

Consolidated Financial Statements Summary
for the First Quarter of FY2014 (February 1, 2014 through April 30, 2014)
(Japanese Standard)

June 5, 2014

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Filing date of quarterly securities report : June 11, 2014
Date of scheduled payment of dividends : -
Quarterly earnings supplementary explanatory documents : Yes
Quarterly earnings results briefing : Yes (for institutional investors and analysts, in Japanese)

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

1. Consolidated Results for the Three Months Ended April 30, 2014 (February 1, 2014 through April 30, 2014)

(1) Consolidated Financial Results

(% figures represent changes from the same period of the previous year.)

	Net sales		Operating income		Ordinary income		Net income	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
Three months ended Apr. 30, 2014	451,528	26.2	36,328	130.4	37,445	109.8	21,117	103.1
Three months ended Apr. 30, 2013	357,680	7.3	15,766	128.6	17,845	126.0	10,399	260.4

(Note) Comprehensive income:

Three months ended Apr. 30, 2014 ¥8,100 million (-79.7%) Three months ended Apr. 30, 2013: ¥39,940 million (180.6%)

	Net income per share	Fully diluted net income per share
	¥	¥
Three months ended Apr. 30, 2014	30.82	29.23
Three months ended Apr. 30, 2013	15.48	14.40

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio
	¥ million	¥ million	%
As of April 30, 2014	1,791,572	931,711	51.5
As of January 31, 2014	1,769,005	941,415	52.6

(Reference) Shareholders' equity As of April 30, 2014: ¥922,972 million As of January 31, 2014: ¥930,944 million

2. Cash Dividends

	Cash dividends per share				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Annual
	¥	¥	¥	¥	¥
Year ended Jan. 31, 2014	-	20.00	-	23.00	43.00
Year ending Jan. 31, 2015	-				
Year ending Jan. 31, 2015 (forecast)		25.00	-	25.00	50.00

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

3. Consolidated Results Forecast for FY2014 (February 1, 2014 through January 31, 2015)

(% figures represent changes from the same period of the previous year.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
Six months ending Jul. 31, 2014	895,000	5.9	65,000	16.7	68,000	18.0	40,000	17.5	58.38
Year ending Jan. 31, 2015	1,860,000	3.0	142,000	7.6	149,000	8.1	89,000	11.5	129.89

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

Notes

(1) Changes in significant subsidiaries (changes in specific subsidiaries that caused a change in scope of consolidation): None

(2) Application of accounting treatment specific to the preparations for consolidated quarterly financial statements: None

(3) Changes in accounting policies, accounting estimates and restatements

(a) Changes in accounting policies due to amendment of accounting standards: Not applicable

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

(c) Changes in accounting estimates: Not applicable

(d) Restatements: Not applicable

(4) Number of shares outstanding (common stock)

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

As of Apr. 30, 2014: 686,895,078 shares

As of Jan. 31, 2014: 686,895,078 shares

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

As of Apr. 30, 2014: 1,662,637 shares

As of Jan. 31, 2014: 1,673,647 shares

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

Three months ended Apr. 30, 2014: 685,228,202 shares

Three months ended Apr. 30, 2013: 671,648,816 shares

*** Implementation Status of Quarterly Review Processes**

At the time of disclosure of this report, the procedures for review of quarterly consolidated financial statements, pursuant to the Financial Products and Exchange Law, have not been completed.

*** Notes Regarding the Appropriate Use of Results Forecasts and Other Important Matters**

Descriptions regarding forward-looking statements, etc. contained in these materials are based on information currently available to the Company and certain assumptions judged reasonable. The Company makes no warranty as to the feasibility of its projections. Future results may differ materially from projections due to various factors. For the assumptions underlying the earnings forecast, please see “(3) Qualitative Information Regarding Consolidated Results Forecast” in “1. Qualitative Information Regarding Consolidated Results for the Three Months under Review” of the “Attached Material” on page 6.

(Obtaining supplementary explanatory documents)

The Company plans to hold a briefing for institutional investors and analysts on June 5, 2014. Relevant financial explanatory documents to be handed out at the briefing will be posted on our official website on the same day.

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1. Qualitative Information Regarding the Consolidated Results for the Three Months under Review

(1) Qualitative Information Regarding Consolidated Business Results

During the first quarter of the consolidated fiscal year under review, the Japanese economy remained on a modest recovery path, backed by solid corporate earnings. However, the outlook remained uncertain, largely due to the effect of last-minute demand ahead of the consumption tax hike in April 2014 and a subsequent reactionary fall in demand.

In the housing market, a reactionary fall in demand for custom detached houses and others emerged and a tendency towards more prolonged examination prior to conclusion of contract was seen. However, demand for rental housing, largely as a means of minimizing inheritance tax, and eagerness to buy condominiums, especially in urban areas, remained strong, and interest in housing held firm.

Under these circumstances, the Company followed its medium-term management plan, enhancing the synergies between its three business models: the Built-to-Order Business, the Supplied Housing Business and the Development Business, including selling products pursuing differentiation from competitors, mainly Green First Zero eco-friendly homes, and promoting business under its brand vision "SLOW & SMART." In March, the Company also held sales promotion events nationwide, including *Sumai no sankan-bi* (visits to model houses) and Sha-Maison Festa, and worked to win orders.

Meanwhile, the Company developed the SHEAD construction method, a liquefaction mitigation technique for housing, to prevent liquefaction damage as the result of an earthquake and to provide greater safety and security. Also, with elder-to-elder nursing and the growing burden on carers set to become social problems in the future as the number of elderly increases, the Company also pursued initiatives to solve various social issues such as elderly home health care support, including starting joint research and development on the application of robot technology in the home with MUSCLE Corporation.

In the first quarter of the consolidated fiscal year under review, net sales amounted to ¥451,528 million (up 26.2% year-on-year). Operating income amounted to ¥36,328 million (up 130.4% year-on-year), ordinary income to ¥37,445 million (up 109.8% year-on-year) and net income to ¥21,117 million (up 103.1% year-on-year).

Business results by segments are as follows.

(Custom Detached Houses Business)

In the steel frame detached house segment, the Company unified steel frame two-story house construction methods and sought to standardize high quality and high performance, including the adoption of exterior walls with high performance insulation and high durability. By doing so, the Company significantly reduced the number of parts and materials and sought to improve production, design and construction efficiency. In the meantime, the Company started sales of *Be mod+e gent* high-performance homes that can be fitted with a photovoltaic generation system greater than 10 kW in size making them eligible for feed-in tariffs for all electricity generated and that also meet the requirements of Zero Energy Houses (ZEH).

In the wood-framed Sha-Wood house segment, the Company worked to expand sales, strengthening the lineup of its original Bellburn earthenware exterior wall and launching The Gravis 2014 edition as a high-end product.

Sales and profits both increased due to a large order backlog. However, orders received were weak, affected by a reactionary fall following the consumption tax hike.

Sales in the Custom Detached Houses Business amounted to ¥108,070 million, up 7.9% year-on-year, and operating income to ¥11,965 million, up 45.8% year-on-year.

(Rental Housing Business)

In the Rental Housing Business, the need to minimize rising inheritance taxes remained strong, and sales of 3- and 4-story rental houses, which were the focus of the Company's efforts, increased steadily. In Ichinomiya City, Aichi Prefecture, the Company developed Nikke Garden Court Hanamizuki, a large Sha-Maison low-rise apartments town comprising 11 buildings and 90 units, which is based on the concept of a child-care support town and brings the "SLOW & SMART" vision to the fore. The Company also held Sha-Maison Expo on the site, a sales promotion event combining promotion with the viewing of the Company's actual properties to stress the appeal of Sha-Maison.

As a result of these business promotions, orders were favorable.

Sales in the Rental Housing Business amounted to ¥92,631 million, up 39.0% year-on-year, and operating income to ¥9,274 million, up 112.7% year-on-year.

(Remodeling Business)

In the Remodeling Business, the Company proactively proposed remodeling projects to increase energy conservation, including the installation of photovoltaic generation systems and household fuel cells, in addition to the core Green First initiative, as well as remodeling projects to increase comfort, including alteration of the layout and improvement of equipment performance. Meanwhile, it held sales promotion events nationwide to acquire new customers.

As a result of these business promotions, orders were steady.

Sales in the Remodeling Business amounted to ¥36,932 million, up 31.2% year-on-year, and operating income to ¥5,212 million, up 74.1% year-on-year.

(Real Estate Management Fees Business)

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 increased steadily, with solid growth in the number of units built in the Rental Housing Business. Demand increased in the rental housing market, mainly in urban areas, and efforts were made to encourage occupancy by stressing the appeal of the Sha-Maison brand and increasing cooperation among Group companies. Further, by making proposals for remodeling to meet the needs of the market, occupancy rates remained high.

Sales in the Real Estate Management Fees Business amounted to ¥107,059 million, up 4.4% year-on-year, and operating income to ¥6,984 million, up 11.7% year-on-year.

(Houses for Sale Business)

In the Houses for Sale Business, the Company continued to develop smart towns nationwide, focusing on Green First HYBRID homes, with self-sustainability and the regeneration of community as the theme. As a leading smart house company, the Company developed and proactively marketed new high-value-added homes for sale, based on the keywords "safety and security," "healthy and pleasant," "energy" and "watchful." It also held *Machinami sankan-bi* promotional events nationwide and worked to expand sales.

Sales in the Houses for Sale Business amounted to ¥26,205 million, down 5.1% year-on-year, and operating income to ¥1,811 million, up 104.3% year-on-year.

(Condominiums Business)

In the Condominium Business, new properties such as the Grande Maison Shirokane Residence and the Grande Maison Garden City South Forest sold well, and inquiries about properties for sale also remained at a high level. Against this backdrop, the Company continued to implement sales strategies to enhance brand value.

As a result of these business promotions, orders were steady.

Sales in the Condominiums Business amounted to ¥26,112 million, up 437.1% year-on-year, and operating income to ¥3,705 million.

(Urban Redevelopment Business)

In the Urban Redevelopment Business, occupancy rates of Sekisui House Group's rental properties such as its Prime Maison series rental apartments remained firm.

In addition, the Ritz-Carlton, Kyoto, a top luxury hotel affiliated with the Marriott Hotel Group, built by the Company in Nakagyo Ward, Kyoto, opened on February 7.

Sales in the Urban Redevelopment Business amounted to ¥11,827 million, up 77.2% year-on-year, and operating income to ¥2,630 million, up 46.3% year-on-year.

(Overseas Business)

In the Overseas Business, as in the previous fiscal year, sales of subdivisions in the United States, including Cinco Ranch in Texas and One Loudoun in Virginia, remained firm. In New South Wales, Australia, the Park Lane Building in Central Park was completed and delivery started, and sales of subdivisions of The Hermitage in Camden were also brisk. In China, sales began for our projects in Heping District in Shenyang, Taicang City and Wuxi City.

Sales in the Overseas Business amounted to ¥19,235 million, up 197.7% year-on-year, and operating income to ¥1,212 million.

(Other Businesses)

In the Exterior Business, the Company proposed landscaping to plant trees native to each area in line with its "Gohon no ki" landscaping concept. It also made proactive proposals for comprehensive exterior designs with detached and rental housing designed to complement the neighboring townscape.

Sales in the Other Businesses amounted to ¥23,452 million, up 60.9% year-on-year, and operating income to ¥918 million.

(2) Qualitative Information Regarding Consolidated Financial Conditions

Total assets grew ¥22,566 million to ¥1,791,572 million at the end of the first quarter of the consolidated fiscal year under review, primarily attributable to an increase in property, plant and equipment. Liabilities increased ¥32,270 million, to ¥859,860 million, mainly due to the issue of short-term bonds payable and an increase in short-term loans payable. Net assets decreased ¥9,703 million, to ¥931,711 million, primarily owing to cash dividends paid and a decrease in the foreign currency translation adjustment, which more than offset the posting of net income.

(3) Qualitative Information Regarding Consolidated Results Forecast

Given its first quarter results and the good progress being made with construction work, the consolidated results forecast for the fiscal year ending January 31, 2015 remained unchanged from the plan announced on March 6, 2014, even though the business environment surrounding the housing market will be affected by a reactionary fall in the wake of the consumption tax hike.

2. Matters Regarding Summary Information (Notes)

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

Not applicable

(2) Application of Accounting Treatment Specific to the Preparations for Consolidated Quarterly Financial Statements:

Not applicable

(3) Changes in Accounting Policies, Accounting Estimates and Restatements:

Not applicable

3. Consolidated Quarterly Financial Statements

(1) Consolidated Quarterly Balance Sheets

(¥ million)

	As of January 31, 2014	As of April 30, 2014
Assets		
Current assets		
Cash and deposits	182,134	127,365
Notes receivable, accounts receivable from completed construction contracts	46,182	46,135
Short-term investment securities	1,044	1,769
Costs on uncompleted construction contracts	10,558	13,674
Buildings for sale	178,220	176,209
Land for sale in lots	472,377	468,548
Undeveloped land for sale	81,139	79,344
Other inventories	11,298	12,690
Deferred tax assets	47,402	40,998
Other	49,479	54,707
Allowance for doubtful accounts	(1,246)	(1,249)
Total current assets	1,078,589	1,020,194
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	194,169	222,030
Machinery, equipment and vehicles, net	16,261	15,878
Land	235,023	301,758
Construction in progress	15,258	8,615
Other, net	5,821	5,812
Total property, plant and equipment	466,534	554,096
Intangible assets	16,546	16,311
Investments and other assets		
Investment securities	106,429	99,125
Long-term loans receivable	47,249	46,703
Prepaid pension cost	1,175	1,172
Deferred tax assets	14,234	15,328
Other	38,838	39,232
Allowance for doubtful accounts	(594)	(591)
Total investments and other assets	207,333	200,970
Total noncurrent assets	690,415	771,377
Total assets	1,769,005	1,791,572

(¥ million)

	As of January 31, 2014	As of April 30, 2014
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts	110,860	86,159
Electronically recorded obligations-operating	63,865	60,103
Short-term bonds payable	-	85,000
Short-term loans payable	38,009	74,071
Current portion of bonds payable	-	70,000
Current portion of long-term loans payable	45,587	37,837
Income taxes payable	31,085	5,468
Advances received on uncompleted construction contracts	116,352	102,843
Provision for bonuses	24,898	18,047
Provision for directors' bonuses	961	-
Provision for warranties for completed construction	3,484	3,440
Other	67,554	55,143
Total current liabilities	502,659	598,114
Noncurrent liabilities		
Bonds payable	90,000	20,000
Bonds with subscription rights to shares	36,390	36,390
Long-term loans payable	77,391	82,315
Long-term lease and guarantee deposited	54,801	58,762
Deferred tax liabilities	203	271
Provision for retirement benefits	55,037	53,253
Provision for directors' retirement benefits	977	915
Other	10,127	9,835
Total noncurrent liabilities	324,929	261,745
Total liabilities	827,589	859,860
Net assets		
Shareholders' equity		
Capital stock	191,559	191,559
Capital surplus	243,217	243,217
Retained earnings	413,446	418,800
Treasury stock	(1,379)	(1,372)
Total shareholders' equity	846,843	852,204
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	27,612	21,797
Deferred gains or losses on hedges	47	39
Foreign currency translation adjustment	56,440	48,931
Total accumulated other comprehensive income	84,101	70,768
Subscription rights to shares	474	479
Minority interests	9,996	8,258
Total net assets	941,415	931,711
Total liabilities and net assets	1,769,005	1,791,572

**(2) Consolidated Quarterly Statements of Income and Consolidated Quarterly Statements of Comprehensive Income
(Consolidated Quarterly Statements of Income)**

For the three months ended April 30, 2013 and 2014

(¥ million)

	Feb. 1, 2013– Apr. 30, 2013	Feb. 1, 2014 – Apr. 30, 2014
Net sales	357,680	451,528
Cost of sales	289,649	361,049
Gross profit	68,031	90,478
Selling, general and administrative expenses	52,264	54,150
Operating income	15,766	36,328
Non-operating income		
Interest income	350	375
Dividends income	14	10
Foreign exchange gains	1,695	488
Equity in earnings of affiliates	120	698
Other	783	574
Total non-operating income	2,964	2,147
Non-operating expenses		
Interest expenses	254	252
Other	631	779
Total non-operating expenses	886	1,031
Ordinary income	17,845	37,445
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	383	234
Impairment loss	39	28
Total extraordinary losses	422	262
Income before income taxes and minority interests	17,422	37,182
Income taxes-current	5,265	7,602
Income taxes-deferred	1,378	8,079
Total income taxes	6,643	15,681
Income before minority interests	10,779	21,500
Minority interests in income	379	383
Net income	10,399	21,117

(Consolidated Quarterly Statements of Comprehensive Income)**For the three months ended April 30, 2013 and 2014**

	Feb. 1, 2013 – Apr. 30, 2013	Feb. 1, 2014 – Apr. 30, 2014
Income before minority interests	10,779	21,500
Other comprehensive income		
Valuation difference on available-for-sale securities	11,088	(5,809)
Deferred gains or losses on hedges	19	(6)
Foreign currency translation adjustment	17,949	(7,501)
Share of other comprehensive income of associates accounted for using equity method	103	(83)
Total other comprehensive income	29,160	(13,400)
Comprehensive income	39,940	8,100
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	39,432	7,784
Comprehensive income attributable to minority interests	507	315

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

Not applicable

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

Not applicable

(Segment Information, etc.)**[Segment Information]**

I. Three months ended April 30, 2013 (February 1, 2013 through April 30, 2013)

1. Sales and operating income (loss) by reportable business segment

(¥ million)

	Reportable Business Segments						
	Custom detached houses	Rental housing	Remodeling	Real estate management fees	Houses for sale	Condominiums	Urban redevelopment
Sales							
(1) Sales to third parties	100,152	66,627	28,152	102,566	27,605	4,861	6,675
(2) Inter-group sales and transfers	-	1,143	226	964	-	-	33
Net sales	100,152	67,771	28,379	103,531	27,605	4,861	6,708
Operating income (loss)	8,208	4,360	2,994	6,252	886	(324)	1,798

	Reportable Business Segments		Other Businesses (Note: 1)	Total	Adjustments (Note: 2)	Amounts on the consolidated financial statements (Note: 3)
	Overseas business	Total				
Sales						
(1) Sales to third parties	6,462	343,104	14,576	357,680	-	357,680
(2) Inter-group sales and transfers	-	2,368	1,597	3,966	(3,966)	-
Net sales	6,462	345,473	16,173	361,646	(3,966)	357,680
Operating income (loss)	(381)	23,794	(189)	23,605	(7,838)	15,766

Notes:

1. Other Businesses principally include the exterior business.
2. An adjustment of ¥7,838 million for segment income (loss) includes an elimination of inter-segment transactions of ¥1,213 million and corporate expenses of ¥6,624 million that have not been allocated to each segment. Corporate expenses mainly include selling, general and administration expenses and experiment and research expenses that do not belong to any reportable segments.
3. Operating income (loss) by business segment is adjusted to correspond to operating income in the consolidated quarterly statements of income.

II. Three months ended April 30, 2014 (February 1, 2014 through April 30, 2014)

1. Sales and operating income by reportable business segment

(¥ million)

	Reportable Business Segments						
	Custom detached houses	Rental housing	Remodeling	Real estate management fees	Houses for sale	Condominiums	Urban redevelopment
Sales							
(1) Sales to third parties	108,070	92,631	36,932	107,059	26,205	26,112	11,827
(2) Inter-group sales and transfers	-	556	156	818	-	-	33
Net sales	108,070	93,187	37,089	107,878	26,205	26,112	11,860
Operating income	11,965	9,274	5,212	6,984	1,811	3,705	2,630

	Reportable Business Segments		Other Businesses (Note: 1)	Total	Adjustments (Note:2)	Amounts on the consolidated financial statements (Note: 3)
	Overseas business	Total				
Sales						
(1) Sales to third parties	19,235	428,076	23,452	451,528	-	451,528
(2) Inter-group sales and transfers	-	1,565	1,797	3,363	(3,363)	-
Net sales	19,235	429,641	25,249	454,891	(3,363)	451,528
Operating income	1,212	42,797	918	43,715	(7,387)	36,328

Notes:

1. Other Businesses principally include the exterior business.
2. An adjustment of ¥7,387 million for segment income (loss) includes an elimination of inter-segment transactions of ¥1,052 million and corporate expenses of ¥6,334 million that have not been allocated to each segment. Corporate expenses mainly include selling, general and administration expenses and experiment and research expenses that do not belong to any reportable segments.
3. Operating income by business segment is adjusted to correspond to operating income in the consolidated quarterly statements of income.

4. Supplemental Information**The State of Orders**

[Consolidated]

(¥ million)

	Three months ended April 30, 2013		Three months ended April 30, 2014		Year ended January 31, 2014	
	Orders	Accumulated Orders	Orders	Accumulated Orders	Orders	Accumulated Orders
Custom detached houses	143,040	289,878	90,767	237,068	525,072	254,372
Rental housing	105,675	281,581	94,776	315,121	426,644	312,975
Remodeling	30,505	23,070	30,585	24,448	135,123	30,794
Real estate management fees	102,566	-	107,059	-	408,403	-
Houses for sale	35,121	43,771	25,000	34,156	132,511	35,361
Condominiums	14,158	56,720	18,898	53,775	76,649	60,989
Urban redevelopment	6,675	-	15,112	5,515	44,658	2,230
Overseas business	18,352	75,724	18,324	60,129	82,599	61,040
Other Businesses	18,208	35,515	18,437	50,329	96,907	55,344
Total	474,304	806,263	418,964	780,544	1,928,571	813,108