Consolidated Financial Results for FY2011
(February 1, 2011 through January 31, 2012)

March 8, 2012

Company name	: **Sekisui House, Ltd.** (URL http://www.sekisuihouse.co.jp)
Listed exchanges	: Tokyo, Osaka, Nagoya
Stock code	: 1928
Representative	: Toshinori Abe, President and Representative Director
Inquiries	: Fumiaki Hirabayashi, Senior Managing Officer, Head of Corporate Communications Department Tel +81 6 6440 3111
Date of general shareholders' meeting	: April 26, 2012
Date of scheduled payment of dividends	: April 27, 2012
Date of scheduled filing of securities report	: April 27, 2012
Supplementary explanatory documents	: Yes
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 FY2011 (February 1, 2011 through January 31, 2012)

(1) Consolidated Financial Results

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

	Net sales		Operating income		Ordinary income		Net income	
	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%
Year ended January 31, 2012	1,530,577	2.8	70,897	25.8	70,075	24.5	28,962	(4.8)
Year ended January 31, 2011	1,488,369	10.0	56,354	-	56,271	-	30,421	-

(Note) Comprehensive income: Year ended Jan. 2012: ¥21,822 million [(27.4)%] Year ended Jan. 2011: ¥30,076 million [-%]

	Net income per share	Fully diluted net income per share	Return on equity	Ordinary income ratio to total assets	Operating income ratio to net sales
	¥	¥	%	%	%
Year ended January 31, 2012	42.90	41.12	3.9	5.0	4.6
Year ended January 31, 2011	45.02	45.00	4.2	4.2	3.8

(Reference) Equity in earnings of affiliates: Year ended Jan. 2012: ¥449 million Year ended Jan. 2011: ¥916 million

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	¥ millions	¥ millions	%	¥
As of January 31, 2012	1,445,828	750,374	51.4	1,107.43
As of January 31, 2011	1,341,308	738,029	54.9	1,090.67

(Reference) Shareholders' equity As of January 31, 2012: ¥743,830 million As of January 31, 2011: ¥736,962 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents as of end of period
	¥ millions	¥ millions	%	¥ millions
Year ended January 31, 2012	26,306	(42,928)	38,002	169,524
Year ended January 31, 2011	85,061	(20,989)	(60,132)	151,983

2. Cash Dividends

	Dividends per share (¥)					Total dividends (annual) (¥ millions)	Dividend payout ratio (Consolidated)	Dividends to net assets (Consolidated)
	1st quarter	2nd quarter	3rd quarter	Year-end	Annual			
Year ended January 31, 2011	-	13.00	-	8.00	21.00	14,193	46.6	2.0%
Year ended January 31, 2012	-	10.00	-	10.00	20.00	13,477	46.6	1.8%
Year ending January 31, 2013 (Forecast)	-	12.00	-	13.00	25.00		40.0	-

(Note) Breakdown of cash dividends for 2Q FY2010: Ordinary dividends: ¥8.00, 50th anniversary Commemorative dividends: ¥5.00

3. Consolidated Results Forecast for FY2012 (February 1, 2012 through January 31, 2013)

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

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%	¥
Six months ending July 31, 2012	776,000	4.0	30,000	(7.8)	30,000	(7.9)	15,200	(9.9)	22.63
Year ending January 31, 2013	1,650,000	7.8	80,000	12.8	79,500	13.4	42,000	45.0	62.53

4. Others

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries that caused a change in scope of consolidation): Applicable

New Consolidated Companies: 1

The Name of Companies: Sekisui House Changcheng (Suzhou) Real Estate Development Co., Ltd.

(2) Changes in accounting principles, procedures, and presentation for consolidated financial statements (matters to be included in the section, Changes in Basic Important Matters for Preparation of Consolidated Financial Statements)

(i) Changes caused by revisions of accounting standards etc.: Yes

(ii) Changes other than (i): Yes

(Note) For more details, please see "Changes in Basic Important Matters for Preparation of Consolidated Financial Statements" in page 30.

(3) Number of shares outstanding (common stock)

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

As of Jan. 31, 2012: 676,885,078 shares　　As of Jan. 31, 2011: 676,885,078 shares

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

As of Jan. 31, 2012: 5,211,881 shares　　As of Jan. 31, 2011: 1,187,859 shares

(iii) Average number of shares outstanding in each period:

As of Jan. 31, 2012: 675,068,801 shares　　As of Jan. 31, 2011: 675,721,636 shares

(Reference) Summary of non-consolidated financial results

1. Non-Consolidated Results for the FY2011 (February 1, 2011 through January 31, 2012)

(1) Non-Consolidated Financial Results

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

	Net sales		Operating income		Ordinary income		Net income	
	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%
Year ended January 31, 2012	1,013,559	(1.1)	42,518	20.9	48,629	19.9	20,068	(19.8)
Year ended January 31, 2011	1,025,341	12.6	35,167	-	40,542	-	25,027	-

	Net income per share	Fully diluted net income per share
	¥	¥
Year ended January 31, 2012	29.72	28.49
Year ended January 31, 2011	37.03	37.01

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	¥ millions	¥ millions	%	¥
As of January 31, 2012	1,230,785	642,176	52.1	955.29
As of January 31, 2011	1,173,639	638,247	54.4	943.89

(Reference) Shareholders' equity　As of January 31, 2012: ¥ 641,811 million　As of January 31, 2011: ¥637,954 million

*** Implementation Status of Review Processes**

At the time of disclosure of this report, the procedures for review of 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**

This document contains forward-looking statements based on judgments and estimates derived from information available to the Company at the time of this release, and is therefore subject to risks and uncertainties. Actual future results may differ materially from any projections presented here due to a variety of factors, including economic conditions surrounding the business domain of the Company and Group companies, as well as market trends.

For details of results forecast, please refer to "(1) Analysis of Business Results <Outlook for the Next Fiscal Year>" in "1. Business Results" of the "Attached Material" on page 11.

(Obtaining supplementary explanatory documents)

The Company plans to hold a briefing for institutional investors and analysts on March 8, 2012. Relevant financial explanatory documents to be handed out at the briefing will be posted on our official website on the same day.

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Appendix 1: Results summary for the year ended January 31, 2012

¥ millions

Consolidated	FY2010	FY2011	YOY (%)	Forecast for FY2012	YOY (%)
Net sales	1,488,369	1,530,577	2.8	1,650,000	7.8
Gross profit	257,208	275,324	7.0	300,000	9.0
SG&A expenses	200,853	204,426	1.8	220,000	7.6
Operating income	56,354	70,897	25.8	80,000	12.8
Ordinary income	56,271	70,075	24.5	79,500	13.4
Extraordinary income	134	-	-	-	-
Extraordinary loss	2,592	7,874	203.7	2,000	(74.6)
Net income	30,421	28,962	(4.8)	42,000	45.0
Total orders	1,528,362	1,577,501	3.2	1,708,000	8.3
Accumulated orders	551,787	598,711	8.5	656,711	9.7

Key management indicators

Consolidated	FY2007	FY2008	FY2009	FY2010	FY2011
Net income per share (¥)	87.70	17.04	(43.32)	45.02	42.90
Net assets per share (¥)	1,139.63	1,115.20	1,059.18	1,090.67	1,107.43
Operating profit margin	6.87%	4.88%	(2.86)%	3.79%	4.63%
ROE	7.69%	1.51%	(3.98)%	4.19%	3.91%
ROA *	8.56%	5.60%	(2.69)%	4.34%	5.28%

¥ millions

R & D expenditures	6,299	6,191	5,087	4,657	4,366
Capital expenditure (Consolidated)	54,413	57,432	82,145	32,690	43,312
Capital expenditure (Non-consolidated)	43,534	43,156	71,677	22,501	24,425
Depreciation expense (Consolidated)	14,157	15,392	16,579	16,383	18,034
Depreciation expense (Non-consolidated)	11,368	12,252	13,161	12,809	14,216

* ROA: Return on Assets = (Operating income + Interest received) / Total assets

Appendix 2: Segment breakdown for the year ended January 31, 2012

Consolidated (See page 38)

(1) Sales

¥ millions

	FY2010	FY2011	YOY(%)	FY2011 (after reclassification)	FY2012 forecast	YOY(%)
Custom detached houses	455,239	475,330	4.4	475,330	485,000	2.0
Rental housing	277,659	289,027	4.1	289,027	285,000	(1.4)
Houses for sale	146,470	127,123	(13.2)	127,123	127,000	(0.1)
Condominiums	77,185	39,681	(48.6)	39,681	48,000	21.0
Urban redevelopment	22,208	37,720	69.8	37,720	58,000	53.8
Remodeling	91,443	102,180	11.7	102,180	130,000	27.2
Real estate management fees	361,988	378,247	4.5	378,247	395,000	4.4
Overseas Business	-	-	-	24,264	60,000	147.3
Other businesses	56,173	81,267	44.7	57,002	62,000	8.8
Consolidated	1,488,369	1,530,577	2.8	1,530,577	1,650,000	7.8

Since "Overseas Business" is to be listed as a reportable business segment from the fiscal year ending January 31, 2013, this presents the breakdown by segment following the reclassification of segments of the fiscal year ended January 31, 2012.

(2) Operating income and OP margin

¥ millions

	FY2010	FY2011	YOY(%) (Amount)	FY2011 (after reclassification)	FY2012 forecast	YOY(%) (Amount)
	Amount OP margin	Amount OP margin		Amount OP margin	Amount OP margin	
Custom detached houses	45,772 10.1%	52,476 11.0%	14.6	52,476 11.0%	51,000 10.5%	(2.8)
Rental housing	26,195 9.3%	26,595 9.2%	1.5	26,595 9.2%	25,500 8.9%	(4.1)
Houses for sale	516 0.4%	3,685 2.9%	613.6	3,685 2.9%	3,000 2.4%	(18.6)
Condominiums	(1,009) (1.3%)	(9,947) (25.1%)	-	(9,947) (25.1%)	500 1.0%	-
Urban redevelopment	4,812 21.6%	9,974 26.4%	107.2	9,974 26.4%	8,000 13.8%	(19.8)
Remodeling	8,530 9.3%	9,624 9.4%	12.8	9,624 9.4%	10,500 8.1%	9.1
Real estate management fees	12,429 3.4%	14,260 3.8%	14.7	14,260 3.8%	15,000 3.8%	5.2
Overseas Business	- -	- -	-	(3,176) (13.1%)	3,000 5.0%	-
Other businesses	(6,016) (9.9%)	(3,211) (4.0%)	-	(35) (0.1%)	0 0.0%	-
Eliminations and back office	(34,876)	(32,560)	-	(32,560)	(36,500)	-
Consolidated	56,354 3.8%	70,897 4.6%	25.8	70,897 4.6%	80,000 4.8%	12.8

Since "Overseas Business" is to be listed as a reportable business segment from the fiscal year ending January 31, 2013, this presents the breakdown by segment following the reclassification of segments of the fiscal year ended January 31, 2012.

(3) Orders

¥ millions

	FY2010	FY2011	YOY(%)	FY2011 (after reclassification)	FY2012 forecast	YOY(%)
Custom detached houses	469,232	467,702	(0.3)	467,702	495,500	5.9
Rental housing	267,202	300,354	12.4	300,354	305,000	1.5
Houses for sale	145,974	124,312	(14.8)	124,312	129,500	4.2
Condominiums	68,579	60,717	(11.5)	60,717	61,000	0.5
Urban redevelopment	35,408	24,520	(30.8)	24,520	58,000	136.5
Remodeling	95,094	104,086	9.5	104,086	135,700	30.4
Real estate management fees	361,988	378,247	4.5	378,247	395,000	4.4
Overseas Business	-	-	-	60,021	62,000	3.3
Other businesses	84,881	117,560	38.5	57,538	66,300	15.2
Consolidated	1,528,362	1,577,501	3.2	1,577,501	1,708,000	8.3

Since "Overseas Business" is to be listed as a reportable business segment from the fiscal year ending January 31, 2013, this presents the breakdown by segment following the reclassification of segments of the fiscal year ended January 31, 2012.

(4) Accumulated orders

¥ millions

	FY2010	FY2011	YOY(%)	FY2011 (after reclassification)	FY2012 forecast	YOY(%)
Custom detached houses	224,255	216,628	(3.4)	216,628	227,128	4.8
Rental housing	207,775	219,101	5.5	219,101	239,101	9.1
Houses for sale	31,466	28,656	(8.9)	28,656	31,156	8.7
Condominiums	6,878	27,914	305.8	27,914	40,914	46.6
Urban redevelopment	13,200	-	-	-	-	-
Remodeling	14,021	15,927	13.6	15,927	21,627	35.8
Real estate management fees	-	-	-	-	-	-
Overseas Business	-	-	-	64,480	66,480	3.1
Other businesses	54,189	90,482	67.0	26,002	30,302	16.5
Consolidated	551,787	598,711	8.5	598,711	656,711	9.7

Since "Overseas Business" is to be listed as a reportable business segment from the fiscal year ending January 31, 2013, this presents the breakdown by segment following the reclassification of segments of the fiscal year ended January 31, 2012.

1. Business Results
(1) Analysis of Business Results
<Review of Business Performance>

Japan's economy showed signs of steady progress towards recovery from the devastating impact of the Great East Japan Earthquake. The period under review saw a normalization of manufacturing activities, etc., with supply-side constraints largely resolved thanks to the early resumption of corporate activities, and growth in orders supported by demand for reconstruction in areas affected by the disaster. However, the financial instability caused mainly by the European debt crisis led to a high level of risk aversion in capital markets. Meanwhile, the persistently strong yen and the suspension of production at Japan's production bases in Thailand due to the adverse impact of recent flooding all took a toll on business activities, putting significant downward pressure on corporate earnings. In this environment, uncertainty over the economic outlook heightened.

In the housing market, additional stimulus measures for the support of housing acquisition were devised by the government to promoting environmentally friendly housing. These measures included the resumption of subsidies for the installment of ENE FARM, a household fuel cell system, Flat 35S, a preferential interest rate system, and the eco-point system for housing, all of which had originally ended. However, concerns over the economic outlook suppressed housing investment somewhat, and the number of new housing starts for 2011 was around 830,000, increasingly only modestly from the previous year.

Meanwhile, consumer awareness of safety, reliability, and comfort in housing, as well as of the importance of energy at the time of disaster, increased after the earthquake. In this environment, Sekisui House actively promoted the sale of homes featuring SHEQAS, Sekisui's unique antiseismic system that can halve the transfiguration of a building, as well as Green First homes with a photovoltaic power generation system or household fuel cell system installed, as part of Sekisui's efforts to provide disaster-resistant, eco-friendly houses.

The Company also developed and commenced sales of Green First Hybrid, a new series of homes featuring a power supply system combining solar cells, fuel cells, and storage batteries, the first of its kind in the world. Sekisui House participated in the Tokyo Motor Show held in December 2011, as the first housing manufacturer to join the event. The Company showcased Green First Hybrid as a futuristic housing model proposing a new connection between EVs and Smart Houses, and communicated the sophistication of its environmental technology for housing to a wide audience.

In the Urban Redevelopment Business, Sekisui House began construction of a project in Nakagyo-ku, Kyoto City, where Ritz-Carlton, the most luxurious brand of the Marriot Hotel Group, the world's leading hotel chain, will be open in the spring of 2014.

In overseas business, Sekisui House, as a core company of the Modern Construction Industrial Park, a national project carried out by Shenyang City, China, started to construct a production factory for steel-framed housing to meet demand for energy-saving and high functional industrialized housing in China. In Australia, Sekisui House commenced the joint development project of Central Park, a residential and commercial complex in central Sydney, with Frasers Centrepoint Limited.

Looking at business performance, Sekisui House took steps to increase orders in line with the key initiative of its mid-term management plan, the "Green First Strategy" (as a driver of business growth in eco-friendly housing) in reply to rising concern of safety and need for securing energy. As a result, order for detached houses and rental housing, in particular, increased. The installation rate of SHEQAS, Sekisui's unique antiseismic system, rose, and sales of houses combining photovoltaic power generation systems and household fuel cells made a significant contribution to earnings. Meanwhile, sales were also favorably affected by a number of other factors, such as demand for reconstruction in the disaster-hit areas and a hike in demand for rental housing in cities, and results for period under review which corresponds to the second year of the medium-term management plan were solid.

Net sales in FY2011 amounted to ¥1,530,577 million, up 2.8% from the previous fiscal year. Operating income grew to ¥70,897 million (up 25.8%), ordinary income to ¥70,075 million (up 24.5%), while net income amounted to ¥28,962 million (down 4.8%) owing to the effects caused by the changes in income tax rate, etc.

<Overview of Business Segments>

(Custom Detached Houses Business)

In the Custom Detached Houses Business, Sekisui House took initiatives to bolster orders in line with the "Green First Strategy."

In product development, specifically steel-framed housing, Sekisui House started to sell Airkis, a system that focused on health as an essential factor for leading a comfortable life, by introducing the product to its mainstay steel-framed housing products as a standard feature. Airkis is an air environment-friendly system that can halve the level of five chemical substances, including formaldehyde, in the internal living space from that of national standards. It was created following the development and study of building materials to improve the internal air environment of houses since the 1990s as the "sick house" syndrome emerged as an issue. In October 2011, Sekisui House began selling a new flagship model called IS ROY+E, which uses a unique concrete wall called Dyne Concrete for the first time in a new structure that permits a higher degree of freedom in design.

The Slow Living housing design, in which Sekisui House proposes a large and comfortable open space that softly connects the outer and interior areas, meanwhile won the 2011 Good Design Award.

In the wood-framed Sha-Wood line that uses Bellburn, a well-regarded original exterior wall made of earthenware, the Company sought to expand sales by launching a Western-style model called Gravis Villa that uses new colors for the exterior walls and quality designs. Meanwhile, in response to an increase in orders for Bellburn, Sekisui House concluded the transfer of the building material business of Kurosaki Harima Corporation, which supplied the walls in question. By bringing the production of Bellburn in house, it sought to improve its production capabilities and cut costs.

To respond to demand for the reconstruction of houses after the Great East Japan Earthquake, the Company established a system for supplying the standardized housing packages of its steel-framed housing, wood-framed housing, and Sekiwa no Ki no Ie for customers in afflicted areas who were hoping for the early reconstruction of their houses.

Thanks to the above initiatives, as well as renewed recognition of the safety of housing, demand for reconstruction in accordance with the rehabilitation of the disaster-hit areas, and the continuation of official stimulus measures, orders in this business fared steadily.

Sales in the Custom Detached Houses Business for the period under review increased to ¥475,330 million (up 4.4% from the previous fiscal year) and operating income to ¥52,476 million (up 14.6%).

(Rental Housing Business)

In the Rental Housing Business, Sekisui House actively proposed Sha-Maison Gardens, which was designed with the concept of harmonizing with the landscape, minimizing the burden on the environment, and ensuring safety and comfort.

Looking at product development, in February 2011, Sekisui House launched PRO+NUBE, a new product that adopted the new reinforced structural skeleton, and, as a standard feature, SHAIDD55, its original floor-sound insulation system that is able to significantly dampen the sound of impacts on the floor above.

As part of its sales promotion activities, Sekisui House held the Sha-Maison Festa, a sales promotion event, in early March 2011 to organize site tours and propose an efficient land use. This event contributed greatly to the order growth. In the meantime, Sekisui House launched a business operations system called Sha-Maison with System, which provides Group-wide support to rental home owners to ensure long-term, stable operation of rental homes. By promoting the efficient use of land, among other measures, and establishing solid support systems, Sekisui House sought to strengthen its sales capabilities.

Moreover, to respond to support reconstruction efforts in the disaster-hit areas, Sekisui House established a system for supplying the standardized housing packages to respond to demand for construction in the affected areas in the same manner as done in the Custom Detached Houses Business.

In addition to these business development efforts, the Company intensely implemented area strategies in cities where demand for rental housing was rising, while, at the same time, meeting the need for inheritance tax measures, and orders in this segment remained steady.

For the Rental Housing Business, sales amounted to ¥289,027 million (up 4.1% from the previous fiscal year), and operating income to ¥26,595 million (up 1.5%).

(Houses for Sale Business)

In the Houses for Sale Business, by holding sales promotion events such as *Sumai no Sankan-bi* (visits to model houses) and *Machinami Sankan-bi* (visits to existing subdivisions with superb living environments), Sekisui House effectively executed the Green First Strategy, and strengthened its sales capabilities.

In Miyagi Prefecture, the Company started development and marketing of a town project, SMART COMMON CITY AKAISHIDAI, providing infrastructure for an enriched lifestyle in Sendai area, with disaster-resistant and crime-proof housing, and also contributing to reconstruction efforts after the Great East Japan Earthquake. In *Kazusa no Mori, Chiharadai*, the town project of detached houses for sale in Ichihara City, Chiba Prefecture, a draft of the landscape plan based on proposals that were jointly prepared by Sekisui House and other developers and the residents was developed as the landscape plan of Ichihara City. In this way, Sekisui House was engaged in developing a town with a sound landscape that will increase the value of its assets in the future.

The MAST brand promoted by each Sekiwa Real Estate, Group companies, was added to the Sekisui House lineup to bolster its marketing strategy by introducing a wider range of products and adding appeal in its development initiatives.

However, nationwide real estate market remained sluggish. In response, Sekisui House took steps to streamline assets by continuing to adjust inventories.

Sales in the Houses for Sale Business amounted to ¥127,123 million (down 13.2% from the previous fiscal year) and operating income to ¥3,685 million (up 613.6%).

(Condominium Business)

In the Condominium Business, Sekisui House started to sell the properties in Grand Front Osaka Owner's Tower, a condominium under construction in Kita-ku, Osaka City, based on a joint development project called the Umekita Advanced Development District Project, and this progressed steadily. Orders for new condominiums that Sekisui House started to sell in urban areas, such as Grand Terminal Tower Motoyawata (Ichikawa City, Chiba Prefecture) and Grande Maison Ikeshita The Tower (Nagoya City, Aichi Prefecture), also remained steady.

However, the sales situation showed some weakness as a result of promoting sales of existing properties and continued inventory reduction.

Sales in the Condominium Business amounted to ¥39,681 million (down 48.6% from the previous fiscal year), and the operating loss was ¥9,947 million, reflecting the revaluation of certain properties.

(Urban Redevelopment Business)

In the Urban Redevelopment Business, Sekisui House sold Daiba Garden City to Japan Excellent, Inc., a J-REIT in February 2011. Meanwhile, Sekisui House is steadily managing Hommachi Garden City, which commenced operations in 2010. The Company is working on leasing activities for Garden City Shinagawa Gotenyama and Hommachi Minami Garden City, as well.

Meanwhile, occupancy rates of Sekisui House Group's rental properties such as its Prime Maison series rental apartments remained firm. The Company was continuously involved in the independent development and acquisition of high quality rental properties and made steady progress in the business.

Sales in the Urban Redevelopment Business amounted to ¥37,720 million (up 69.8% from the previous fiscal year) and operating income to ¥9,974 million (up 107.2%).

(Remodeling Business)

In the Remodeling Business, based on its Green First Strategy, Sekisui House made remodeling proposals aimed at energy conservation, installing photovoltaic power generation systems and introducing heat insulation renovations. The Company also actively proposed the remodeling of detached and rental houses to offer its customers comfortable living environments in accordance with individual and diversified lifestyles by holding nationwide Remodeling Fairs and Kitchen Storage Seminars. Meanwhile, Sekisui House focused on the recovery and reconstruction effort of the owners of its products immediately after the March 11 earthquake, and promptly responded to requests for repairs and related work and met demand increase.

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

Sales in the Remodeling Business amounted to ¥102,180 million (up 11.7% from the previous fiscal year) and operating income to ¥9,624 million (up 12.8%).

(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 enjoyed a steady increase. As the rental housing market picked up, particularly in urban areas, the Sekisui House Group was united in active sales promotions to attract new tenants.

Moreover, by continuing to propose remodeling to homeowners in accordance with the needs in the market, Sekisui House maintained high occupancy rates, especially in the Tokyo metropolitan area.

Sales in the Remodeling Business amounted to ¥378,247 million (up 4.5% from the previous fiscal year) and operating income to ¥14,260 million (up 14.7%).

(Other Businesses)

In overseas business, delivery of all 215 units sold in the Phase I properties in condominiums in Wentworth Point in Australia was completed in October 2011. Orders for other units that are currently being marketed, and properties for sale in Central Park, which Sekisui House acquired in Australia in July 2011 are also moving forward steadily.

Moreover, Sekisui House started operations in Singapore by undertaking three real estate development projects. It also undertook large-scale urban development projects in Shenyang City and Suzhou City in China. Moreover, Sekisui House began constructing a factory that will provide materials for industrialized housing in Shenyang City.

In the United States, Sekisui House began sale in One Loudoun, an urban residential and commercial complex project, and acquired land development projects from California Public Employee Retirement System (CalPERS).

In the exterior business, Sekisui House sought to bolster its ability to make proposals to customers and enhance operating efficiency by integrating Greentechno Sekiwa companies and Sekiwa Construction, Ltd.

For this segment, sales amounted to ¥81,267 million (up 44.7% from the previous year) and operating loss to ¥3,211 million, due to initial development costs of overseas business, etc.

<Outlook for the Next Fiscal Year>

Looking ahead, Japanese companies are set to achieve a moderate earnings recovery with monetary easing taken by national governments and other contributing factors in the background, despite the uncertainty that is likely to persist in the global economy. In this environment, Sekisui House will commence the last fiscal year of its medium-term management plan. For the fiscal year ending January 2013, the Company forecasts consolidated net sales of ¥1,650 billion (up 7.8% from the current fiscal year under review), consolidated operating income of ¥80 billion (up 12.8%), consolidated ordinary income of ¥79.5 billion (up 13.4%), and consolidated net income of ¥42 billion (up 45.0%), taking into consideration factors such as consistent results secured with sales approaches built around the Green First Strategy and supportive measures taken by the Japanese government, including the continuation of eco-points for housing and the Flat 35S preferential interest rate system.

(2) Analysis on Financial Position

Total assets increased by ¥104,520 million to ¥1,445,828 million at the end of the fiscal year under review, primarily owing to the increase in land for sale for overseas business and buildings for sale as construction work of urban redevelopment projects progressed. Liabilities increased by ¥92,175 million to ¥695,454 million, mainly due to the issuance of euro-yen denominated convertible bonds with subscription rights to shares. Net assets increased by ¥12,344 million to ¥750,374 million, chiefly due to posting of net income, while foreign currency translation adjustments declined.

Net cash used in operating activities was ¥26,306 million (a year-on-year decrease of ¥58,754 million in net cash used), primarily due to the increase in inventories.

Net cash provided by investing activities was ¥42,928 million (a year-on-year decrease of ¥21,939 million in net cash used), mainly reflecting the purchase of property, plant, and equipment.

Net cash provided by financing activities was ¥38,002 million (a year-on-year increase of ¥98,135 million in net cash used). This was attributable to the repayment of long-term loans payable and dividend payments, while at the same time corporate bonds were issued.

Consequently, cash and cash equivalents at the end of the fiscal year under review amounted to ¥169,524 million, increasing by ¥17,540 million from the end of the previous fiscal year.

(Reference) Trend in cash flow pertinent indicators

	FY2007	FY2008	FY2009	FY2010	FY2011
Equity ratio (%)	57.1	54.3	52.9	54.9	51.4
Equity ratio based on market price (%)	59.1	37.5	42.7	40.3	33.3
Debt service coverage ratio (years)	-	6.8	4.7	2.5	10.1
Interest coverage ratio (times)	-	16.5	17.8	23.0	7.9

(Note) Equity ratio = equity / total assets

Equity ratio based on market price = market capitalization / total assets

Ratio of cash flow to interest-bearing debt = interest-bearing debt / cash flow

Interest coverage ratio = operating cash flow / interest paid

1. All indicators are calculated from consolidated financial data.
2. Market capitalization = share price at end of period × number of shares outstanding (exclusive treasury stock)
3. Cash flow from operating activities is used for calculation.
4. Interest-bearing debts include all debts subject to interest payments within the liabilities shown on the consolidated balance sheet.

(3) Basic policy on Profit Distribution, Dividend for the Current and Next Fiscal Years

In order to realize a high level of profit sharing while maintaining sound management over the medium- and long-term, we will aim at an average dividend payout ratio of 40% or higher over the medium-term.

By putting into perspective future business opportunities based on earnings and cash flow situations and the behavior of the domestic economy and market environment each year, we will make every effort to increase shareholder returns through the improvement of asset efficiency, including share buybacks and retirement of treasury stocks if and when deemed appropriate.

For the year ended January 2012, we paid an interim dividend of ¥10 and plan to pay out a year-end dividend of ¥10.

For the next fiscal year, we plan to pay out an interim dividend of ¥12 and a year-end dividend of ¥13, totaling ¥25 for the full year.

(4) Risk factors

This section contains an overview of the major business-related risks and other risks facing Sekisui House, Ltd. and its Group companies (the Group) that could have material bearing on the decisions of investors. These risks include potential risks for the future, which the Group deems to be risks as of the day when these financial statements are issued (March 1, 2010).

(1) Changes in operating environments

Since the Group's main area of business is housing, its business is vulnerable to trends in private consumption, interest rates, land prices, the government's housing-related policies and taxation system, fluctuations in rents caused by these trends, and trends in local economies. Changes in these operating environments could have a negative impact on the Group's business performance.

(2) Natural disasters, etc.

A major natural disaster can incur a large amount of costs for the Group, including those for initial response and subsequent support activities such as inspection and emergency measures for customers' buildings, as well as those for the repair of damaged equipment and facilities of the Group. Such an occurrence could have a negative impact on the Group's business performance.

(3) Price rise of raw and other materials

A sharp price hike in steel and timber (the Group's main structural elements), as well as fluctuations in oil prices and foreign exchange, can lead to a rise in the purchasing prices of raw and other materials. Such an occurrence could have a negative impact on the Group's business performance.

(4) Assets held by the Group

Securities, real estate for sales, noncurrent assets, and other assets held by the Group can suffer impairment or loss from revaluation due to a decline in market value, etc. Such an occurrence could have a negative impact on the Group's business performance and financial position.

(5) Quality control

The Group makes its best effort to assure the quality of its products and services. Should the Group be held liable for defect warranty to a degree beyond expectation, however, the Group may incur a large amount of expenses and suffer the major degradation of its reputation. Such an occurrence could have a negative impact on the Group's business performance.

(6) General legal and regulatory risks

The Group secures the appropriate business permits and licenses under the Building Lots and Buildings Transaction Business Law, Construction Industry Law, Architect Law, and other applicable laws in Japan, and operates in conformity with the laws and regulations related to land transaction, labor relations, environmental management, and other business undertakings. In the event that these laws and regulations should be revised or repealed, new legal regulations be established, or the Group infringe upon laws or regulations, the Group's business performance could be negatively affected.

(7) Overseas business

The Group is engaged in housing-related business overseas. Unforeseeable changes in social and economic conditions, including trends in laws, regulations, and taxation systems in the respective countries could have a negative effect on the Group's business performance.

(8) Protection of privacy

Because of the nature of its business, the Group handles a large volume of customer data. The Group makes extra efforts to protect such personal information. Leakage, etc. of such personal information would significantly damage the Group's reputation and credit, and thus could have a negative impact on the Group's business performance.

(9) Pension liabilities

The amount of the Group's employee retirement costs and obligations is calculated based on assumptions used in the relevant actuarial calculations, such as the discount rate, and the assumed rates of return on pension assets. In the event of any revisions to these actuarial assumptions, or in case estimates based on the assumed rates on return should differ materially from actual results, the Group's business performance and its financial position could be negatively affected.

(10) Computer viruses

In order to perform its operations efficiently, the Group makes aggressive use of information technology. The unforeseeable occurrence of computer viruses could have a negative impact on the Group's business performance.

(11) Preventive measures against takeover bids

We do not deny third parties' acquisition of our stock as a part of sound economic activities and the subsequent transfer of controlling interest resulting from the exercise of shareholders' rights.

However, we believe that it is necessary to carefully examine any purchase of our stock in a bid to acquire large interest or its offer in terms of the purchaser's business lines and plans, past investment operations, as well as the legitimacy of the purchase, so that we may determine whether the purchase or its offer will help increase our corporate value and contribute to the common interests of our existing shareholders and any and all impacts upon each of our stakeholders.

At this point in time, we are not observing any concrete cases of such a purchase or its offer, and so do not plan to draw up in advance any anti-takeover measures, which will be taken once such a purchaser is identified. Nevertheless, we will always watch the movements of our stock carefully, and, once we have identified a party who intends to acquire a large interest in the company, we will immediately take any and all actions that we deem to be most appropriate, fulfilling the natural duties entrusted to us by our shareholders and investors.

In more concrete terms, we will invite outside specialists to examine and assess the identified purchase or its offer, and negotiate with the purchaser. Should we conclude that the purchase or its offer would damage our corporate value or threaten the common interests of our existing shareholders, we will make prompt decisions as to the need of concrete preventive measures and their contents, and position ourselves to put them into action.

2. Outline of the Sekisui House Group

The Sekisui House Group consists of Sekisui House, Ltd., 123 subsidiaries, and 15 affiliates. Sekisui House group companies are involved in the contract design, construction, and letting of prefabricated houses. They also buy and sell, act as agents for, lease and manage real estate.

The position of each company within the Group is illustrated below. The following eight sections classify each business division as they are classified in the 'Segment Information' section.

Main group companies within the reporting segments are shown in the chart of business activities.

(1) Custom Detached Houses Business

This division designs, constructs, and contracts for sale detached houses

(2) Rental Housing Business

This division designs, constructs, and contracts for sale rental housing, medical and nursing care facilities, and other buildings.

(3) Houses for Sale Business

This division sells houses and real estate, and designs, constructs, and contracts for sale houses on residential land for sale.

(4) Condominiums Business

This division sells condominiums.

(5) Urban Redevelopment Business

This division develops office buildings, commercial facilities, and other facilities, and manages and maintains its own properties.

(6) Remodeling Business

This division is involved with renovating housing.

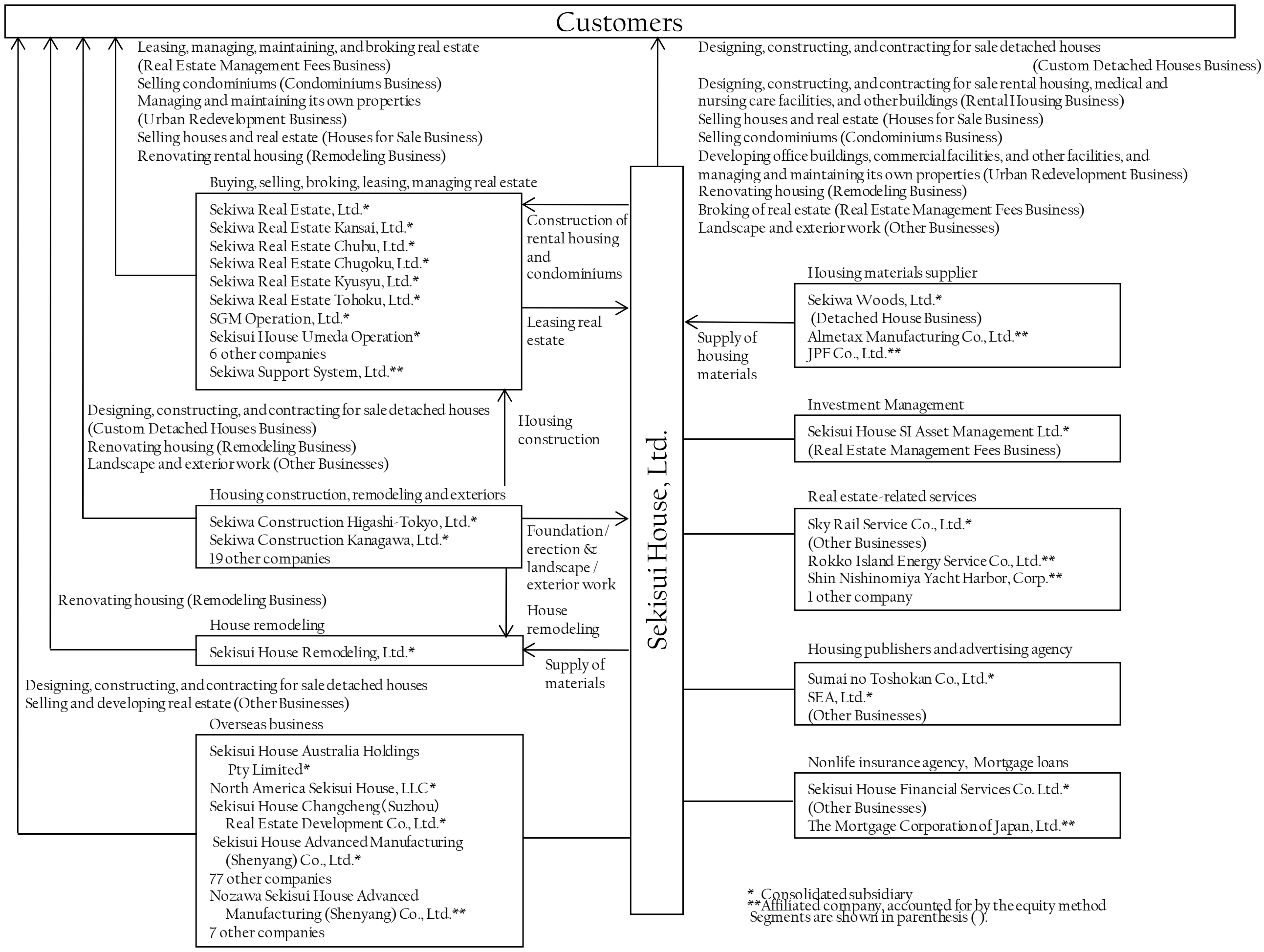
(7) Real Estate Management Fees Business

This division leases, manages, maintains, and brokerages real estate.

(8) Other Businesses

This division is involved in overseas business and exterior business, etc.

The following chart shows the position of the group companies within each business segment.



3. Management Policy

(1) Basic Management Policy

Since the establishment of Sekisui House we have aimed to create homes and environments with individuality and warmth, as a leading producer of housing in Japan. Providing first class product quality and technical skills is essential, and we aim every day to reflect our philosophy of `love of humanity` by creating houses that bring satisfaction to our customers. In the future, through rigorous quality control we aim to continue to raise customer satisfaction and to provide full after service to our customers. Housing is characterized by a very long product life and we believe that steadily pursuing these values in our business activities creates a powerful framework of trust that is the key to long-term growth and an essential element of our business. Further our basic stance is that true management of a company is borne out of three concepts: customer satisfaction, shareholder satisfaction and employee satisfaction and we must also fulfill our obligations as a corporate citizen while considering the stability and investment required to ensure continued long term growth while making determined efforts to expand our business.

(2) Targeted Performance Indicators

In order to promote business efficiency we aim to take opportunities to strengthen our balance sheet and raise asset efficiency in each of our businesses. As a result we are targeting improvements in Return on Assets and ROE to 10%.

(3) Medium and Long- term Business Strategy

Sekisui House has been operating in accordance with its medium-term management plan, which extends from FY2010 to FY2012. The collapse of Lehman Brothers prompted a global financial crisis, resulting in a slump in business performance, a decline in capital spending, and deterioration in the employment environment. To respond to these dramatic economic changes, which can significantly impact on the real economy, and to deal with the market that is diversifying more rapidly than ever before, the Company developed its medium-term management plan. Based on this plan, it will expand its business portfolio and achieve sustainable growth, harnessing the expertise it has gained from the sale of two million houses to date.

In the fiscal year under review, the second year for the mid-term management plan, net sales, operating income, and other results have been performing steadily at a pace that exceeds the initial targets. A summary of the medium-term management plan is as follows:

The market for built-to-order housing is in a recovery trend now that the effects of the Lehman Shock have dissipated. The situation, however, remains harsh. A driver of the recovery has been government policies focused on the shift from quantity to quality as well as tax advantages and expanded subsidies for environmentally-friendly measures. As a top runner in environmentally-friendly housing, Sekisui House will actively pursue business growth.

In the built-for-sale housing business, the decline in land prices has shown signs of moderating and Sekisui House will focus on its strength in creating community townscapes. However, we will move to shrink our land bank to manage assets more efficiently and reduce holding risk. Meanwhile, in the condominium business, price erosion is making it difficult to sell off inventory. Considering such a situation, we will take a more cautious stance by applying more rigid selection standards when preparing project plans. Meanwhile, in the built-for-sale housing business, more prominent disparities in income has led to expansion in the market for smaller homes. To respond to this trend, the Sekiwa Real Estate Group has set out to expand sales of its *MAST* brand, based on targeted area analysis.

The market for real estate for leasing has yet to see a recovery in owners' demand for investment. That said, the latent demand for managing rental housing as part of a portfolio of assets is deeply rooted, and we strive to grow orders by making strong value propositions and maintaining high occupancy rates at properties managed by Sekiwa Real Estate Group with its expertise.

In our development business, in light of the deterioration in real estate prices, we will revisit our conventional business approach of selling immediately upon completion of construction. Instead, we will strive to grow future returns by holding assets over the near- to mid-term and generating earnings from a stock of properties. At the same time, we will consider opportunities for M&A, alliances and building cooperative relationships to enhance our capabilities in development, leasing and exit strategies in our urban redevelopment business.

In our new overseas business, sales have already started in Australia, and we plan to roll out housing businesses in

Russia, China and other countries moving forward, as well.

The remodeling business is a growth market. Instead of limiting ourselves to remodeling of homes we built, we will grow the business by targeting other existing homes, leveraging the capabilities of Sekiwa Construction companies. By doing so, as a group we will have all bases covered, with Sekisui House Remodeling targeting owners of Sekisui House homes, Sekiwa Real Estate Group targeting large-scale remodeling projects and tenant turnover-related remodeling in rental properties, and the Sekiwa Construction Group targeting other existing properties.

In the built-to-order detached house business as well, more prominent disparities in income has lead to expansion in the market for smaller homes. To respond to this trend, the Sekiwa Construction Group has set out to expand share by introducing its second brand to the market.

(4) Issues that the Company Needs to Address

The Company is committed to making its production and construction structures even stronger to respond to demand emerging from the reconstruction efforts following the Great East Japan Earthquake that took place on March 11, 2011, and will firmly execute its business strategies to deal with the hike in consumption taxes expected in the future, a review of the scope of inheritance tax, and other government policies. Moreover, the Company will strive to generate stable income through consistent management as well as implementation of further cost reduction including reform in production division in accordance with the medium-term management plan, even when it faces factors that put severe pressure on corporate performance, including a strong yen and financial turbulence, associated with the European sovereign debt crisis.

4.Consolidated Financial Statements
(1) Consolidated Balance Sheets

(¥ millions)

	As of January 31, 2011	As of January 31, 2012
Assets		
Current assets		
Cash and deposits	151,983	169,524
Notes receivable, accounts receivable from completed construction contracts	35,545	36,530
Short-term investment securities	5	5,000
Costs on uncompleted construction contracts	12,212	8,344
Buildings for sale	131,737	135,541
Land for sale in lots	329,487	340,631
Undeveloped land for sale	70,835	125,004
Other inventories	6,162	6,810
Deferred tax assets	52,640	50,248
Other	34,282	40,428
Allowance for doubtful accounts	(2,361)	(1,989)
Total current assets	822,530	916,074
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	241,411	245,216
Machinery, equipment and vehicles	59,822	56,857
Tools, furniture and fixtures	27,844	28,078
Land	193,249	191,355
Lease assets	401	747
Construction in progress	11,099	16,667
Accumulated depreciation	(181,696)	(184,787)
Total property, plant and equipment	352,131	354,135
Intangible assets		
Goodwill	-	1,219
Industrial property	27	24
Leasehold right	2,011	3,840
Software	6,130	8,122
Right of using facilities	186	192
Telephone subscription right	862	862
Other	590	70
Total intangible assets	9,809	14,331
Investments and other assets		
Investment securities	72,449	65,855
Long-term loans receivable	28,831	35,795
Deferred tax assets	18,650	21,699
Other	38,350	38,948
Allowance for doubtful accounts	(1,445)	(1,012)
Total investments and other assets	156,837	161,287
Total noncurrent assets	518,778	529,754
Total assets	1,341,308	1,445,828

(¥ millions)

	As of January 31, 2011	As of January 31, 2012
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts	104,631	88,774
Electronically recorded obligations-operating	45,083	49,763
Short-term loans payable	25	18,970
Current portion of bonds	-	59,995
Current portion of long-term loans payable	27,454	2,108
Income taxes payable	9,038	27,043
Advances received on uncompleted construction contracts	75,539	76,272
Provision for bonuses	14,419	17,151
Provision for directors' bonuses	662	734
Provision for warranties for completed construction	2,762	3,091
Other	44,471	64,346
Total current liabilities	324,088	408,251
Noncurrent liabilities		
Bonds payable	129,990	70,000
Bonds with subscription rights to shares	-	50,000
Long-term loans payable	54,560	62,660
Long-term lease and guarantee deposited	52,592	52,293
Provision for retirement benefits	34,914	42,525
Provision for directors' retirement benefits	1,023	1,035
Other	6,109	8,687
Total noncurrent liabilities	279,190	287,202
Total liabilities	603,279	695,454
Net assets		
Shareholders' equity		
Capital stock	186,554	186,554
Capital surplus	237,522	237,522
Retained earnings	309,361	326,153
Treasury stock	(1,416)	(4,201)
Total shareholders' equity	732,021	746,028
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,813	1,575
Deferred gains or losses on hedges	11	(7)
Foreign currency translation adjustment	2,115	(3,766)
Total accumulated other comprehensive income	4,940	(2,198)
Subscription rights to shares	292	365
Minority interests	774	6,178
Total net assets	738,029	750,374
Total liabilities and net assets	1,341,308	1,445,828

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

(¥ millions)

	Feb. 1, 2010 – Jan. 31, 2011	Feb. 1, 2011 – Jan. 31, 2012
Net sales	1,488,369	1,530,577
Cost of sales	1,231,161	1,255,253
Gross profit	257,208	275,324
Selling, general and administrative expenses		
Selling expenses	43,434	41,340
General and administrative expenses	157,418	163,085
Total selling, general and administrative expenses	200,853	204,426
Operating income	56,354	70,897
Non-operating income		
Interest income	1,220	1,595
Dividends income	938	1,053
Insurance agency commission	1,193	-
Equity in earnings of affiliates	916	449
Other	2,601	2,825
Total non-operating income	6,871	5,923
Non-operating expenses		
Interest expenses	2,638	1,885
Loss on cancel of model house leasing contracts	569	-
Currency swap expenses	-	1,339
Foreign exchange losses	-	1,022
Other	3,746	2,498
Total non-operating expenses	6,954	6,746
Ordinary income	56,271	70,075
Extraordinary income		
Gain on sales of investment securities	134	-
Total extraordinary income	134	-
Extraordinary loss		
Loss on valuation of investment securities	231	2,770
Loss on sales and retirement of noncurrent assets	2,234	2,183
Loss from earthquake	-	1,274
Impairment loss	125	958
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	687
Total extraordinary losses	2,592	7,874
Income before income taxes and minority interests	53,814	62,200
Income taxes-current	12,635	33,836
Income taxes-deferred	10,734	(619)
Total income taxes	23,370	33,216
Income before minority interests	-	28,983
Minority interests in income	22	21
Net income	30,421	28,962

(Consolidated Statements of Comprehensive Income)

(¥ millions)

	Feb. 1, 2010 – Jan. 31, 2011	Feb. 1, 2011 – Jan. 31, 2012
Income before minority interests	-	28,983
Other comprehensive income		
Valuation difference on available-for-sale securities	-	(1,255)
Deferred gains or losses on hedges	-	(18)
Foreign currency translation adjustment	-	(5,894)
Share of other comprehensive income of associates accounted for using equity method	-	8
Total other comprehensive income	-	*2 (7,160)
Comprehensive income	-	*1 21,822
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	-	21,823
Comprehensive income attributable to minority interests	-	(0)

(3) Consolidated Statements of Changes in Net Assets

(¥ millions)

	Feb. 1, 2010 – Jan. 31, 2011	Feb. 1, 2011 – Jan. 31, 2012
Shareholders' equity		
Capital stock		
Balance at the end of previous period	186,554	186,554
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of current period	186,554	186,554
Capital surplus		
Balance at the end of previous period	237,522	237,522
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of current period	237,522	237,522
Retained earnings		
Balance at the end of previous period	287,738	309,361
Changes of items during the period		
Dividends from surplus	(8,786)	(12,165)
Net income	30,421	28,962
Disposal of treasury stock	(11)	(5)
Total changes of items during the period	21,623	16,791
Balance at the end of current period	309,361	326,153
Treasury stock		
Balance at the end of previous period	(1,385)	(1,416)
Changes of items during the period		
Purchase of treasury stock	(62)	(2,797)
Disposal of treasury stock	31	13
Total changes of items during the period	(31)	(2,784)
Balance at the end of current period	(1,416)	(4,201)
Total shareholders' equity		
Balance at the end of previous period	710,429	732,021
Changes of items during the period		
Dividends from surplus	(8,786)	(12,165)
Net income	30,421	28,962
Purchase of treasury stock	(62)	(2,797)
Disposal of treasury stock	20	8
Total changes of items during the period	21,592	14,006
Balance at the end of current period	732,021	746,028

(¥ millions)

	Feb. 1, 2010 – Jan. 31, 2011	Feb. 1, 2011 – Jan. 31, 2012
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	3,152	2,813
Changes of items during the period		
Net changes of items other than shareholders' equity	(339)	(1,238)
Total changes of items during the period	(339)	(1,238)
Balance at the end of current period	2,813	1,575
Deferred gains or losses on hedges		
Balance at the end of previous period	4	11
Changes of items during the period		
Net changes of items other than shareholders' equity	7	(18)
Total changes of items during the period	7	(18)
Balance at the end of current period	11	(7)
Foreign currency translation adjustment		
Balance at the end of previous period	2,151	2,115
Changes of items during the period		
Net changes of items other than shareholders' equity	(36)	(5,882)
Total changes of items during the period	(36)	(5,882)
Balance at the end of current period	2,115	(3,766)
Total other accumulated comprehensive income		
Balance at the end of previous period	5,308	4,940
Changes of items during the period		
Net changes of items other than shareholders' equity	(368)	(7,138)
Total changes of items during the period	(368)	(7,138)
Balance at the end of current period	4,940	(2,198)
Subscription rights to shares		
Balance at the end of previous period	232	292
Changes of items during the period		
Net changes of items other than shareholders' equity	60	72
Total changes of items during the period	60	72
Balance at the end of current period	292	365
Minority interests		
Balance at the end of previous period	325	774
Changes of items during the period		
Net changes of items other than shareholders' equity	448	5,404
Total changes of items during the period	448	5,404
Balance at the end of current period	774	6,178

(¥ millions)

	Feb. 1, 2010 – Jan. 31, 2011	Feb. 1, 2011 – Jan. 31, 2012
Total net assets		
Balance at the end of previous period	716,295	738,029
Changes of items during the period		
Dividends from surplus	(8,786)	(12,165)
Net income	30,421	28,962
Purchase of treasury stock	(62)	(2,797)
Disposal of treasury stock	20	8
Net changes of items other than shareholders' equity	140	(1,662)
Total changes of items during the period	21,733	12,344
Balance at the end of current period	738,029	750,374

(4) Consolidated Statements of Cash Flows

(¥ millions)

	Feb. 1, 2010 – Jan. 31, 2011	Feb. 1, 2011 – Jan. 31, 2012
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	53,814	62,200
Depreciation and amortization	16,383	18,034
Increase (decrease) in provision for retirement benefits	5,567	7,611
Interest and dividends income	(2,159)	(2,648)
Interest expenses	2,638	1,885
Equity in (earnings) losses of affiliates	(916)	(449)
Loss (gain) on valuation of investment securities	231	2,770
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	687
Decrease (increase) in notes and accounts receivable-trade	(24,002)	(985)
Decrease (increase) in inventories	42,029	(58,285)
Increase (decrease) in notes and accounts payable-trade	9,052	(2,803)
Increase (decrease) in advances received on uncompleted construction contracts	(14,908)	278
Other, net	5,784	13,588
Subtotal	93,513	41,884
Interest and dividends income received	2,194	2,552
Interest expenses paid	(3,701)	(3,337)
Income taxes paid	(9,857)	(15,921)
Income taxes refund	2,911	1,128
Net cash provided by (used in) operating activities	85,061	26,306
Net cash provided by (used in) investing activities		
Proceeds from sales of short-term investment securities	1,280	5
Purchase of property, plant and equipment	(21,936)	(30,510)
Proceeds from sales of property, plant and equipment	4,164	1,262
Purchase of investment securities	(4,066)	(1,350)
Proceeds from sales of investment securities	311	2,654
Payments of loans receivable	(967)	(11,634)
Collection of loans receivable	5,318	4,156
Other, net	*2 (5,093)	(7,512)
Net cash provided by (used in) investing activities	(20,989)	(42,928)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term bonds payable	25	17,314
Proceeds from long-term loans payable	53,196	15,163
Repayment of long-term loans payable	(174,325)	(31,309)
Proceeds from issuance of bonds	70,000	50,000
Cash dividends paid	(8,786)	(12,165)
Purchase of treasury stock	(62)	(2,797)
Other, net	(180)	1,796
Net cash provided by (used in) financing activities	(60,132)	38,002

(¥ millions)

	Feb. 1, 2010 – Jan. 31, 2011	Feb. 1, 2011 – Jan. 31, 2012
Effect of exchange rate change on cash and cash equivalents	(586)	(3,839)
Net increase (decrease) in cash and cash equivalents	3,352	17,540
Cash and cash equivalents at beginning of period	148,630	151,983
Cash and cash equivalents at end of period	*1 151,983	*1 169,524

(5) Matters Regarding Assumption of Going Concerns

Not applicable

(6) Basic Important Matters for Preparation of Consolidated Financial Statements

① Scope of Consolidation

Consolidated subsidiaries: 123, including Sekiwa Real Estate, Ltd., Sekiwa Real Estate Kansai, Ltd., Sekiwa Real Estate Chubu, Ltd., Sekiwa Real Estate Chugoku, Ltd., Sekiwa Real Estate Kyushu, Ltd., and Sekiwa Real Estate Tohoku, Ltd.

Changes in scope of consolidation: Newly included: 33 Excluded: 16

All 123 subsidiaries are consolidated.

② Scope of application of equity method

Affiliated companies accounted for by the equity method: 15 including Almetax Manufacturing Co., Ltd., JPF Co., Ltd.,

Changes in scope of equity method: Newly included: 6

Investment in 15 affiliated companies is accounted for by the equity method.

③ Term-ends of consolidated subsidiaries

The fiscal year ends on March 31 for Sekisui House SI Asset Management, Ltd. and Sky Rail Service Co., Ltd., and on December 31 for Sekisui House Australia Holdings Pty Limited and 80 other consolidated subsidiaries. When preparing consolidated financial statements, the Company uses the financial statements of Sekisui House SI Asset Management, Ltd. and Sky Rail Service Co., Ltd., which have been compiled by provisionally settling their accounts as of January 31, and those of other consolidated subsidiaries as of their respective balance sheet dates. For material transactions before the date of fiscal year-end of consolidated group, necessary adjustments have been implemented.

④ Summary of significant accounting standards

(1) Basis and method for valuation for significant assets

(a) Securities:

(i) Debt securities expected to be held to maturity: Amortized cost (straight-line) method

(ii)Other securities:

・Stocks with market value: Based on closing market price on the last day of period (Valuation gains and losses resulting are calculated by the full net assets costing method; cost of disposal is calculated by the moving average method)

・Stocks with no available market value: At cost, based on the moving average method

(b) Derivatives: Market value method

(c) Inventories:

Inventories are valued at cost (cost method whereby the book value is written down to the net realizable value in cases where there has been a material decline in value).

(i) Costs on uncompleted construction contracts, buildings for sale, land for sale in lots, and undeveloped land for sale: At cost based on individual cost method

(ii) Other inventories: At cost based on moving average method

(2) Depreciation and amortization methods used for main depreciable and amortizable assets

(a) Property, plant and equipment (excluding lease assets):

The Company applies the straight-line method to buildings (excluding attached structures), and uses the declining-balance method for other property, plant and equipment.

(b) Intangible assets (excluding lease assets): Straight-line method

(c) Lease assets:

Leased assets for finance lease transactions other than those involving a transfer of title

The Company applies the straight-line method to such finance leases, where the useful lives of the assets are the terms of leases and the residual values of the assets are deemed zero. Finance lease transactions other than those involving a transfer of title that began prior to January 31, 2009 are accounted for using the same method as operating leases.

(3) Basis for accounting for significant allowances

(a) Allowance for doubtful accounts

The Company makes provisions for general debtors based on actual historical collection rates and for specific debtors where collection is doubtful based on estimates of the amount collectible.

(b) Provision for bonuses

To prepare for bonus payments to employees, the Company provides for the estimated appropriate amount in that financial period.

(c) Provision for directors' bonuses

To prepare for bonus payments to directors and corporate auditors, the Company provides for the estimated amount.

(d) Provision for warranties for completed construction

Provisions for losses and guarantee expenses due to post-completion defects are recorded based on historical repair and other costs arising from completed structures and detached housing.

(e) Provision for retirement benefits

To prepare for future retirement payments to employees, the Company provides for estimated total retirement obligations and pension assets at the end of the consolidated fiscal year. To account for differences in actuarial calculations, the Company recognizes those differences through straight-line depreciation over 5 years, expensing them in the year following such recognition. Differences arising in respect of past service obligations are calculated over 5 years by the straight-line method and expensed in the year in which they arise.

(f) Provision for directors' retirement benefits

To allow for retirement payments to directors and corporate auditors, the Company provides the required amounts at the end of the current term based on internal regulations.

(4) Basis for accounting for income and expenses

(a) Accounting standard for recognition of income and expenses of completed works

(i) For the portion of works certain to be completed by the end of the current consolidated fiscal year

Percentage-of-completion method (estimate for level of completion based on the percentage of direct costs)

(ii) Other construction contracts

Completed-contract method

(b) Basis for accounting for income from finance leases

The Company records net sales and cost of sales upon receipt of lease charges.

(5) Basis for converting significant foreign currency-denominated assets and liabilities into yen

For foreign currency-denominated monetary claims and debts, the Company converts into yen at the rates of exchange prevailing on the consolidated balance sheet date. Translation differences are included in the statements of income.

(6) Main hedge accounting methods

(a) Hedge accounting methods

The Company accounts for hedging activities under deferral hedge accounting. *Furiate-shori* (accounting method in which the current and forward rate difference is allocated by period length for the calculation at the accounting period) is applied to forward foreign exchange contracts which conform to the requirements of such hedge accounting.

(b) Hedging instruments and targets

(1)The Company hedges foreign currency cash debts and forward transactions with exchange contracts.

(2)The Company hedges its borrowings with interest-rate swaps.

(c) Hedging policies

The Company uses derivatives transactions with the aim of avoiding losses from fluctuations in exchange. The use of exchange contracts does not exceed the amount of import transactions. The assumed principal balance subject to interest-swap transaction does not exceed the interest bearing debts outstanding.

(d) Methods of assessing hedge effectiveness

The Company assesses if the percentage changes of hedge targets and hedge instruments approximately range from 80% to 125%, where hedging transactions are considered to be effective, while it does not assess the effectiveness of hedging where the main conditions match with regard to the relevant transactions and hedge targets, and where the cash flow is fixed.

(7) Amortization of goodwill

Goodwill are amortized over 5 years using the straight-line method, beginning in the fiscal year in which they arise, except for cases where useful life can be estimated, in which case they are amortized over the estimated useful life based on a substantive analysis by the company, and with the exception of minor amounts, which are charged to income as it accrues.

(8) Scope of amounts in consolidated statements of cash flows

The funds (cash and cash equivalents) in the consolidated statements of cash flows comprise cash and equivalents (except fixed term deposits exceeding 3 months) and short-term investments with redemption periods of less than 3 months that are easily convertible into cash, with insignificant risk of losses from price fluctuations.

(9) Other Basic Important Matters for Preparation of Consolidated Financial Statements

(a) Accounting for consumption taxes

The tax exclusion method is used to account for consumption taxes.

Consumption taxes not subject to noncurrent asset related deductions at consolidated subsidiaries whose main business is real estate for leasing are recorded in “Other” under the “Investments and other assets” on the relevant balance sheets and are amortized on a straight line basis over 5 years. Other consumption taxes not subject to deductions are expensed in the consolidated accounting period in which they arise.

(b) Inclusion of interest paid in acquisition cost

In conformity with the accounting standards of relevant countries, overseas consolidated subsidiaries include interest paid with regard to borrowed funds for the real estate development business in acquisition cost. At end of period, interest expenses of ¥1,345 million, ¥21 million and ¥1,438 million are included in “Buildings for sale”, “Land for sale in lots” and “Undeveloped land for sale,” respectively.

(7) Change in Basic Important Matters for Preparation of Consolidated Financial Statements

① Accounting standards for equity method

Effective the consolidated fiscal year under review, the Company has applied the Accounting Standard for Equity Method of Accounting for Investments (ASBJ Statement No. 16, March 10, 2008), and the Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method (Practical Issues Task Force (PITF) No. 24, March 10, 2008).

The application of the accounting standard and the practical solution described above had no impact on the consolidated financial statements.

② Accounting standards for asset retirement obligations

Effective the consolidated fiscal year under review, the Company has applied the Accounting Standard for Asset Retirement Obligations (ASBJ Statement No. 18, March 31, 2008) and the Guidance on Accounting Standards for Asset Retirement Obligations (ASBJ Guidance No. 21, March 31, 2008).

As a result, operating income and ordinary income decreased by ¥163 million, and net income before taxes decreased by ¥850 million for the consolidated fiscal year under review. The amount of change in asset retirement obligations as a result of applying the relevant accounting standard, etc was ¥1,605 million

(8) Change in Presentation

Consolidated Balance Sheets

In accordance with growing importance, we chose to state goodwill, which had been included in the “other” category under intangible assets, as a separate accounting item from the consolidated fiscal year under review. Note that we included goodwill of ¥498 million in “other” intangible assets in the previous consolidated fiscal year.

Consolidated Statements of Income

① Due to the application of the "Cabinet Office Ordinance for Partial Amendment of Regulations concerned with the Terminology, Format and Preparation of the Financial Statements" (Cabinet Office Ordinance No. 5, March 24, 2009) based on the "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, December 26, 2008), in the period under review, the "Consolidated Statements of Income" are presented in "Net Income before Minority Interests."

② We also decided to present currency swap expenses and foreign exchange losses, which had been included in the "other" category under non-operating expenses, as separate accounting items from the consolidated fiscal year under review because that importance grew. Note that we included currency swap expenses of ¥451 million and foreign exchange losses of ¥107 million in "other" non-operating expenses in the previous consolidated fiscal year.

(9) Additional Information

(Accounting Standard for Presentation of Comprehensive Income)

Effective the consolidated fiscal year under review, the Company has applied "Accounting Standard for Presentation of Comprehensive Income" (ASBJ Statement No. 25, June 30, 2010). However, the amounts presented in "Other comprehensive income (cumulative)" and "Total other comprehensive income (cumulative)" last fiscal year were the amounts shown for "Valuation and translation adjustments" and "Total valuation and translation adjustments."

(Effects caused by Changes in the Income Tax Rate, etc.)

The Act for Partial Revision of the Income Tax Act, etc. for the Purpose of Creating Taxation System Responding to Changes in Economic and Social Structures (Act No. 114 of 2011) and the Act on Special Measures for Securing Financial Resources Necessary to Implement Measures for Reconstruction Following the Great East Japan Earthquake (Act No. 117 of 2011) were introduced on December 2, 2011. As a result, the income tax rate applied to companies will be lowered and a special income tax for reconstruction will be imposed from fiscal years starting on or after April 1, 2012. In step with these changes, from the consolidated fiscal year starting on February 1, 2013, the effective statutory tax rate used to calculate deferred tax assets and deferred tax liabilities will change from the current level of 40.4% to 37.8% for temporary differences expected to disappear on February 1, 2015 and to 35.4% for such differences predicted to disappear in or after the consolidated fiscal year starting on January 1, 2016. These revisions in the effective statutory tax rate that are applicable to the Company will cause its deferred tax assets (such assets after deduction of deferred tax liabilities) to decrease by ¥5,081 million, income taxes-deferred to increase by ¥5,232 million, and valuation differences on available-for-sale securities to increase by ¥150 million.

(10) Note to Consolidated Financial Statements

(Notes to Consolidated Balance Sheets)

(¥ millions)

	As of Jan. 31, 2011	As of Jan. 31, 2012
1.Collateralized assets	33,226	48,524
2. Liabilities guaranteed	109,331	96,663
3. Shareholdings in related companies included in investment securities	4,342	8,596
4. Interest bearing liabilities	212,030	265,331

5. Change in the purpose of holding assets

(As of January 31, 2011)

¥5,284 million of real estate held for sale that appeared under "Buildings or sale" and "Land for sale in lots" at the end of the previous fiscal year have been reclassified as "Buildings and Structures" and "Land" and others.

(As of January 31, 2012)

¥7,224 million of real estate held for sale that appeared under "Buildings or sale" and "Land for sale in lots" at the end of the previous fiscal year have been reclassified as "Buildings and Structures" and "Land" and others. Meanwhile, investment properties and land for own use of ¥15,054 million, which were reported under "Buildings and Structures" and "Land" etc. at the end of the previous fiscal year, have been reclassified under "Buildings for sale" and "Land for sale in lots".

(Notes to Consolidated Statements of Income)

February 1, 2010 – January 31, 2011

(1) Impairment loss

During the period, impairment loss of the following group of assets was recorded.

Location	Usage	Type	Amount (¥ millions)
Omaezaki City, Shizuoka Prefecture, among others	Real estate for leasing, etc.	Buildings and land, etc.	125

The Company and its subsidiaries recognize impairment loss by grouping investment properties by project and grouping other assets by operating unit, which allow us to manage gains and losses in a rational manner. As a result, for the group of assets for leasing, the book value was impaired down to the recoverable value, and this decrease was recorded as loss on asset impairment under "Extraordinary loss." For these assets, the recoverable value is the net selling price. The net selling price is determined based on the net saleable value.

February 1, 2011 – January 31, 2012

(1) Loss from earthquake

A loss from earthquake relates to expenses incurred from the restoration of noncurrent assets and inventories in the wake of the Great East Japan Earthquake.

(2) Impairment loss

During the period, impairment loss of the following group of assets was recorded.

Location	Usage	Type	Amount (¥ millions)
Showa-ku, Nagoya City, among other	Real estate for leasing, etc.	Buildings and land, etc.	958

The Company and its subsidiaries recognize impairment loss by grouping investment properties by project and grouping other assets by operating unit, which allow us to manage gains and losses in a rational manner. As a result, for the group of assets for leasing, the book value was impaired down to the recoverable value, and this decrease was recorded as loss on asset impairment under "Extraordinary loss." For these assets, the recoverable value is the net selling price. The net selling price is determined based on the real estate appraisal value.

(Notes to Consolidated Statements of Comprehensive Income)

February 1, 2011 – January 31, 2012

*1 Comprehensive income for the previous fiscal year

Comprehensive income attributable to shareholders of the parent	30,053	¥ millions
Comprehensive income attributable to the minority interests	23	
Total	30,076	

*2 Other comprehensive income for the previous fiscal year

Valuation difference on available-for-sale securities	(272)	¥ millions
Gains (losses) on hedges	7	
Foreign currency translation adjustment	2	
Share of other comprehensive income of affiliated companies accounted for by the equity method	(104)	
Total	(367)	

(Notes to Consolidated Statements of Cash Flows)

February 1, 2010 through January 31, 2011	February 1, 2011 through January 31, 2012
* 1 Cash and cash equivalents at the end of fiscal year and relationship with amounts recorded in consolidated balance sheets (January 31, 2011) Cash and deposits ¥151,983 millions Time deposits with terms in excess of three months - Cash and cash equivalents 151,983	* 1 Cash and cash equivalents at the end of fiscal year and relationship with amounts recorded in consolidated balance sheets (January 31, 2012) Cash and deposits ¥169,524 millions Time deposits with terms in excess of three months - Cash and cash equivalents 169,524
* 2 Breakdown of increased assets and liabilities due to business transfer Breakdown of assets and liabilities at the time of business transfer and business transfer value and payments for transfer (net) are as follows: Current assets ¥1,835 millions Noncurrent assets 238 Current liabilities (51) Noncurrent liabilities (286) Price of Business transfer 1,735 Cash and cash equivalents increased due to business transfer (0) Net: Payment for business transfer 1,734	---

(Matters Related to Retirement Benefits)

Previous consolidated fiscal year January 31, 2011	Current consolidated fiscal year January 31, 2012
1 Overview of retirement benefit system The Company and its domestic subsidiaries maintain a defined benefit framework comprising the employee pension fund system and lump-sum retirement payments, and a defined contribution framework comprising the defined contribution pension system.	1 Overview of retirement benefit system Same as left
2 Matters related to retirement payments obligations (January 31, 2011)	2 Matters related to retirement payments obligations (January 31, 2012)

Previous consolidated fiscal year (January 31, 2011)

(1) Retirement benefit obligation	¥ (219,127)	millions
(2) Fair value of plan assets	158,674	
(3) Unfunded retirement benefit obligation (1)+(2)	(60,453)	
(4) Unrecognized actuarial loss	25,539	
(5) Unrecognized prior service cost (reduced obligations)	-	
(6) Net retirement benefit obligation (3)+(4)+(5)	(34,914)	
(7) Prepaid pension cost	-	
(8) Provision for retirement benefits (6)-(7)	(34,914)	

Note: Some subsidiaries are using simple method to calculate retirement payment obligation.

Current consolidated fiscal year (January 31, 2012)

(1) Retirement benefit obligation	¥(229,146)	millions
(2) Fair value of plan assets	158,810	
(3) Unfunded retirement benefit obligation (1)+(2)	(70,336)	
(4) Unrecognized actuarial loss	32,642	
(5) Unrecognized prior service cost (reduced obligations)	(4,832)	
(6) Net retirement benefit obligation (3)+(4)+(5)	(42,525)	
(7) Prepaid pension cost	-	
(8) Provision for retirement benefits (6)-(7)	(42,525)	

Note: Some subsidiaries are using simple method to calculate retirement payment obligation.

3 Retirement payment expenses

Previous: (February 1, 2010 to January 31, 2011)

(1) Service expense *	¥9,709	millions
(2) Interest expense	5,194	
(3) Expected return on plan assets	(5,703)	
(4) Amount charge in line with actuarial calculation differences	7,423	
(5) Non-recurring premium severance pay	789	
(6) Other	15	
(7) Retirement payments (1)+(2)+(3)+ (4)+(5)+(6)	17,427	

Note: 1. Retirement payment expenses for consolidated subsidiaries using simple method appropriated as service expense.
2. "Other" includes payment of premiums under the defined contribution pension system.

Current: (February 1, 2011 to January 31, 2012)

(1) Service expense *	¥9,991	millions
(2) Interest expense	5,324	
(3) Expected return on plan assets	(6,150)	
(4) Amount charge in line with actuarial calculation differences	10,904	
(5) Recording of expenses amounts as a result of the change from simplified accounting methods to standard accounting methods	161	
(6) Recording of expenses amounts of past service obligations	(166)	
(7) Non-recurring premium severance pay	1,220	
(8) Other	14	
(9) Retirement payments (1)+(2)+(3)+ (4)+(5)+(6)+(7)+(8)	21,299	

Note: 1. Retirement payment expenses for consolidated subsidiaries using simple method appropriated as service expense.
2. "Other" includes payment of premiums under the defined contribution pension system.

Previous consolidated fiscal year	Current consolidated fiscal year
4 Bases for calculating retirement payment obligations	4 Bases for calculating retirement payment obligations

(1) Periodical allocation of projected retirement payments: Fixed standard over period	(1) Periodical allocation of projected retirement payments: Same as left
(2) Discounted rate: 2.5%	(2) Discounted rate: 2.1%
(3) Expected rate of return on plan assets: 4.0%	(3) Expected rate of return on plan assets: Same as left
(4) Years over which past service obligations amortized: 5 years (Past service obligations allocated charge from the consolidated fiscal year in which they arise.)	(4) Years over which past service obligations amortized: Same as left
(5) Years over which actuarial calculation differences amortized: 5 years (Actuarial calculations allocated charge from the subsequent consolidated next fiscal year.)	(5) Years over which actuarial calculation differences amortized: Same as left

(Segment Information)

(1) Segment information by each business

Previous fiscal year (February 1, 2010 to January 31, 2011) ¥ millions

	Built to Order Housing	Real Estate for Sale	Real Estate for Leasing	Other Business	Total	Eliminations and back office	Consolidated
I. Sales & Operating income (loss)							
Sales							
(1)Sales to third parties	697,388	229,483	377,667	183,831	1,488,369	-	1,488,369
(2)Inter-group sales and transfers	7,138	478	1,875	2,728	12,220	(12,220)	-
Net sales	704,526	229,962	379,542	186,559	1,500,590	(12,220)	1,488,369
Operating expenses	633,709	233,127	365,418	177,104	1,409,359	22,655	1,432,015
Operating income (loss)	70,817	(3,165)	14,124	9,454	91,230	(34,876)	56,354
II. Assets, Depreciation and amortization, Impairment loss & Capital expenditures							
Total assets	135,353	606,631	346,561	18,152	1,106,699	234,609	1,341,308
Depreciation and amortization	7,268	647	5,314	380	13,611	2,771	16,383
Impairment loss	-	-	125	-	125	-	125
Capital expenditures	9,905	80	19,012	1,545	30,543	2,146	32,690

Notes

1. Business classification

The Company classifies its operations according to type and the nature of business based on the currently used sales categories.

2. Main details of each business segment:

Built to Order Housing: Designing, constructing, and contracting for sale housing using the Company's prefabricated materials

Real Estate for Sale: Selling houses and real estate, designing, constructing, and contracting for sale housing on estate land, conducting urban redevelopment projects and commercial buildings transactions

Real Estate for Leasing: Renting and managing properties

Other Business: Designing, constructing, and contracting for condominiums and commercial buildings and providing home remodeling, landscaping, and exterior construction

3. The main operating expenses that cannot be allocated within the eliminations and back office portion of operating expenses cover costs for the parent headquarters, administrative operations for branch office organizations, and research and development operations.

Year to January 31, 2011: ¥32,770 million

4. The main whole company assets included in 'Eliminations and back office assets' are parent company surplus operating funds (cash and short-term investment securities), long term investment funds (investment securities) and assets of the administration division.

Year to January 31, 2011: ¥234,609 million

5. Changes in accounting principles

Year to January 31, 2011:

As stated in the "Significant Matters Related to Preparation of Consolidated Financial Statements ④Summary of significant accounting standards (7) Basis for accounting for income and expenses," the Company has applied the Accounting Standards for Construction Contracts (ASBJ Statement No.15 issued on December 27, 2007) and the Guidance on Application of Accounting Standards for Construction Contracts (ASBJ Guidance No.18 issued on December 27, 2007) beginning with this accounting period. As a result of this change, , "Net sales" increased by ¥62,574 million in the Built to

Order Housing Business and ¥6,618 million in the Other Businesses, while “Operating income” increased by ¥13,240 million in the Built to Order Housing Business and ¥818 million in the Other Businesses. In the Real Estate for Sale Business, “Net sales” increased by ¥3,796 million, while “Operating losses” decreased by ¥887 million.

(2) Geographical segment information

In the previous fiscal year from February 1, 2010 to January 31, 2011, Japanese operations accounted for more than 90% of sales in all segments, so the Company has not presented geographical segment information.

(3) Overseas sales

Since overseas sales in the fiscal year from February 1, 2010 to January 31, 2011 accounted for less than 10% of consolidated net sales, the Company has not presented overseas sales figures.

(4) Segmental information

1. Summary of reportable segments

The reportable segments of the Sekisui House Group are its constituent units for which separate financial information is obtained and examined on a regular basis by its manager to determine the allocation of management resources and evaluate business performance.

The Sekisui House Group operates comprehensive housing businesses as a proactive creator of comfortable living environments. To achieve sustainable growth by optimizing its management resources, the Group has established business domains. Each domain operates by developing its own business strategies.

Consequently, the Group comprises segments based on the products and services provided by each business domain. The Group considers the Custom Detached Houses Business, the Rental Housing Business, the Houses for Sale Business, the Condominiums Business, the Urban Redevelopment Business, the Remodeling Business, and Real Estate Management Fees Business, excluding Other Businesses, as its reportable segments.

Custom Detached Houses Business:	Designing, constructing, and contracting for sale detached houses
Rental Housing Business:	Designing, constructing, and contracting for sale rental housing, medical and nursing care facilities, and other buildings
Houses for Sale Business:	Selling houses and real estate, and designing, constructing, and contracting for sale houses on residential land for sale
Condominiums Business:	Selling condominiums
Urban Redevelopment Business:	Developing office buildings, commercial facilities, and other facilities, and managing and maintaining its own properties
Remodeling Business:	Renovating housing
Real Estate Management Fees Business:	Leasing, managing, maintaining, and brokering real estate.

2. Method used for calculating sales, income (loss), assets and other items by each reporting segment

The accounting treatment used for all reporting segments is basically the same as that stated in “Basic Important Matters for Preparation of Consolidated Financial Statements .”

3. Sales and operating income (loss), assets and other items by reportable business segment

Previous fiscal year (February 1, 2010 to January 31, 2011) ¥ millions

	Reportable Business Segments					
	Custom detached houses	Rental housing	Houses for sale	Condominiums	Urban redevelopment	Remodeling
Sales						
(1) Sales to third parties	455,239	277,659	146,470	77,185	22,208	91,443
(2) Inter-group sales and transfers	101	3,883	-	478	88	8
Net sales	455,341	281,543	146,470	77,663	22,297	91,451
Operating income (loss)	45,772	26,195	516	(1,009)	4,812	8,530
Assets	82,959	36,969	171,463	138,906	507,099	8,076
Other items						
Depreciation	4,649	1,846	1,165	82	4,877	94
Net increase in property, plant and equipment, and intangible assets	6,522	1,867	1,575	24	18,382	29

	Reportable Business Segments		Other Businesses (Note: 1)	Total	Adjustment (Note: 2)	Amounts on the consolidated financial statements
	Real estate management fees	Total				
Sales						
(1) Sales to third parties	361,988	1,432,196	56,173	1,488,369	-	1,488,369
(2) Inter-group sales and transfers	2,231	6,791	4,738	11,529	(11,529)	-
Net sales	364,219	1,438,987	60,912	1,499,899	(11,529)	1,488,369
Operating income (loss)	12,429	97,247	(6,016)	91,230	(34,876)	56,354
Assets	75,484	1,020,959	85,739	1,106,699	234,609	1,341,308
Others						
Depreciation	444	13,160	450	13,611	2,771	16,383
Net increase in property, plant and equipment, and intangible assets	635	29,037	1,506	30,543	2,146	32,690

Notes

1. Other Businesses principally include the overseas business and the exterior business.
2. An adjustment of ¥34,876 million for segment income (loss) includes an elimination of inter-segment transactions of ¥3,043 million and corporate expenses of ¥31,832 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. An adjustment of ¥234,609 million for assets includes corporate assets of ¥234,609 million. Corporate assets are mainly parent company surplus operating funds (cash and short-term investment securities), long term investment funds (investment securities) and assets of the administration division.

4. An adjustment of ¥2,771 million for depreciation and amortization includes a depreciation of ¥2,771 million related to corporate assets.

5. An adjustment of ¥2,146 million for increases in property, plant, and equipment and intangible assets includes ¥2,146 million in a capital expenditure mainly for equipment for the headquarters.

6. Operating income (loss) by business segment is adjusted to correspond to operating income in the consolidated statements of income.

Current fiscal year (February 1, 2011 to January 31, 2012) ¥ millions

	Reportable Business Segments					
	Custom detached houses	Rental housing	Houses for sale	Condominiums	Urban redevelopment	Remodeling
Sales						
(1) Sales to third parties	475,330	289,027	127,123	39,681	37,720	102,180
(2) Inter-group sales and transfers	-	3,362	-	-	104	117
Net sales	475,330	292,390	127,123	39,681	37,825	102,297
Operating income (loss)	52,476	26,595	3,685	(9,947)	9,974	9,624
Assets	78,187	35,288	140,089	129,728	513,878	8,753
Other items						
Depreciation	5,292	1,992	1,071	58	5,119	96
Net increase in property, plant and equipment, and intangible assets	6,242	1,004	1,076	45	23,363	46

	Reportable Business Segments		Other Businesses (Note: 1)	Total	Adjustment (Note: 2)	Amounts on the consolidated financial statements
	Real estate management fees	Total				
Sales						
(1) Sales to third parties	378,247	1,449,310	81,267	1,530,577	-	1,530,577
(2) Inter-group sales and transfers	2,231	5,816	5,071	10,887	(10,887)	-
Net sales	380,478	1,455,126	86,338	1,541,465	(10,887)	1,530,577
Operating income (loss)	14,260	106,669	(3,211)	103,458	(32,560)	70,897
Assets	85,742	991,666	227,812	1,219,478	226,349	1,445,828
Others						
Depreciation	475	14,107	1,047	15,154	2,880	18,034
Net increase in property, plant and equipment, and intangible assets	1,068	32,848	7,421	40,269	3,043	43,312

Notes

1. Other Businesses principally include the overseas business and the exterior business.

2. An adjustment of ¥32,560 million yen for segment income (loss) includes an elimination of inter-segment transactions of ¥3,038 million and corporate expenses of ¥29,522 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. An adjustment of ¥226,349 million for assets includes corporate assets of ¥226,349 million. Corporate assets are mainly parent company surplus operating funds (cash and short-term investment securities), long term investment funds (investment securities) and assets of the administration division.
4. An adjustment of ¥2,880 million for depreciation and amortization includes a depreciation of ¥2,880 million related to corporate assets.
5. An adjustment of ¥3,043 million for increases in property, plant, and equipment and intangible assets includes ¥3,043 million in a capital expenditure mainly for equipment for the headquarters.
6. Operating income (loss) by business segment is adjusted to correspond to operating income in the consolidated statements of income.

(Additional information)
Effective from the consolidated fiscal year under review, the Company has applied the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (ASBJ Statement No. 17 on March 27, 2009) and the Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (ASBJ Guidance No. 20 on March 21, 2008).

(Per Share Information)

	Feb. 1, 2010 – Jan. 31, 2011	Feb. 1, 20011 – Jan. 31, 2012
Net assets per share	¥1,090.67	¥1,107.43
Net income per share	¥45.02	¥42.90
Fully diluted net income per share	¥45.00	¥41.12

(Note) 1. Net assets per share for the current fiscal year was calculated on the following basis.

¥ millions, except where noted	Previous fiscal year	Current fiscal year
Net assets recorded on balance sheet	738,029	750,374
Difference between net assets in consolidated balance sheet and net assets attributable to ordinary shares	1,066	6,543
Subscription rights to shares	292	365
Minority interests	774	6,178
Net assets attributable to ordinary shares	736,962	743,830
Number of ordinary shares outstanding (1,000 shares)	676,885	676,885
Number of ordinary shares held in treasury (1,000 shares)	1,187	5,211
Number of ordinary shares used to calculate shareholders' equity per share (1,000 shares)	675,697	671,673

2. Net income per share and fully diluted income per share for the current period was calculated on the following basis.

¥ millions, except where noted	Previous fiscal year	Current fiscal year
Net income per share		
Net income recorded on statement of income	30,421	28,962
Amount not attributable to ordinary shares	-	-
Net income attributable to ordinary shares	30,421	28,962
Average number of ordinary shares outstanding during period (1,000 shares)	675,721	675,068
Fully diluted net income per share		
Adjustment to net income	-	-
Number of ordinary shares increased (shares)	361	29,245

Bonds with subscription rights to shares	-	28,767
Subscription rights to shares	361	478
Overview of residual securities not included in the calculation of fully diluted net income per share as they have no dilutive effect	-	-

[Significant Subsequent Event]

Not applicable

[Omission of disclosure]

Notes concerning lease and derivative transactions, transactions with related parties, tax effect accounting, financial products, marketable securities, stock options, business combinations, asset retirement obligations, real estate for leasing etc. are omitted, as we believe that they hold no significant bearing in terms of the necessity of disclosure of financial reports.

5. Non-Consolidated Financial Statements

(1) Balance Sheets

(¥ millions)

	As of January 31, 2011	As of January 31, 2012
Assets		
Current assets		
Cash and deposits	100,777	96,952
Notes receivable-trade	161	7
Accounts receivable from completed construction contracts	31,796	33,003
Accounts receivable-real estate business	394	588
Short-term investment securities	—	5,000
Costs on uncompleted construction contracts	4,553	3,275
Buildings for sale	121,563	115,584
Land for sale in lots	299,648	276,135
Undeveloped land for sale	36,724	29,587
Semi-finished goods	2,714	2,726
Raw materials	2,045	2,426
Work in process	441	483
Supplies	478	485
Advance payments-trade	147	36
Prepaid expenses	2,327	2,555
Accounts receivable-other	13,960	13,143
Deferred tax assets	49,408	46,055
Other	9,075	10,025
Allowance for doubtful accounts	(2,057)	(1,633)
Total current assets	674,161	636,439
Noncurrent assets		
Property, plant and equipment		
Buildings	161,184	159,477
Accumulated depreciation	(82,126)	(84,253)
Buildings, net	79,058	75,223
Structures	13,337	12,460
Accumulated depreciation	(9,955)	(9,436)
Structures, net	3,381	3,023
Machinery and equipment	55,355	52,670
Accumulated depreciation	(44,524)	(42,860)
Machinery and equipment, net	10,830	9,810
Vehicles	804	798
Accumulated depreciation	(724)	(725)
Vehicles, net	79	72
Tools, furniture and fixtures	21,774	21,247
Accumulated depreciation	(19,103)	(19,068)
Tools, furniture and fixtures, net	2,671	2,178
Land	170,517	168,236

(¥ millions)

	As of January 31, 2011	As of January 31, 2012
Lease assets	144	215
Accumulated depreciation	(43)	(88)
Lease assets, net	101	127
Construction in progress	6,774	8,306
Total property, plant and equipment	273,415	266,979
Intangible assets		
Goodwill	-	845
Industrial property	19	17
Leasehold right	1,608	1,608
Software	5,750	7,625
Lease assets	66	45
Right of using facilities	11	13
Telephone subscription right	681	680
Total intangible assets	8,138	10,835
Investments and other assets		
Investment securities	67,773	56,879
Stocks of subsidiaries and affiliates	70,785	171,591
Long-term loans receivable	4,606	4,005
Long-term loans receivable from employees	21,273	18,280
Long-term loans receivable from subsidiaries and affiliates	26,322	37,241
Lease and guarantee deposits	11,395	11,586
Long-term prepaid expenses	634	618
Deferred tax assets	12,894	13,592
Other	3,390	3,433
Allowance for doubtful accounts	(1,152)	(700)
Total investments and other assets	217,924	316,530
Total noncurrent assets	499,477	594,345
Total assets	1,173,639	1,230,785
Liabilities		
Current liabilities		
Notes payable-trade	28,206	17,164
Electronically recorded obligations-operating	45,083	49,763
Accounts payable-trade	31,672	25,445
Accounts payable for construction contracts	37,329	37,118
Current portion of bonds	-	59,995
Current portion of long-term loans payable	20,000	-
Lease obligations	56	71
Accounts payable-other	1,341	4,607
Accrued expenses	9,160	9,964
Income taxes payable	1,007	18,056
Accrued consumption taxes	4,611	7,601
Advances received on uncompleted construction contracts	41,444	35,420

	As of January 31, 2011	As of January 31, 2012
Advances received	2,778	5,660
Deposits received	79,610	84,422
Provision for bonuses	10,328	12,032
Provision for directors' bonuses	140	160
Provision for warranties for completed construction	2,761	3,089
Asset retirement obligations	-	188
Other	-	606
Total current liabilities	315,532	371,370
Noncurrent liabilities		
Bonds payable	129,990	70,000
Bond with subscription rights to shares	-	50,000
Long-term loans payable	50,000	50,000
Lease obligations	121	112
Long-term lease and guarantee deposited	7,731	7,597
Long-term accounts payable-other	487	532
Long-term unearned revenue	20	-
Provision for retirement benefits	31,507	37,970
Asset retirement obligations	-	1,025
Total noncurrent liabilities	219,859	217,238
Total liabilities	535,391	588,608
Net assets		
Shareholders' equity		
Capital stock	186,554	186,554
Capital surplus		
Legal capital surplus	242,307	242,307
Total capital surpluses	242,307	242,307
Retained earnings		
Legal retained earnings	23,128	23,128
Other retained earnings		
Reserve for dividends	18,000	18,000
General reserve	138,800	152,800
Retained earnings brought forward	27,505	21,402
Total retained earnings	207,433	215,331
Treasury stock	(1,247)	(4,031)
Total shareholders' equity	635,048	640,161
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	2,906	1,650
Total valuation and translation adjustments	2,906	1,650
Subscription rights to shares	292	365
Total net assets	638,247	642,176
Total liabilities and net assets	1,173,639	1,230,785

(2) Statements of Income

(¥ millions)

	Feb. 1, 2010 – Jan. 31, 2011	Feb. 1, 2011 – Jan. 31, 2012
Net sales of completed construction contracts	854,519	887,039
Cost of sales of completed construction contracts	682,936	705,817
Gross profit on completed construction contracts	171,582	181,222
Sales on real estate business	170,822	126,519
Cost of sales on real estate business	158,600	120,733
Gross profit -real estate business	12,221	5,786
Total net sales	1,025,341	1,013,559
Total cost of sales	841,537	826,551
Gross profit	183,804	187,008
Selling, general and administrative expenses		
Advertising expenses	18,582	17,399
Promotion expenses	15,027	11,739
Servicing fee	8,281	8,492
Provision of allowance for doubtful accounts	442	-
Directors' compensations	491	526
Employees' salaries and allowances	39,497	38,849
Employees' bonuses	8,843	8,582
Provision for bonuses	5,581	6,439
Provision for directors' bonuses	140	160
Retirement benefit expenses	9,154	10,966
Legal welfare expenses	7,191	7,157
Welfare expenses	3,176	3,126
Traveling and transportation expenses	5,598	5,425
Rent expenses	3,752	3,559
Heating and lighting expenses	1,208	1,045
Depreciation	5,727	6,322
Supplies expenses	2,195	1,952
Experiment and research expenses	328	270
Investigation expenses	246	282
Insurance expenses	156	114
Taxes and dues	4,013	3,644
Communication expenses	1,449	1,331
Entertainment expenses	1,159	1,079
Trademark fee	180	180
Miscellaneous expenses	6,209	5,841
Total selling, general and administrative expenses	148,636	144,489
Operating income	35,167	42,518

(¥ millions)

	Feb. 1, 2010 – Jan. 31, 2011	Feb. 1, 2011 – Jan. 31, 2012
Non-operating income		
Interest income	954	1,347
Dividends income	6,194	5,940
Insurance agency commission	1,191	1,266
Other	2,345	2,245
Total non-operating income	10,686	10,800
Non-operating expenses		
Interest expenses	1,421	445
Interest on bonds	1,216	1,343
Loss on cancel of model house leasing contracts	569	-
Foreign exchange losses	-	831
Other	2,105	2,069
Total non-operating expenses	5,311	4,689
Ordinary income	40,542	48,629
Extraordinary income		
Gain on sales of investment securities	134	-
Total extraordinary income	134	-
Extraordinary loss		
Loss on valuation of investment securities	221	2,765
Loss on sales and retirement of noncurrent assets	2,146	2,119
Loss from earthquake	-	1,203
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	544
Impairment loss	-	516
Total extraordinary losses	2,368	7,150
Income before income taxes	38,308	41,479
Income taxes-current	597	18,795
Income taxes-deferred	12,684	2,616
Total income taxes	13,281	21,411
Net income	25,027	20,068

(3) Statements of Changes in Net Assets

(¥ millions)

	Feb. 1, 2010 – Jan. 31, 2011	Feb. 1, 2011 – Jan. 31, 2012
Shareholders' equity		
Capital stock		
Balance at the end of previous period	186,554	186,554
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of current period	186,554	186,554
Capital surplus		
Legal capital surplus		
Balance at the end of previous period	242,307	242,307
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of current period	242,307	242,307
Total capital surplus		
Balance at the end of previous period	242,307	242,307
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of current period	242,307	242,307
Retained earnings		
Legal retained earnings		
Balance at the end of previous period	23,128	23,128
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of current period	23,128	23,128
Other retained earnings		
Reserve for dividends		
Balance at the end of previous period	18,000	18,000
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of current period	18,000	18,000
General reserve		
Balance at the end of previous period	186,800	138,800
Changes of items during the period		
of general reserve	-	14,000

(¥ millions)

	Feb. 1, 2010 – Jan. 31, 2011	Feb. 1, 2011 – Jan. 31, 2012
Reversal of general reserve	(48,000)	-
Total changes of items during the period	(48,000)	14,000
Balance at the end of current period	138,800	152,800
Retained earnings brought forward		
Balance at the end of previous period	(36,724)	27,505
Changes of items during the period		
Dividends from surplus	(8,786)	(12,165)
Of general reserve	-	(14,000)
Reversal of general reserve	48,000	-
Net income	25,027	20,068
Disposal of treasury stock	(11)	(5)
Total changes of items during the period	64,229	(6,102)
Balance at the end of current period	27,505	21,402
Total retained earnings		
Balance at the end of previous period	191,203	207,433
Changes of items during the period		
Dividends from surplus	(8,786)	(12,165)
Net income	25,027	20,068
Disposal of treasury stock	(11)	(5)
Total changes of items during the period	16,229	7,897
Balance at the end of current period	207,433	215,331
Treasury stock		
Balance at the end of previous period	(1,216)	(1,247)
Changes of items during the period		
Purchase of treasury stock	(62)	(2,797)
Disposal of treasury stock	31	13
Total changes of items during the period	(30)	(2,784)
Balance at the end of current period	(1,247)	(4,031)
Total shareholders' equity		
Balance at the end of previous period	618,849	635,048
Changes of items during the period		
Dividends from surplus	(8,786)	(12,165)
Net income	25,027	20,068
Purchase of treasury stock	(62)	(2,797)
Disposal of treasury stock	20	8
Total changes of items during the period	16,199	5,113
Balance at the end of current period	635,048	640,161

(¥ millions)

	Feb. 1, 2010 – Jan. 31, 2011	Feb. 1, 2011 – Jan. 31, 2012
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	3,181	2,906
Changes of items during the period		
Net changes of items other than shareholders' equity	(274)	(1,256)
Total changes of items during the period	(274)	(1,256)
Balance at the end of current period	2,906	1,650
Deferred gains or losses on hedges		
Balance at the end of previous period	(1)	-
Changes of items during the period		
Net changes of items other than shareholders' equity	1	-
Total changes of items during the period	1	-
Balance at the end of current period	–	-
Total valuation and translation adjustments		
Balance at the end of previous period	3,180	2,906
Changes of items during the period		
Net changes of items other than shareholders' equity	(273)	(1,256)
Total changes of items during the period	(273)	(1,256)
Balance at the end of current period	2,906	1,650
Subscription rights to shares		
Balance at the end of previous period	232	292
Changes of items during the period		
Net changes of items other than shareholders' equity	60	72
Total changes of items during the period	60	72
Balance at the end of current period	292	365
Total net assets		
Balance at the end of previous period	622,261	638,247
Changes of items during the period		
Dividends from surplus	(8,786)	(12,165)
Net income	25,027	20,068
Purchase of treasury stock	(62)	(2,797)
Disposal of treasury stock	20	8
Net changes of items other than shareholders' equity	(213)	(1,183)
Total changes of items during the period	15,985	3,929
Balance at the end of current period	638,247	642,176

(4) Matters Regarding Assumption of Going Concerns

Not applicable

6. Others

Changes to Directors, Auditors, and Executive Officers

(1) New Director Candidate (April 26, 2012)

Teruyuki Saegusa	Currently Corporate Auditor of Sekisui House and Representative Director of Saegusa Circulation Research Co., Ltd.

(2) Planned Retirement of Director (including executive officer) (April 26, 2012)

Junichi Terada	To be Advisor of Sekisui House Currently Senior Managing Officer

(3) New Corporate Auditor Candidates (April 26, 2012)

Yoshinori Shinohara	Currently Representative Director of Shinohara Management Brain
Kouichi Kunisada	Currently Professor of Faculty of Corporate Intelligence, Osaka Gakuin University

(4) Planned Retirement of Auditors (April 26, 2012)

Teruyuki Saegusa	To be Director of Sekisui House
Eiji Mansho	Currently Corporate Auditor of Sekisui Chemical Co., Ltd.

(5) New Executive Officers (April 1, 2012)

Noboru Ashida	Currently General Manager of Chugoku Sales Administration Headquarters
Kunpei Nishida	Currently General Manager of Kansai Sha-Maison Sales Administration Headquarters
Daisuke Akamatsu	Currently General Manager of Kyushu Sales Administration Headquarters
Akira Kuroda	Currently Chief Manager of Real Estate Department
Hiroyuki Satoh	Currently Superintendent of Shizuoka Factory and Manager of Azai Factory
Yohsuke Horiuchi	Currently General Manager of Tokyo Sha-Maison Sales Administration Headquarters
Kenichi Ishida	Currently Chief Manager of Environment Improving Department and Chief Manager of Global Warming Prevention R&D Institute
Osamu Minagawa	Currently General Manager of Tokyo Sales Administration Headquarters

(6) Promoted Executive Officers (April 1, 2012)

Tetsuo Iku	As Senior Managing Officer Currently Managing Officer
Masaaki Oikawa	As Managing Officer Currently Executive Officer
Fumiyasu Suguro	As Managing Officer Currently Executive Officer
Keigo Nakano	As Managing Officer Currently Executive Officer
Motohiko Fujiwara	As Managing Officer Currently Executive Officer

(7) Planned Retirement of Executive Officers (March 31, 2012)

Mitsugu Iijima Iku	To be Advisor of Sekisui House
Tsutomu Motomura	To be Advisor of Sekisui House