

Consolidated Financial Statements Summary
for the Third Quarter of FY2014 (February 1, 2014 through October 31, 2014)
(Japanese Standard)

December 5, 2014

Company name : **Sekisui House, Ltd.** (URL <http://www.sekisuihouse.co.jp>)
Listed exchanges : Tokyo, Nagoya
Stock code : 1928
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Filing date of quarterly securities report : December 12, 2014
Date of scheduled payment of dividends : -
Quarterly earnings supplementary explanatory documents : Yes
Quarterly earnings results briefing : Yes (for institutional investors and analysts, in Japanese)

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

1. Consolidated Results for the Nine Months Ended October 31, 2014 (February 1, 2014 through October 31, 2014)

(1) Consolidated Financial Results

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

| | Net sales | | Operating income | | Ordinary income | | Net income | |
|---------------------------------|-----------|------|------------------|------|-----------------|------|------------|------|
| | ¥ million | % | ¥ million | % | ¥ million | % | ¥ million | % |
| Nine months ended Oct. 31, 2014 | 1,304,080 | 3.7 | 90,833 | 12.9 | 97,350 | 15.9 | 56,121 | 10.5 |
| Nine months ended Oct. 31, 2013 | 1,258,022 | 10.2 | 80,461 | 56.3 | 84,010 | 57.6 | 50,802 | 89.6 |

(Note) Comprehensive income:

Nine months ended Oct. 31, 2014: ¥67,772 million (-22.3%) Nine months ended Oct. 31, 2013: ¥87,247 million (198.1%)

| | Net income per share | Fully diluted net income per share |
|---------------------------------|----------------------|------------------------------------|
| | ¥ | ¥ |
| Nine months ended Oct. 31, 2014 | 81.57 | 77.71 |
| Nine months ended Oct. 31, 2013 | 75.64 | 70.33 |

(2) Consolidated Financial Position

| | Total assets | Net assets | Shareholders' equity ratio |
|------------------------|--------------|------------|----------------------------|
| | ¥ million | ¥ million | % |
| As of October 31, 2014 | 1,943,705 | 980,675 | 50.0 |
| As of January 31, 2014 | 1,769,005 | 941,415 | 52.6 |

(Reference) Shareholders' equity As of October 31, 2014: ¥971,243 million As of January 31, 2014: ¥930,944 million

2. Cash Dividends

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

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

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

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

| | Net sales | | Operating income | | Ordinary income | | Net income | | Net income per share |
|---------------------------|-----------|-----|------------------|-----|-----------------|------|------------|------|-------------------------|
| | ¥ million | % | ¥ million | % | ¥ million | % | ¥ million | % | ¥ |
| Year ending Jan. 31, 2015 | 1,910,000 | 5.8 | 145,000 | 9.9 | 153,500 | 11.4 | 89,000 | 11.5 | 130.46 |

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

At the Board of Directors meeting held on November 13, 2014, Sekisui House, Ltd. resolved to acquire its own shares under the provisions of Article 156 of the Companies Act, as applied pursuant to Article 165 (3) of the Companies Act. As a result, net income per share, which is shown in the consolidated results forecast for the fiscal year ending January 2015, is stated in consideration of the acquisition of the above own shares.

Notes

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

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

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

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

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

(c) Changes in accounting estimates: Not applicable

(d) Restatements: Not applicable

(4) Number of shares outstanding (common stock)

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

As of Oct. 31, 2014: 693,827,653 shares

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

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

As of Oct. 31, 2014: 1,650,703 shares

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

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

Nine months ended Oct. 31, 2014: 688,035,045 shares

Nine months ended Oct. 31, 2013: 671,633,045 shares

*** Implementation Status of Quarterly Review Processes**

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

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

Descriptions regarding forward-looking statements, etc. contained in these materials are based on information currently available to the Company and certain assumptions judged reasonable. The Company makes no warranty as to the feasibility of its projections. Future results may differ materially from projections due to various factors. For the assumptions underlying the earnings forecast, please see "(3) Qualitative Information Regarding Consolidated Results Forecast" in "1. Qualitative Information Regarding Consolidated Results for the Nine 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 December 5, 2014. Relevant financial explanatory documents to be handed out at the briefing will be posted on our official website on the same day.

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

(1) Qualitative Information Regarding Consolidated Business Results

During the first nine months of the consolidated fiscal year under review, the Japanese economy remained on a modest recovery path. Meanwhile, the employment and income environments showed signs of gradual improvement, but corporate earnings remained at a standstill and consumer spending slowed following the consumption tax hike. The uncertainty over the economic outlook persisted. However, there was progress in the depreciation of the yen and stock price rises, and expectations of a future economic recovery grew reflecting the announcement of the additional monetary easing measures by the Bank of Japan.

In the housing market, custom detached houses were affected by waning anticipation of higher interest rates and a deteriorating consumer sentiment associated with a consumption tax hike, a tendency towards more prolonged examination prior to conclusion of contract was seen, and orders remained at a low level. However, interest in rental housing, largely as a means of minimizing inheritance tax, remained strong and orders held firm.

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

Moreover, taking into account the progress of the medium-term management plan and the business environment, the Company developed a new three-year medium-term management plan that started from fiscal 2014, and was announced on November 13.

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

The Company has also begun future disaster-proof factory planning at the Tohoku Factory, based on its own key concept of disaster-proof housing. We will strive to increase our disaster prevention capabilities for the entire community by building a smart energy system useful for the factory both in a normal period and in the event of emergency and strengthening cooperation with towns, residents and local organizations for disaster prevention.

In addition, the Ritz-Carlton Kyoto, a top luxury hotel affiliated with the Marriott Hotel Group, which was constructed by the Company in Nakagyo-ku Kyoto and opened on February 7, 2014, was awarded the Reggie Shiu Development of the Year, the top prize for a hotel that was opened in the past year, at HICAP (the Hotel Investment Conference Asia Pacific).

In the third quarter of the consolidated fiscal year under review, net sales amounted to ¥1,304,080 million (up 3.7% year-on-year). Operating income amounted to ¥90,833 million (up 12.9% year-on-year), ordinary income to ¥97,350 million (up 15.9% year-on-year) and net income to ¥56,121 million (up 10.5% year-on-year).

Business results by segments are as follows.

(Custom Detached Houses Business)

In the steel frame detached house segment, the Company unified steel frame two-story house construction methods and sought to standardize high quality and high performance, including the adoption of exterior walls with high performance insulation and high durability. By doing so, the Company significantly reduced the number of parts and materials and sought to improve production, design and construction efficiency. In addition, to celebrate the 30th anniversary of the launch of the IS SERIES which includes the Company's flagship product IS STAGE, the Company also started sales of a new series with improved basic performance and higher asset value.

In the wood-framed Sha-Wood house segment, the Company developed the new construction method "Hybrid S-MJ," which greatly improved design flexibility while maintaining the ability to withstand earthquakes due to bearing walls with the greatest strength in the industry. Their strength is four times greater than that achieved using the traditional construction method. The Company has introduced this construction method for all its products. In addition, the Company worked to expand sales, strengthening the lineup of its original Bellburn earthenware exterior wall and launching The Gravis 2014 edition as a high-end product.

Orders remained at a low level, largely due to waning anticipation of higher interest rates and a decline attributable to the reaction to the last-minute rise in demand ahead of the consumption tax hike.

Sales in the Custom Detached Houses Business amounted to ¥320,188 million, down 13.8% year-on-year, and operating income to ¥34,663 million, down 21.9% year-on-year.

(Rental Housing Business)

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

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

Sales in the Rental Housing Business amounted to ¥285,017 million, up 16.9% year-on-year, and operating income to ¥29,687 million, up 38.6% year-on-year.

(Remodeling Business)

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

Sales in the Remodeling Business amounted to ¥94,588 million, up 8.2% year-on-year, and operating income to ¥9,622 million, up 7.1% year-on-year.

(Real Estate Management Fees Business)

In the Real Estate Management Fees Business, the number of units of Sha-Maison low-rise apartments for block leasing and management by Sekiwa Real Estate companies increased steadily, with solid growth in the number of units built in the Rental Housing Business. Demand increased in the rental housing market, mainly in urban areas, and efforts were

made to encourage occupancy by stressing the appeal of the Sha-Maison brand and increasing cooperation among Group companies. Further, by making proposals for remodeling to meet the needs of the market, occupancy rates remained high.

Sales in the Real Estate Management Fees Business amounted to ¥319,890 million, up 4.6% year-on-year, and operating income to ¥17,918 million, up 11.3% year-on-year.

(Houses for Sale Business)

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

Sales in the Houses for Sale Business amounted to ¥81,838 million, down 16.3% year-on-year, and operating income to ¥6,241 million, up 10.8% year-on-year.

(Condominiums Business)

In the Condominium Business, all units in the Grande Maison Jyosui Garden City South Forest (Fukuoka City) were sold out and other new properties sold well, and inquiries about Grande Maison Shirokane no Mori The Tower (Minato-ku, Tokyo) and other properties for sale also remained at a high level. Against this backdrop, the Company continued to implement sales strategies to enhance brand value.

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

Sales in the Condominiums Business amounted to ¥41,554 million, up 1.0% year-on-year, and operating income to ¥3,384 million, up 105.4% year-on-year.

(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. The Company also sold properties including Prime Maison Fujimidai to Sekisui House SI Residential Investment Corporation. In addition, the Gotenyama Project, including Garden City Shinagawa Gotenyama, which was developed by the Company, was awarded the Good Design Award 2014.

On October 31, 2014, the Tokyo Stock Exchange, Inc. approved the listing on the Real Estate Investment Trust Securities Market of the investment units issued by Sekisui House Reit, Inc., whose assets are managed by Sekisui House Investment Advisors, Ltd., a wholly owned subsidiary of the Company.

Sales in the Urban Redevelopment Business amounted to ¥37,922 million, up 35.5% year-on-year, and operating income to ¥9,206 million, up 49.9% year-on-year.

(Overseas Business)

In the Overseas Business, as in the previous fiscal year, sales of subdivisions in the United States, including Cinco Ranch in Texas and One Loudoun in Virginia, remained firm. In Australia, following the Park Lane Building, delivery of the Mark Building in the Central Park began, and sales of subdivisions of The Hermitage in Camden and newly opened Ripley Valley were brisk. In China, sales began for our projects in Heping District in Shenyang, Taicang City and Wuxi City among others.

Sales in the Overseas Business amounted to ¥56,074 million, up 68.0% year-on-year, and operating income to ¥2,642 million, up 46.8% year-on-year.

(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 ¥67,006 million, up 36.2% year-on-year, and operating income to ¥2,113 million.

(2) Qualitative Information Regarding Consolidated Financial Conditions

Total assets grew ¥174,699 million to ¥1,943,705 million at the end of the third quarter of the consolidated fiscal year under review, primarily attributable to increases in property, plant and equipment and real estate for sale. Liabilities increased ¥135,439 million, to ¥963,029 million, mainly due to the issue of short-term bonds payable and an increase in short-term loans payable. Net assets increased ¥39,260 million, to ¥980,675 million, primarily owing to the posting of net income and an increase in foreign currency translation adjustment.

(3) Qualitative Information Regarding Consolidated Results Forecast

The consolidated results forecast for the fiscal year ending January 31, 2015 remained unchanged from the plan in the “Notice regarding Revision of Business Results Forecast” announced on November 13, 2014.

2. Matters Regarding Summary Information (Notes)

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

Not applicable

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

Not applicable

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

Not applicable

3. Consolidated Quarterly Financial Statements

(1) Consolidated Quarterly Balance Sheets

(¥ million)

| | As of January 31, 2014 | As of October 31, 2014 |
|---|------------------------|------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 182,134 | 144,033 |
| Notes receivable, accounts receivable from completed construction contracts | 46,182 | 76,547 |
| Short-term investment securities | 1,044 | 835 |
| Costs on uncompleted construction contracts | 10,558 | 16,229 |
| Buildings for sale | 178,220 | 217,418 |
| Land for sale in lots | 472,377 | 493,436 |
| Undeveloped land for sale | 81,139 | 85,112 |
| Other inventories | 11,298 | 12,153 |
| Deferred tax assets | 47,402 | 46,357 |
| Other | 49,479 | 73,337 |
| Allowance for doubtful accounts | (1,246) | (1,230) |
| Total current assets | 1,078,589 | 1,164,230 |
| Noncurrent assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 194,169 | 219,824 |
| Machinery, equipment and vehicles, net | 16,261 | 14,787 |
| Land | 235,023 | 308,527 |
| Construction in progress | 15,258 | 6,290 |
| Other, net | 5,821 | 6,633 |
| Total property, plant and equipment | 466,534 | 556,063 |
| Intangible assets | 16,546 | 16,092 |
| Investments and other assets | | |
| Investment securities | 106,429 | 110,571 |
| Long-term loans receivable | 47,249 | 46,312 |
| Prepaid pension cost | 1,175 | 1,361 |
| Deferred tax assets | 14,234 | 9,694 |
| Other | 38,838 | 39,958 |
| Allowance for doubtful accounts | (594) | (580) |
| Total investments and other assets | 207,333 | 207,318 |
| Total noncurrent assets | 690,415 | 779,474 |
| Total assets | 1,769,005 | 1,943,705 |

(¥ million)

| | As of January 31, 2014 | As of October 31, 2014 |
|--|------------------------|------------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes payable, accounts payable for construction contracts | 110,860 | 90,590 |
| Electronically recorded obligations-operating | 63,865 | 52,482 |
| Short-term bonds payable | - | 135,000 |
| Short-term loans payable | 38,009 | 96,572 |
| Current portion of bonds payable | - | 70,000 |
| Current portion of long-term loans payable | 45,587 | 36,217 |
| Income taxes payable | 31,085 | 12,470 |
| Advances received on uncompleted construction contracts | 116,352 | 112,448 |
| Provision for bonuses | 24,898 | 31,344 |
| Provision for directors' bonuses | 961 | - |
| Provision for warranties for completed construction | 3,484 | 3,270 |
| Other | 67,554 | 56,774 |
| Total current liabilities | 502,659 | 697,170 |
| Noncurrent liabilities | | |
| Bonds payable | 90,000 | 20,000 |
| Bonds with subscription rights to shares | 36,390 | 29,490 |
| Long-term loans payable | 77,391 | 95,725 |
| Long-term lease and guarantee deposited | 54,801 | 57,789 |
| Deferred tax liabilities | 203 | 290 |
| Provision for retirement benefits | 55,037 | 49,599 |
| Provision for directors' retirement benefits | 977 | 1,003 |
| Other | 10,127 | 11,959 |
| Total noncurrent liabilities | 324,929 | 265,858 |
| Total liabilities | 827,589 | 963,029 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 191,559 | 195,009 |
| Capital surplus | 243,217 | 246,665 |
| Retained earnings | 413,446 | 436,494 |
| Treasury stock | (1,379) | (1,366) |
| Total shareholders' equity | 846,843 | 876,802 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 27,612 | 29,625 |
| Deferred gains or losses on hedges | 47 | 1 |
| Foreign currency translation adjustment | 56,440 | 64,814 |
| Total accumulated other comprehensive income | 84,101 | 94,441 |
| Subscription rights to shares | 474 | 518 |
| Minority interests | 9,996 | 8,913 |
| Total net assets | 941,415 | 980,675 |
| Total liabilities and net assets | 1,769,005 | 1,943,705 |

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

For the nine months ended October 31, 2013 and 2014

(¥ million)

| | Feb. 1, 2013– Oct. 31, 2013 | Feb. 1, 2014 – Oct. 31, 2014 |
|---|-----------------------------|------------------------------|
| Net sales | 1,258,022 | 1,304,080 |
| Cost of sales | 1,011,532 | 1,047,658 |
| Gross profit | 246,489 | 256,422 |
| Selling, general and administrative expenses | 166,028 | 165,588 |
| Operating income | 80,461 | 90,833 |
| Non-operating income | | |
| Interest income | 1,089 | 1,239 |
| Dividends income | 681 | 844 |
| Equity in earnings of affiliates | 1,704 | 3,470 |
| Foreign exchange gains | 643 | 2,480 |
| Other | 2,532 | 1,805 |
| Total non-operating income | 6,651 | 9,842 |
| Non-operating expenses | | |
| Interest expenses | 740 | 824 |
| Other | 2,362 | 2,500 |
| Total non-operating expenses | 3,102 | 3,325 |
| Ordinary income | 84,010 | 97,350 |
| Extraordinary income | | |
| Gain on sales of investment securities | - | 307 |
| Gain on negative goodwill | 327 | - |
| Gain on sales of subsidiaries and affiliates' stock | 140 | - |
| Total extraordinary income | 468 | 307 |
| Extraordinary loss | | |
| Loss on valuation of investment securities | 37 | 3,375 |
| Loss on sales and retirement of noncurrent assets | 766 | 597 |
| Impairment loss | 39 | 28 |
| Total extraordinary losses | 842 | 4,001 |
| Income before income taxes and minority interests | 83,636 | 93,656 |
| Income taxes-current | 33,873 | 31,901 |
| Income taxes-deferred | (2,917) | 4,353 |
| Total income taxes | 30,955 | 36,255 |
| Income before minority interests | 52,680 | 57,401 |
| Minority interests in income | 1,878 | 1,280 |
| Net income | 50,802 | 56,121 |

(Consolidated Quarterly Statements of Comprehensive Income)**For the nine months ended October 31, 2013 and 2014**

| | Feb. 1, 2013– Oct. 31, 2013 | Feb. 1, 2014 – Oct. 31, 2014 |
|---|-----------------------------|------------------------------|
| Income before minority interests | 52,680 | 57,401 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 13,377 | 2,012 |
| Deferred gains or losses on hedges | 41 | (44) |
| Foreign currency translation adjustment | 21,027 | 8,183 |
| Share of other comprehensive income of associates accounted for using equity method | 120 | 219 |
| Total other comprehensive income | 34,567 | 10,371 |
| Comprehensive income | 87,247 | 67,772 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of the parent | 85,142 | 66,461 |
| Comprehensive income attributable to minority interests | 2,104 | 1,311 |

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

Not applicable

(Notes on Significant Changes in the Amount of Shareholders' Equity)

Not applicable

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

I. Nine months ended October 31, 2013 (February 1, 2013 through October 31, 2013)

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

(¥ million)

| | Reportable Business Segments | | | | | | |
|-------------------------------------|------------------------------|----------------|------------|-----------------------------|-----------------|--------------|---------------------|
| | Custom detached houses | Rental housing | Remodeling | Real estate management fees | Houses for sale | Condominiums | Urban redevelopment |
| Sales | | | | | | | |
| (1) Sales to third parties | 371,476 | 243,736 | 87,396 | 305,893 | 97,802 | 41,130 | 27,995 |
| (2) Inter-group sales and transfers | - | 3,402 | 445 | 2,354 | - | - | 101 |
| Net sales | 371,476 | 247,139 | 87,842 | 308,247 | 97,802 | 41,130 | 28,097 |
| Operating income | 44,411 | 21,418 | 8,986 | 16,097 | 5,630 | 1,647 | 6,140 |

| | 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 | 33,384 | 1,208,814 | 49,208 | 1,258,022 | - | 1,258,022 |
| (2) Inter-group sales and transfers | - | 6,304 | 4,850 | 11,155 | (11,155) | - |
| Net sales | 33,384 | 1,215,118 | 54,058 | 1,269,177 | (11,155) | 1,258,022 |
| Operating income | 1,800 | 106,134 | 189 | 106,323 | (25,862) | 80,461 |

Notes:

1. Other Businesses principally include the exterior business.
2. An adjustment of ¥25,862 million for segment income includes an elimination of inter-segment transactions of ¥3,142 million and corporate expenses of ¥22,719 million that have not been allocated to each segment. Corporate expenses mainly include selling, general and administration expenses and experiment and research expenses that do not belong to any reportable segments.
3. Operating income by business segment is adjusted to correspond to operating income in the consolidated quarterly statements of income.

II. Nine months ended October 31, 2014 (February 1, 2014 through October 31, 2014)

1. Sales and operating income by reportable business segment

(¥ million)

| | Reportable Business Segments | | | | | | |
|-------------------------------------|------------------------------|----------------|------------|-----------------------------|-----------------|--------------|---------------------|
| | Custom detached houses | Rental housing | Remodeling | Real estate management fees | Houses for sale | Condominiums | Urban redevelopment |
| Sales | | | | | | | |
| (1) Sales to third parties | 320,188 | 285,017 | 94,588 | 319,890 | 81,838 | 41,554 | 37,922 |
| (2) Inter-group sales and transfers | 0 | 1,614 | 290 | 2,388 | - | - | 98 |
| Net sales | 320,188 | 286,631 | 94,878 | 322,279 | 81,838 | 41,554 | 38,020 |
| Operating income | 34,663 | 29,687 | 9,622 | 17,918 | 6,241 | 3,384 | 9,206 |

| | 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 | 56,074 | 1,237,074 | 67,006 | 1,304,080 | - | 1,304,080 |
| (2) Inter-group sales and transfers | - | 4,391 | 4,547 | 8,938 | (8,938) | - |
| Net sales | 56,074 | 1,241,466 | 71,553 | 1,313,019 | (8,938) | 1,304,080 |
| Operating income | 2,642 | 113,367 | 2,113 | 115,480 | (24,647) | 90,833 |

Notes:

1. Other Businesses principally include the exterior business.
2. An adjustment of ¥24,647 million for segment income includes an elimination of inter-segment transactions of ¥2,797 million and corporate expenses of ¥21,849 million that have not been allocated to each segment. Corporate expenses mainly include selling, general and administration expenses and experiment and research expenses that do not belong to any reportable segments.
3. Operating income by business segment is adjusted to correspond to operating income in the consolidated quarterly statements of income.

(Significant Subsequent Event)

At the Board of Directors meeting held on November 13, 2014, Sekisui House, Ltd. resolved to acquire its own shares under the provisions of Article 156 of the Companies Act, as applied pursuant to Article 165 (3) of the Companies Act.

(1) Reason for share repurchase

To implement flexible capital policies in accordance with the business environment and to improve capital efficiency to increase shareholder value

(2) Type of shares

Common stock of Sekisui House, Ltd.

(3) Aggregate number of shares to be repurchased

Up to 10,000,000 shares

(4) Aggregate price of shares to be repurchased

Up to 17,000 million yen

(5) Period for share repurchase

From November 14, 2014 to January 30, 2015

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

[Consolidated]

(¥ million)

| | Nine months ended October 31, 2013 | | Nine months ended October 31, 2014 | | Year ended January 31, 2014 | |
|--------------------------------|---------------------------------------|-----------------------|---------------------------------------|-----------------------|-----------------------------|-----------------------|
| | Orders | Accumulated Orders | Orders | Accumulated Orders | Orders | Accumulated Orders |
| Custom detached houses | 443,004 | 318,517 | 291,247 | 225,431 | 525,072 | 254,372 |
| Rental housing | 336,621 | 335,418 | 303,208 | 331,167 | 426,644 | 312,975 |
| Remodeling | 100,867 | 34,189 | 94,496 | 30,703 | 135,123 | 30,794 |
| Real estate management fees | 305,893 | - | 319,890 | - | 408,403 | - |
| Houses for sale | 108,333 | 46,786 | 88,675 | 42,197 | 132,511 | 35,361 |
| Condominiums | 60,353 | 66,647 | 50,093 | 69,528 | 76,649 | 60,989 |
| Urban redevelopment | 27,995 | - | 164,862 | 129,170 | 44,658 | 2,230 |
| Overseas business | 50,281 | 80,731 | 58,292 | 63,258 | 82,599 | 61,040 |
| Other Businesses | 73,134 | 55,810 | 58,026 | 46,364 | 96,907 | 55,344 |
| Total | 1,506,484 | 938,101 | 1,428,793 | 937,821 | 1,928,571 | 813,108 |