,578	\$ 9,696,930
Cost of sales	620,712	614,519	1,255,254	7,940,540
Gross profit	137,297	131,875	275,324	1,756,390
Selling, general and administrative expenses	104,022	99,322	204,427	1,330,715
Operating income	33,275	32,553	70,897	425,675
Other income (expenses):				
Interest and dividend income	1,220	1,213	2,648	15,607
Interest expense	(825)	(959)	(1,886)	(10,554)
Loss from earthquake (Note 3)	-	(1,273)	(1,275)	-
Cumulative effect of initial application of asset retirement obligations	-	(688)	(688)	-
Loss on revaluation of investments in securities	(1,746)	(639)	(2,771)	(22,336)
Loss on sales or disposal of fixed assets	(787)	(450)	(2,184)	(10,068)
Equity in earnings of affiliates	29	264	450	371
Loss on impairment of fixed assets (Note 4)	(351)	-	(958)	(4,490)
Other, net	559	(503)	(2,033)	7,151
Income before income taxes and minority interests	31,374	29,518	62,200	401,356
Income taxes:				
Current	12,203	14,662	33,836	156,108
Deferred	1,370	(2,030)	(619)	17,526
	13,573	12,632	33,217	173,634
Income before minority interests	17,801	16,886	28,983	227,722
Minority interests in earnings of subsidiaries	(725)	(18)	(21)	(9,275)
Net income	¥ 17,076	¥ 16,868	¥ 28,962	\$ 218,447

* See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Six months ended July 31, 2012 and 2011, and year ended January 31, 2012

	Millions of yen			Thousands of U.S. dollars
	July 31 2012	July 31 2011	January 31 2012	July 31 2012
Income before minority interests	¥ 17,801	¥ 16,886	¥ 28,983	\$ 227,722
Other comprehensive income (loss):				
Net unrealized holding gain (loss) on securities	177	350	(1,255)	2,264
Deferred loss on hedges	(26)	(38)	(19)	(332)
Translation adjustments	1,157	1,426	(5,894)	14,801
Share of other comprehensive income of affiliates accounted for by the equity method	33	28	8	422
Total other comprehensive loss	1,341	1,766	(7,160)	17,155
Comprehensive income	¥ 19,142	¥ 18,652	¥ 21,823	\$ 244,877
Total comprehensive income (loss) attributable to:				
Shareholders of Sekisui House, Ltd.	¥ 18,403	¥ 18,633	¥ 21,823	\$ 235,423
Minority interests	739	19	(0)	9,454

CONSOLIDATED STATEMENTS OF CASH FLOWS

Six months ended July 31, 2012 and 2011, and year ended January 31, 2012

	Millions of yen			Thousands of U.S. dollars
	July 31 2012	July 31 2011	January 31 2012	July 31 2012
Cash flows from operating activities				
Income before income taxes and minority interests.....	¥ 31,374	¥ 29,518	¥ 62,200	\$ 401,356
Adjustments for:				
Depreciation and amortization.....	9,055	8,861	18,035	115,837
Increase in accrued retirement benefits.....	5,430	3,856	7,611	69,464
Interest and dividend income.....	(1,220)	(1,213)	(2,648)	(15,607)
Interest expense.....	825	959	1,886	10,554
Equity in earnings of affiliates.....	(29)	(264)	(450)	(371)
Loss on revaluation of investment in securities.....	1,746	639	2,771	22,336
Cumulative effect of initial application of asset retirement obligations...	-	688	688	-
Increase in notes and accounts receivable.....	(3,904)	(8,824)	(985)	(49,942)
Increase in inventories.....	(14,515)	(46,653)	(58,286)	(185,685)
Decrease in notes and accounts payable.....	(1,445)	(4,290)	(2,804)	(18,485)
Increase in advances received on construction projects in progress.....	10,912	6,310	279	139,593
Other.....	(16,903)	(8,917)	13,588	(216,234)
Subtotal.....	21,326	(19,330)	41,885	272,816
Interest and dividends received	1,247	1,215	2,553	15,952
Interest paid	(923)	(1,692)	(3,338)	(11,807)
Income taxes paid.....	(28,424)	(9,622)	(15,921)	(363,618)
Income taxes refunded.....	-	1,128	1,128	-
Net cash (used in) provided by operating activities	(6,774)	(28,301)	26,307	(86,657)
Cash flows from investing activities				
Proceeds from sales of short-term investments.....	5,000	-	5	63,963
Proceeds from sales of property, plant and equipment.....	73	1,177	1,263	934
Purchases of property, plant and equipment.....	(27,695)	(14,894)	(30,511)	(354,292)
Proceeds from sales of investments in securities.....	-	105	2,655	-
Purchases of investments in securities.....	(1,558)	(916)	(1,350)	(19,931)
Increase in loans receivable.....	(4,526)	(347)	(11,635)	(57,900)
Collection of loans receivable.....	3,025	2,060	4,156	38,698
Other.....	(1,397)	(5,667)	(7,512)	(17,871)
Net cash used in investing activities.....	(27,078)	(18,482)	(42,929)	(346,399)
Cash flows from financing activities				
(Decrease) increase in short-term loans.....	(517)	2,622	17,315	(6,614)
Proceeds from issuance of bonds.....	-	50,000	50,000	-
Proceeds from long-term debt.....	9,272	8,033	15,163	118,613
Repayment of long-term debt.....	(1,656)	(6,525)	(31,309)	(21,184)
Cash dividends paid.....	(6,719)	(5,407)	(12,165)	(85,954)
Increase in treasury stock.....	(10)	(15)	(2,798)	(128)
Other.....	(736)	(87)	1,796	(9,415)
Net cash (used in) provided by financing activities.....	(366)	48,621	38,002	(4,682)
Effect of exchange rate changes on cash and cash equivalents.....	(76)	860	(3,839)	(972)
Net (decrease) increase in cash and cash equivalents.....	(34,294)	2,698	17,541	(438,710)
Cash and cash equivalents at beginning of period.....	169,524	151,983	151,983	2,168,658
Cash and cash equivalents at end of period.....	¥ 135,230	¥ 154,681	¥ 169,524	\$ 1,729,948

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

July 31, 2012 and 2011

1. Basis of Consolidated Financial Statements

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.

Certain reclassifications of previously reported amounts have been made to conform the consolidated financial statements for the six months ended July 31, 2011 to the 2012 presentation. Such reclassifications had no effect on consolidated net income or net assets.

The translation of Japanese yen amounts into U.S. dollars is included solely for the convenience of the reader and has been made at ¥78.17= U.S. \$1.00, the approximate rate of exchange in effect on July 31, 2012. 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. Contingent Liabilities

The Company and its subsidiaries had the following contingent liabilities at July 31, 2012.

	Millions of yen	Thousands of U.S. dollars
Guarantees of housing loans to customers.....	¥ 90,964	\$ 1,163,669
Guarantees of bank loans of a third party.....	517	6,614
	¥ 91,481	\$ 1,170,283

3. Loss from earthquake

Loss from earthquake represents loss related to restoration costs for fixed assets and inventories damaged by the Great East Japan Earthquake on March 11, 2011.

4. Loss on Impairment of Fixed Assets

The Company and its subsidiaries (collectively, the "Group") group fixed assets by business unit, within which operations can be closely managed.

For the six months ended July 31, 2012, the Group has 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 ¥351 million (\$4,490 thousand) in the accompanying consolidated statements of operations for the six months ended July 31, 2012.

For the year ended January 31, 2012, the Group had 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 ¥958 million in the accompanying consolidated statements of operations for the year ended January 31, 2012.

5. Amounts per Share

	Yen			U.S. dollars
	July 31 2012	July 31 2011	January 31 2012	July 31 2012
Net income :				
Basic	¥ 25.42	¥ 24.96	¥ 42.90	\$ 0.33
Diluted	23.64	24.69	41.12	0.30
Net assets	1,124.82	1,110.25	1,107.43	14.39
Cash dividends.....	12.00	10.00	20.00	0.15

CORPORATE DATA

Directors and Corporate Auditors

(As of August 1, 2012)

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
Kouichi Kunisada

Executive Officers
(As of August 1, 2012)

Executive Vice President
Sumio Wada
Shiro Inagaki

Senior Managing Officers
Fumiaki Hirabayashi
Tetsuo Iku

Managing Officers
Takashi Uchida
Daiji Kuroki
Kengo Yoshida
Akihisa Terasaki
Masaaki Oikawa
Fumiyasu Suguro
Keigo Nakano
Motohiko Fujiwara

Executive Officers
Naoki Ishii
Takanobu Ishioka
Michio Yoshizaki
Kotaro Asano
Hisao Yamada
Yuichi Matsushima
Kazushi Mitani
Koji Nakata
Haruyuki Iwata
Noboru Ashida
Kunpei Nishida
Daisuke Akamatsu
Akira Kuroda
Hiroyuki Satoh
Yohsuke Horiuchi
Kenichi Ishida
Osamu Minagawa

Outline of the Company

(As of July 31, 2012)

Established
August 1, 1960

Capital Stock Issued
¥186,554 million

Employees
21,587 (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
Kyoto

Major Subsidiaries and Affiliates
Sekiya Real Estate, Ltd.
Sekisui House Remodeling, Ltd.
Sekiya 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.

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>

CORPORATE DATA

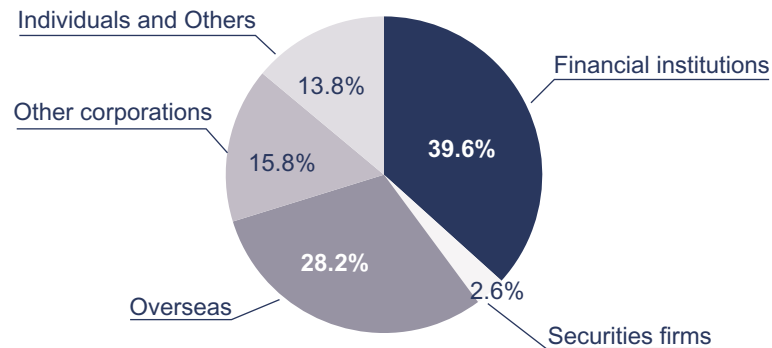
Stock information

(As of July 31, 2012)

Major shareholders

	Name	Number of shares	Shareholding ratio (%)
1	Sekisui Chemical Co., Ltd.	72,168,727	10.66
2	Japan Trustee Services Bank, Ltd. (Trust account)	47,506,000	7.02
3	The Master Trust Bank of Japan, Ltd. (Trust account)	43,390,000	6.85
4	Japan Trustee Services Bank, Ltd. (Trust account 9)	19,466,000	2.88
5	Employees' Stockholding	18,387,569	2.72
6	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	13,624,515	2.01
7	SSBTOD05OMNIBUSACCOUNT-TREATYCLIENTS	12,917,200	1.91
8	The Dai-ichi Life Insurance Company, Ltd.	12,158,730	1.80
9	State Street Bank and Trust Company 505225	10,126,520	1.50
10	Nippon Life Insurance Company	9,706,332	1.43

Stock composition



SEKISUI HOUSE, LTD.

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

<http://www.sekisuihouse.co.jp/english/index.html>