

**Consolidated Financial Statements Summary**  
**for the First Quarter of FY2012 (February 1, 2012 through April 30, 2012)**  
**(Japanese Standard)**

June 7, 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  
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Filing date of quarterly securities report : June 11, 2012  
Date of scheduled payment of dividends : -  
Quarterly earnings supplementary explanatory documents : Yes  
Quarterly earnings results briefing : Yes (for institutional investors and analysts, in Japanese)

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

**1. Consolidated Results for the Three Months Ended April 30, 2012 (February 1, 2012 through April 30, 2012)**

## (1) Consolidated Financial Results

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

	Net sales		Operating income		Ordinary income		Net income	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
Three months ended Apr. 30, 2012	333,347	1.4	6,896	(15.4)	7,897	(6.4)	2,885	(4.1)
Three months ended Apr. 30, 2011	328,768	0.8	8,150	92.1	8,434	86.5	3,008	62.9

(Note) Comprehensive income:

Three months ended Apr. 30, 2012 ¥14,234 million (400.6%) Three months ended Apr. 30, 2011: ¥2,843 million (-%)

	Net income per share	Fully diluted net income per share
	¥	¥
Three months ended Apr. 30, 2012	4.30	4.00
Three months ended Apr. 30, 2011	4.45	4.45

## (2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio
	¥ million	¥ million	%
As of April 30, 2012	1,435,136	757,476	52.3
As of January 31, 2012	1,445,828	750,374	51.4

(Reference) Shareholders' equity As of April 30, 2012: ¥750,809 million As of January 31, 2012: ¥743,830 million

**2. Cash Dividends**

	Cash dividends per share				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Annual
	¥	¥	¥	¥	¥
Year ended Jan. 31, 2012	-	10.00	-	10.00	20.00
Year ending Jan. 31, 2013	-				
Year ending Jan. 31, 2013 (forecast)		12.00	-	13.00	25.00

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

**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
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
Six months ending Jul. 31, 2012	776,000	4.0	30,000	(7.8)	30,000	(7.9)	15,200	(9.9)	22.63
Year ending Jan. 31, 2013	1,650,000	7.8	80,000	12.8	79,500	13.4	42,000	45.0	62.53

(Note) Revised forecast for the quarter review: None

**4. Others**

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

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

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

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

(b) Changes in accounting policies due other than (a): Applicable

(c) Changes in accounting estimates: Not applicable

(d) Restatements: Not applicable

(4) Number of shares outstanding (common stock)

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

As of Apr. 30, 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 Apr. 30, 2012: 5,216,200 shares

As of Jan. 31, 2011: 5,211,881 shares

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

Three months ended Apr. 30, 2012: 671,670,792 shares    Three months ended Apr. 30, 2011: 675,692,706 shares

**\* Implementation Status of Quarterly Review Processes**

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

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

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 "(3) Qualitative Information Regarding Consolidated Results Forecast" in "1. Qualitative Information Regarding Consolidated Results for the Three Months under Review" of the "Attached Material" on page 7.

(Obtaining supplementary explanatory documents)

The Company plans to hold a briefing for institutional investors and analysts on June 7, 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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## 1. Qualitative Information Regarding the Consolidated Results for the Three Months under Review

### (1) Qualitative Information Regarding Consolidated Business Results

The Japanese economy during the first consolidated cumulative quarter under review saw an improvement in corporate performance with an increase in demand associated with the recovery from the Great East Japan Earthquake, which supported businesses that depend on the domestic market, as well as a recovery in the U.S. economy and an easing of the yen. However, uncertainty concerning the economic outlook cannot be dispelled, given factors such as the European debt crisis, limitations on the supply of electric power, and higher crude oil prices, which are coming together to put pressure on corporate earnings.

In the housing market, awareness of housing safety and security increased following the Great East Japan Earthquake and, with the issue of ensuring energy supplies, the government has been providing sustained support for the acquisition of housing through recovery assistance, the housing eco-point system, and a system of subsidies for installing solar power generating systems and ENE FARM, a household fuel cell system. Further, the rate of the decline in land prices continues to abate and new housing starts have begun to climb.

Under these circumstances, as the Company looks toward the final year of the three-year medium term management plan that began in FY2010, businesses that have been progressing favorably should be continuing to expand while, based on the fundamental policy “Green First Strategy,” we are working to further expand sales of eco-friendly homes and, in the Remodeling Business, the proliferation of solar power generating systems has begun in earnest. Further, we are working to expand orders by holding nationwide sales promotion events such as *Sumai no Sankan-bi* (visits to model houses) and Sha-Maison Festa.

In 2008, the Company received certification as an “Eco-First Company” from the Ministry of the Environment and has been taking proactive measures to make progress toward the realization of a low-carbon society and, in March, we renewed our “Eco-First Promise” and promised the Minister of the Environment that we would take new steps, including the popularization of the “Green First Hybrid,” which incorporates an electric power supply system that uses a Home Energy Management System (HEMS) for control of solar batteries, fuel cells, and storage batteries.

Regarding business performance, sales have progressed favorably with the Green First Strategy and the gradual rise in recovery demand in the disaster area, among other factors. Orders for both the Custom Detached Houses Business and the Rental Housing Business have been solid.

In the first quarter of the consolidated fiscal year under review, net sales amounted to ¥333,347 million (up 1.4% year-on-year). Because of an increase in advertising expenses and other selling, general, and administrative expenses operating income was ¥6,896 million (down 15.4% year-on-year). Ordinary income amounted to ¥7,897 million (down 6.4% year-on-year), net income to ¥2,885 million (down 4.1% year-on-year).

Business results by segments are as follows.

In addition, from the first quarter accounting period, “Overseas Business,” which had been included in “Other Businesses,” has changed to a reportable segment and, with regard to the comparable numbers from the first quarter of the previous fiscal year noted below, the numbers from the first quarter of the previous fiscal year have been reclassified to the segment demarcation following the change for comparison.

### **(Custom Detached Houses Business)**

In the Custom Detached Houses Business, we have been proactively working to increase sales of eco-friendly houses within our core products, such as the IS ROY+E steel frame detached house with our unique exterior wall, Dyne Wall, and our unique Bellburn earthenware exterior wall incorporated into the Sha-Wood wood framed house series. We have also been presenting the Green First Hybrid and other products.

In February, a new production line was built at the Shizuoka factory for Bellburn, which has seen increased demand in recent years, that increased production capacity by a factor of 2.5 over the previous level, creating a system that enables us to meet customer demand.

As a result of these business promotions and the success of the Green First Strategy, orders have been favorable.

Sales in the Custom Detached Houses Business amounted to ¥90,714 million, down 1.1% year-on-year, and operating income to ¥4,023 million, down 21.8% year-on-year.

### **(Rental Housing Business)**

In the Rental Housing Business, Sekisui House held the Sha-Maison Festa, a sales promotion event, in March and appealed our rental housing such as Sha-Maison Gardens. On the other hand, the Company has been holding seminars on the increase in the inheritance tax expected in the future, and has been proactively soliciting orders.

As a result of these business promotions, the efficacy of sales promotion events has been shown to be successful and orders have moved positively.

Sales in the Rental Housing Business amounted to ¥54,928 million, up 4.2% year-on-year, and operating income to ¥1,041 million, down 36.3% year-on-year.

### **(Houses for Sale Business)**

In the Houses for Sale Business, as a leading smart house company, based on the four keywords—"safety and security," "healthy and pleasant," "energy" and "watchful"—we began to propose "Smart Common City" and other smart towns nationwide, proactively marketing a new, high value-added home for sale. Continuing on from the opening of Japan's first smart town, Smart Common City Akaishidai in Akaishidai on the outskirts of Sendai City in Miyagi Prefecture, in Koga City, Ibaraki Prefecture, sales have commenced for Smart Common Stage Keyakidaira where 67 households are producing electricity sufficient for 85 households, helping to eliminate shortfalls in electric power and, during disasters, to provide emergency power to allow safe and secure living to continue.

In the meantime, we have focused on acquiring new land following inventory adjustment and orders have taken on a weaker tone.

Sales in the Houses for Sale Business amounted to ¥20,897 million, down 12.8% year-on-year, and operating loss to ¥246 million.

### **(Condominiums Business)**

In the Condominium Business, sales commenced for the Grande Maison Komae in Komae City, Tokyo (524 units), which features the first ever use of "double energy creation" with the SOLAMO gas hot water system using solar power and the gas cogeneration systems sold by Tokyo Gas Co., Ltd. in a multiple family dwelling. The Company has been pursuing the Green First Strategy to add value to its sales policies in the condominium business.

As a result of this business promotion, orders for new units offered for sale have been positive.

Sales in the Condominiums Business amounted to ¥12,394 million, up 29.0% year-on-year, and operating income to ¥881 million.

**(Urban Redevelopment Business)**

In the Urban Redevelopment Business, occupancy rates of Sekisui House Group's rental properties such as its Prime Maison series rental apartments remained firm. In addition, four Prime Maison properties were sold to J-REIT Sekisui House SI Investment Corporation, which contributed to the construction of a new portfolio. In Kita-ku, Tokyo, the construction of a multigenerational type rental condominium, where households with children and elderly households interact in the same space, Mast Life Furukawa Teien, was completed, presenting new rental housing to the market.

Sales in the Urban Redevelopment Business amounted to ¥12,755 million, down 35.9% year-on-year, and operating income to ¥2,328 million, down 57.4% year-on-year.

**(Remodeling Business)**

In the Remodeling Business, under the banner of "Green First Remodeling," we have been appealing to market needs by selling and proactively proposing solar power generation systems installation, insulation improvement remodeling, remodeling to improve energy conservation and efficiency. In addition, we have worked to strengthen sales by holding sales promotion events such as the Spring Remodeling Fair and Lifestyle Seminars.

As a result of this business progress, orders for solar power generating systems and others have been positive.

Sales in the Remodeling Business amounted to ¥23,458 million, up 15.2% year-on-year, and operating income to ¥1,981 million, up 26.2% year-on-year.

**(Real Estate Management Fees Business)**

In the Real Estate Management Fees Business, the number of units of Sha-Maison low-rise apartments for block leasing and management by Sekiwa Real Estate companies enjoyed a steady growth. Demand has increased in the rental housing market in urban areas and the Group is cooperating to encourage occupancy. Further, by making proposals for remodeling to meet the needs of the market, occupancy rates have remained high, particularly in the Tokyo area.

Sales in the Real Estate Management Fees Business amounted to ¥98,451 million, up 4.4% year-on-year, and operating income to ¥4,749 million, up 8.6% year-on-year.

**(Overseas Business)**

In the Overseas Business, in addition to the favorable progress of condominium sales at Wentworth Point in Australia and at the Punggol Site in Singapore, the grand opening of the Camden Hills subdivision in Australia took place in March, and made a good start with many visitors to the site. Further, in the United States, largely in the Huston area of Texas, sales have been positive. On the other hand, in Shenyang, China, a steel frame housing factory was completed and the production of industrialized housing has begun.

Sales in the Overseas Business amounted to ¥7,421 million, up 71.3% year-on-year, and operating income to ¥554 million.

**(Other Businesses)**

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

Sales in the Other Businesses amounted to ¥12,325 million, up 3.9% year-on-year, and operating loss to ¥738 million.

**(2) Qualitative Information Regarding Consolidated Financial Conditions**

Total assets decreased ¥10,692 million from the previous fiscal year, to ¥1,435,136 million at the end of the first quarter of the consolidated fiscal year ending January 31, 2013. This was primarily attributable to a decrease in cash and deposits in accordance with income taxes payment, etc., despite of an increase in undeveloped land for sale for overseas business. Liabilities decreased ¥17,794 million, to ¥677,660 million, mainly reflecting payments for notes and accounts payable-trade and income taxes paid. Net assets increased ¥7,102 million, to ¥757,476 million, chiefly owing to recording net income and an increase in foreign currency translation adjustment.

**(3) Qualitative Information Regarding Consolidated Results Forecast**

With aggressive sales promotion with the Green First Strategy as a cornerstone, each segment, including the Custom Detached House Business and the Rental Housing Business, are making favorable progress in both sales and orders so, at this time, there are no changes to the consolidated forecasts for the fiscal year ending January 31, 2013 from the plan announced on March 8, 2012.

**2. Matters Regarding Summary Information (Others)**

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

Not applicable

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

Not applicable

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

(Changes in Accounting Policies)

Change in the Method of Calculating the Income and Expenses of Overseas Subsidiaries into Yen

The income and expenses of overseas subsidiaries have, until now, been calculated using the yen exchange rate on the spot foreign exchange market on the consolidated balance sheet date but, as it is expected that the importance of overseas sales by overseas subsidiaries will increase in the future, to lessen the impact of temporary fluctuations in the foreign exchange market on periodic profit or loss and to more appropriately reflect the business performance of overseas subsidiaries in the consolidated financial statements, beginning with the current first quarter consolidated accounting period, the method of calculating yen exchange rates has been changed to the average foreign exchange rate for the period.

As a result of this change, the impact on the profit and loss of the previous cumulative first quarter and the cumulative effect up to the start of the current consolidated fiscal year has been negligible so it has not been applied retroactively.

(4) Additional information:

(Application of Accounting Standard for Accounting Changes and Error Correction)

Changes in accounting or correction of past errors from the start of the consolidated first quarter period under review will be made by the application of Accounting Standard for Accounting Changes and Error Corrections (ASBJ Statement No. 24, December 4, 2009) and Guidance on Accounting Standard for Accounting Changes and Error Corrections (ASBJ Guidance No. 24, December 4, 2009.)

## 3. Consolidated Quarterly Financial Statements

## (1) Consolidated Quarterly Balance Sheets

(¥ million)

	As of January 31, 2012	As of April 30, 2012
<b>Assets</b>		
Current assets		
Cash and deposits	169,524	106,110
Notes receivable, accounts receivable from completed construction contracts	36,530	36,841
Short-term investment securities	5,000	-
Costs on uncompleted construction contracts	8,344	11,941
Buildings for sale	135,541	142,991
Land for sale in lots	340,631	340,172
Undeveloped land for sale	125,004	146,593
Other inventories	6,810	7,686
Deferred tax assets	50,248	48,700
Other	40,428	40,971
Allowance for doubtful accounts	(1,989)	(1,978)
<b>Total current assets</b>	<b>916,074</b>	<b>880,030</b>
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	131,326	138,038
Machinery, equipment and vehicles, net	10,394	12,240
Land	191,355	199,627
Construction in progress	16,667	18,225
Other, net	4,391	4,126
<b>Total property, plant and equipment</b>	<b>354,135</b>	<b>372,258</b>
Intangible assets	14,331	15,150
Investments and other assets		
Investment securities	65,855	69,159
Long-term loans receivable	35,795	37,886
Deferred tax assets	21,699	22,264
Other	38,948	39,393
Allowance for doubtful accounts	(1,012)	(1,007)
<b>Total investments and other assets</b>	<b>161,287</b>	<b>167,696</b>
<b>Total noncurrent assets</b>	<b>529,754</b>	<b>555,106</b>
<b>Total assets</b>	<b>1,445,828</b>	<b>1,435,136</b>

(¥ million)

	As of January 31, 2012	As of April 30, 2012
<b>Liabilities</b>		
Current liabilities		
Notes payable, accounts payable for construction contracts	88,774	71,132
Electronically recorded obligations-operating	49,763	43,376
Short-term bonds payable	-	25,000
Short-term loans payable	18,970	19,373
Current portion of bonds	59,995	59,996
Current portion of long-term loans payable	2,108	4,079
Income taxes payable	27,043	3,842
Advances received on uncompleted construction contracts	76,272	84,550
Provision for bonuses	17,151	15,402
Provision for directors' bonuses	734	-
Provision for warranties for completed construction	3,091	3,109
Other	64,346	51,482
<b>Total current liabilities</b>	<b>408,251</b>	<b>381,348</b>
Noncurrent liabilities		
Bonds payable	70,000	70,000
Bonds with subscription rights to shares	50,000	50,000
Long-term loans payable	62,660	66,623
Long-term lease and guarantee deposited	52,293	54,078
Provision for retirement benefits	42,525	45,433
Provision for directors' retirement benefits	1,035	984
Other	8,687	9,190
<b>Total noncurrent liabilities</b>	<b>287,202</b>	<b>296,311</b>
<b>Total liabilities</b>	<b>695,454</b>	<b>677,660</b>
Net assets		
Shareholders' equity		
Capital stock	186,554	186,554
Capital surplus	237,522	237,522
Retained earnings	326,153	322,320
Treasury stock	(4,201)	(4,204)
<b>Total shareholders' equity</b>	<b>746,028</b>	<b>742,192</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,575	2,906
Deferred gains or losses on hedges	(7)	47
Foreign currency translation adjustment	(3,766)	5,663
<b>Total accumulated other comprehensive income</b>	<b>(2,198)</b>	<b>8,617</b>
Subscription rights to shares	365	380
Minority interests	6,178	6,286
<b>Total net assets</b>	<b>750,374</b>	<b>757,476</b>
<b>Total liabilities and net assets</b>	<b>1,445,828</b>	<b>1,435,136</b>

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

**For the three months ended April 30, 2011 and 2012**

(¥ million)

	Feb. 1, 2011 – Apr. 30, 2011	Feb. 1, 2012 – Apr. 30, 2012
Net sales	328,768	333,347
Cost of sales	272,197	275,879
Gross profit	56,571	57,468
Selling, general and administrative expenses	48,420	50,572
Operating income	8,150	6,896
Non-operating income		
Interest income	154	264
Dividends income	12	14
Foreign exchange gains	179	1,161
Insurance agency commission	368	-
Equity in earnings of affiliates	53	-
Other	993	926
Total non-operating income	1,761	2,367
Non-operating expenses		
Interest expenses	454	402
Equity in losses of affiliates	-	258
Other	1,023	705
Total non-operating expenses	1,477	1,366
Ordinary income	8,434	7,897
Extraordinary loss		
Loss on valuation of investment securities	182	419
Loss on sales and retirement of noncurrent assets	198	282
Loss on disaster	1,055	-
Loss on adjustment for changes of accounting standard for asset retirement obligations	687	-
Total extraordinary losses	2,123	701
Income before income taxes and minority interests	6,310	7,196
Income taxes-current	2,811	3,592
Income taxes-deferred	485	257
Total income taxes	3,296	3,850
Income before minority interests	3,014	3,345
Minority interests in income	5	460
Net income	3,008	2,885

**(Consolidated Quarterly Statements of Comprehensive Income)****For the three months ended April 30, 2011 and 2012**

	Feb. 1, 2011 – Apr. 30, 2011	Feb. 1, 2012 – Apr. 30, 2012
Income before minority interests	3,014	3,345
Other comprehensive income		
Valuation difference on available-for-sale securities	(459)	1,308
Deferred gains or losses on hedges	(9)	55
Foreign currency translation adjustment	257	9,464
Share of other comprehensive income of associates accounted for using equity method	39	60
Total other comprehensive income	(171)	10,888
Comprehensive income	2,843	14,234
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	2,836	13,701
Comprehensive income attributable to minority interests	6	532

**(3) Notes Regarding Assumption of a Going Concern**

Not applicable

**(4) Segment Information**

I. Three months ended April 30, 2011 (February 1, 2011 through April 30, 2011)

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

(¥ million)

	Reportable Business Segments						
	Custom detached houses	Rental housing	Houses for sale	Condominiums	Urban redevelopment	Remodeling	Real estate management fees
Sales							
(1) Sales to third parties	91,702	52,737	23,971	9,609	19,907	20,362	94,285
(2) Inter-group sales and transfers	-	1,044	-	-	27	1	599
Net sales	91,702	53,782	23,971	9,609	19,934	20,364	94,885
Operating income (loss)	5,145	1,634	(795)	(134)	5,460	1,570	4,373

	Reportable Business Segments		Other Businesses (Note: 1)	Total	Adjustments (Note:2)	Amounts on the consolidated financial statements (Note: 3)
	Overseas business	Total				
Sales						
(1) Sales to third parties	4,331	316,907	11,861	328,768	-	328,768
(2) Inter-group sales and transfers	-	1,673	1,152	2,826	(2,826)	-
Net sales	4,331	318,581	13,014	331,595	(2,826)	328,768
Operating income (loss)	(699)	16,555	(972)	15,583	(7,432)	8,150

Notes:

1. Other Businesses principally include the exterior business.
2. An adjustment of ¥7,432 million for segment income (loss) includes an elimination of inter-segment transactions of ¥882 million and corporate expenses of ¥6,550 million that have not been allocated to each segment. Corporate expenses mainly include selling, general and administration expenses and experiment and research expenses that do not belong to any reportable segments.
3. Operating income (loss) by business segment is adjusted to correspond to operating income in the consolidated quarterly statements of income.

## II. Three months ended April 30, 2012 (February 1, 2012 through April 30, 2012)

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

(¥ million)

	Reportable Business Segments						
	Custom detached houses	Rental housing	Houses for sale	Condominiums	Urban redevelopment	Remodeling	Real estate management fees
Sales							
(1) Sales to third parties	90,714	54,928	20,897	12,394	12,755	23,458	98,451
(2) Inter-group sales and transfers	-	653	-	-	25	11	652
Net sales	90,714	55,581	20,897	12,394	12,780	23,469	99,104
Operating income (loss)	4,023	1,041	(246)	881	2,328	1,981	4,749

	Reportable Business Segments		Other Businesses (Note: 1)	Total	Adjustments (Note:2)	Amounts on the consolidated financial statements (Note: 3)
	Overseas business	Total				
Sales						
(1) Sales to third parties	7,421	321,021	12,325	333,347	-	333,347
(2) Inter-group sales and transfers	-	1,343	1,235	2,578	(2,578)	-
Net sales	7,421	322,365	13,561	335,926	(2,578)	333,347
Operating income (loss)	554	15,314	(738)	14,575	(7,678)	6,896

## Notes:

1. Other Businesses principally include the exterior business.
2. An adjustment of ¥7,678 million for segment income (loss) includes an elimination of inter-segment transactions of ¥873 million and corporate expenses of ¥6,804 million that have not been allocated to each segment. Corporate expenses mainly include selling, general and administration expenses and experiment and research expenses that do not belong to any reportable segments.
3. Operating income (loss) by business segment is adjusted to correspond to operating income in the consolidated quarterly statements of income.

## 2. Matters regarding changes in reporting segments

## (Change in segmentation)

From the consolidated first quarter period under review, the method of reporting the Overseas Business, which had been included in Other Businesses, has changed because it has grown in importance and is now a reportable segment.

In addition, segment information shown for the previous consolidated cumulative first quarter has been prepared based on the reportable segment demarcations after the change.

## (Change in the Method of Calculating the Income and Expenses of Overseas Subsidiaries into Yen)

As stated in the "Changes in the Accounting Policies," the income and expenses of overseas subsidiaries have, until now, been calculated using the yen exchange rate on the spot foreign exchange market on the consolidated balance sheet date but, beginning with the current first quarter consolidated accounting period, the method of calculating yen exchange rates has been

changed to the average foreign exchange rate for the period.

As a result of this change, the impact on the value of reportable segment net sales and profit or loss during the previous consolidated cumulative first quarter was negligible so it has not been applied retroactively.

**(5) Notes Regarding Significant Changes in the Amount of Shareholders' Equity**

Not applicable

**4. Supplemental Information**

**The State of Orders**

[Consolidated]

(¥ million)

	Three months ended April 30, 2011		Three months ended April 30, 2012		Year ended January 31, 2012	
	Orders	Accumulated Orders	Orders	Accumulated Orders	Orders	Accumulated Orders
Custom detached houses	116,967	249,520	125,542	251,455	467,702	216,628
Rental housing	65,886	220,924	72,051	236,224	300,354	219,101
Houses for sale	31,757	39,253	29,478	37,237	124,312	28,656
Condominiums	10,296	7,565	19,787	35,307	60,717	27,914
Urban redevelopment	6,707	-	12,755	-	24,520	-
Remodeling	24,165	17,824	27,753	20,222	104,086	15,927
Real estate management fees	94,285	-	98,451	-	378,247	-
Overseas business	10,959	35,351	18,844	75,903	60,021	64,480
Other Businesses	12,527	26,132	13,753	27,430	57,538	26,002
Total	373,552	596,571	418,418	683,781	1,577,501	598,711