Summary of Consolidated Financial Results for the Second Quarter of FY2011 (February 1, 2011 through July 31, 2011) (Japanese Standard)

September 8, 2011

Company name	: Sekisui House, Ltd. (URL http://www.sekisuihouse.co.jp)
Listed exchanges	: Tokyo(first section), Osaka(first section), Nagoya(first section)
Stock code	: 1928
Representative	: Toshinori Abe, President and Representative Director
Inquiries	: Fumiaki Hirabayashi, Director and Senior Managing Officer Head of Corporate Communications Dept. Tel +81 6 6440 3111
Filing date of quarterly securities report	: September 13, 2011
Date of scheduled payment of dividends	: September 30, 2011
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 Six Months Ended July31, 2011 (February 1, 2011 through July 31, 2011)

(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	%
Six months ended July 31, 2011	746,393	1.0	32,552	23.4	32,568	26.3	16,868	23.8
Six months ended July 31, 2010	738,777	10.6	26,382	780.6	25,784	871.9	13,622	—

	Net income per share	Fully diluted net income per share
	¥	¥
Six months ended July 31, 2011	24.96	24.69
Six months ended July 31, 2010	20.16	20.15

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	¥ million	¥ million	%	¥
As of July 31, 2011	1,423,886	751,408	52.7	1,110.25
As of January 31, 2011	1,341,308	738,029	54.9	1,090.67

(Reference) Shareholders' equity As of July 31, 2011: ¥750,176 million As of January 31, 2011: ¥736,962 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, 2011	—	13.00	—	8.00	21.00
Year ending Jan. 31, 2012	—	10.00			
Year ending Jan. 31, 2012 (forecast)			—	10.00	20.00

(Note) Revisions to the forecast of cash dividends in the current quarter: None
Breakdown of cash dividends for 2Q FY2010: Ordinary dividends: ¥8.00, 50th anniversary commemorative dividends: ¥5.00

3. Consolidated Results Forecast for FY2011 (February 1, 2011 through January 31, 2012)

(% 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, 2012	1,520,000	2.1	68,000	20.7	68,500	21.7	35,500	16.7	52.54

(Note) Revisions to the consolidated results forecast in the current quarter: Yes

4. Others (For further details, please see "2. Other Information" of the "Attached Material" on page8)

(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: SekisuiHouse, Changcheng (Suzhou) Real Estate Development Co., Ltd.

(Note) Changes in the status of specified subsidiaries during the period associated with change in scope of consolidation.

(2) Adoption of simplified accounting methods and special accounting practices for consolidated quarterly financial statements: Adopted

(Note) Application of simplified accounting methods and/or special accounting methods for preparation of the quarterly consolidated financial statements.

(3) Changes in accounting principles, procedures, and presentation for consolidated quarterly financial statements

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

(ii)Changes other than (i): None

(Note) Changes in accounting principles, procedures, or representation methods relating to the preparation of the consolidated financial statements described in "Changes in the Basis for Presentation of the Consolidated Financial Statements."

(4) Number of shares outstanding (common stock)

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

As of Jul. 31, 2011: 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 Jul. 31, 2011: 1,203,353 shares　　As of Jan. 31, 2011: 1,187,859 shares

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

Six months ended Jul. 31, 2011: 675,689,264 shares　　Six months ended Jul. 31, 2010: 675,730,196 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 Six Months under Review" of the "Attached Material" on page 8.

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

(1) Qualitative information regarding consolidated business results

In the first six months of the fiscal year ending January 31, 2012, the Japanese economy made steady progress towards a recovery, with progress in the reconstruction of supply chains, social infrastructure, sales and production facilities, and other facilities that were damaged by the Great East Japan Earthquake. Capital investment recovered, mainly reflecting demand for reconstruction, while consumer confidence started to show signs of improvement, primarily due to a lifting of the restraints on supplies that were attributable to the earthquake. However, the economic environment remained challenging, as corporate earnings continued to contract particularly among export oriented companies, due to factors such as the appreciation of the yen, which stemmed from the fiscal problems in European countries, and the slowing economy in the United States. In this environment, despite continued economic growth in emerging economies, the outlook remained uncertain.

In the housing market, demand in disaster-hit areas remained sluggish as the number of new housing starts continued to decline. In contrast, the number of new housing starts in the Tokyo Metropolitan Area increased, chiefly reflecting a recovery in condominium investment. As a result, the overall market continued to stage a gradual recovery. Housing support programs such as subsidies and tax incentives aimed at promoting more eco-friendly housing continued. There were no noticeable changes in demand, despite the termination of the eco-point system at the end of July 2011 and concerns over the sluggish confidence of housing investment, mainly reflecting the effects of the earthquake.

Responding to these conditions, Sekisui House promptly provided support to the owners of Sekisui houses and met an increase in demand for reconstruction in the areas affected by the disaster. The Company also steadily constructed temporary housing and made every effort to support restoration and reconstruction work in the affected areas by deploying employees of the Sekisui House Group companies and its partner companies. Meanwhile, as an Eco First Company certified by the Ministry of the Environment, Sekisui House made a commitment to the Minister of the Environment to promptly and actively take the initiative to cut electricity use, an urgent issue.

As part of its product strategies, Sekisui House introduced Airkis, an air environment friendly system, on July 13, 2011, and started selling the products by installing them as standard in Sekisui's mainstay steel-framed housing.
In the Urban Redevelopment Business, Sekisui House concluded an agreement with The Ritz-Carlton Hotel Company, L.L.C. to open a Ritz-Carlton, the most luxurious brand of the Marriott Hotel Group, the world's leading hotel chain, in the spring of 2014 in a building that would be constructed in Nakagyo-ku, Kyoto City.

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 built-to-order 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). As a result, orders for detached houses and rental housing, in particular, increased. These increases were mainly attributable to a rise in the installation rate of SHEQAS, Sekisui's unique antiseismic system, as a result of rising awareness of the safety of houses nationwide, an increase in orders for double power generation systems that use both household fuel cells and photovoltaic power generation systems, a rise in demand for reconstruction in the disaster-hit areas, and a hike in demand for rental housing in cities.

In the first six months of the consolidated fiscal year under review, net sales amounted to ¥746,393 million (up 1.0% year on year). Operating income amounted to ¥32,552 million (up 23.4% year on year), ordinary income to ¥32,568 million (up 26.3% year on year), net income to ¥16,868 million (up 23.8% year on year).

(Custom Detached Houses Business)

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

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, Be Sai+e and IS ORDER, as standard products. 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.

Meanwhile, responding to a rise in orders for the wood-framed Sha-Wood line that used Bellburn, its original exterior wall, Sekisui House concluded the transfer of the building material business of Kurosaki Harima Corporation, which supplied the walls in question. By bringing the production Bellburn in-house, it aimed to improve its production capabilities and achieve cost cutting.

Thanks to the above initiatives, as well as renewed recognition of the safety of housing, demand for reconstruction, and the continuation of official stimulus measures, orders in this business increased.

Sales in the Custom Detached Houses Business amounted to ¥227,866 million for the first six months of the consolidated fiscal year under review, and operating income to ¥23,953 million.

(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. 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. 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. These activities contributed significantly to higher orders. As a result of these efforts, as well as active promotion of Sha-Maison Gardens and a rise in demand for rental housing in cities, orders in this segment remained steady.

Sales in the Rental Housing Business amounted to ¥133,365 million for the first six months of the consolidated fiscal year under review, and operating income to ¥12,127 million.

(Houses for Sale Business)

In the Houses for Sale Business, by holding sales promotion events such as *Natsu no Sumai no Sankan-bi* (summer 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 *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.

As a result of these initiatives, certain regions showed signs of a recovery, reflecting the effects of government stimulus packages as evident in the Custom Detached Houses Business. However, overall sales nationwide 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 ¥65,460 million for the first six months of the consolidated fiscal year under review, and operating income to ¥ 1,392 million.

(Condominiums Business)

In the Condominium Business, orders for new condominiums that Sekisui House started to sell in urban areas, such as GRANDE MAISON SANGENJAYA PLACE (Setagaya-ku, Tokyo) and Grand Terminal Tower Motoyawata (Ichikawa City, Chiba Prefecture), remained steady. However, as a result of initiatives to reduce inventories of sales properties, orders generally remained sluggish.

Sales in the Condominiums Business amounted to ¥19,500 million for the first six months of the consolidated fiscal year under review, and operating loss to ¥5,756 million.

(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. It also completed the development of Garden City Shinagawa Gotenyama and Hommachi Minami Garden City in February 2011 and March 2011, respectively, and began leasing activities.

In addition Sekisui House is steadily managing rental properties held by the Sekisui House Group, including rental housing, Prime Maison, with sound improvements in the occupancy rate.

Sales in the Urban Redevelopment Business amounted to ¥25,694 million for the first six months of the consolidated fiscal year under review, and operating income to ¥6,935 million.

(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. Sekisui House 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 Spring 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. As a result of these business promotions, orders remained steady.

Sales in the Remodeling Business amounted to ¥49,903 million for the first six months of the consolidated fiscal year under review, and operating income to ¥4,895 million.

(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 Real Estate Management Fees Business amounted to ¥ 187,947 million for the first six months of the consolidated fiscal year under review, and operating income to ¥7,312 million.

(Other Businesses)

In overseas business, sales of condominiums in Wentworth Point in Australia, which is a current area of focus for Sekisui House, are growing strongly. The Phase 1 properties that are expected to be delivered during the current term have already sold out, and sales of the other units that are currently being marketed are also progressing steadily. Moreover, Sekisui House began developing urban residential and commercial complexes in Washington State in the United States, and started operations in Singapore by undertaking two 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 built-to-order housing.

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.

Sales in the Other Business amounted to ¥36,655 million for the first six months of the consolidated fiscal year under review, and operating loss to ¥2,261 million.

(2) Qualitative Information Regarding Consolidated Financial Conditions

Total assets at the end of the first six months under review increased ¥82,577 million, to ¥1,423,886 million, primarily because of a rise in land for sale for the overseas business, including that for the Suzhou project. Total liabilities increased ¥69,198 million, to ¥672,477 million, mainly reflecting the issuance of euroyen-denominated convertible bonds with warrants attached. Net assets rose ¥13,379 million, to ¥751,408 million, chiefly because of the posting of net income.

Net cash used in operating activities was ¥28,300 million (a year-on-year decrease of ¥70,905 million in net cash used), primarily attributable to an increase in inventories, despite a rise in advances received on uncompleted construction contracts.

Net cash used in investing activities was ¥18,482 million (a year-on-year decrease of ¥7,086 million year on year in net cash used), mainly reflecting the purchase of property, plant, and equipment.

Net cash provided by financing activities was ¥48,621 million (a year-on-year decrease of ¥18,653 million in net cash provided), chiefly due to the issuing of bonds.

(3) Qualitative Information Regarding Consolidated Results Forecast

Although the Company is to record an extraordinary loss of approximately ¥1.2 billion related to the Great East Japan Earthquake, its impact on the business activities and assets of the Company is minor.

With respect to operating activities, we expect that our business performance will remain strong going forward, given demand for the reconstruction of houses after the earthquake and a rise in interest in systems for the safety and security of dwelling performance, including SHEQAS (seismic vibration absorption system), Sekisui's unique antiseismic system that is able to halve the transfiguration of a building, in addition to solid sales promotion activities based on the Green First Strategy. As a result, we revise our guidance announced on March 7, 2011 as follows: net sales of ¥1,520 billion (increasing 2.1% year on year), operating income of ¥68 billion (up 20.7%), ordinary income of ¥68.5 billion (rising 21.7%), and net income of ¥35.5 billion (up 16.7%).

2. Other Information

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

In the first six months under review, we established SekisuiHouse Changcheng (Suzhou) Real Estate Development Co., Ltd. and included it in the scope of consolidation.

(2) Adoption of simplified accounting methods and special accounting practices for consolidated quarterly financial statements:

1. Simplified accounting methods

① Method for valuation of inventories

With respect to the valuation of inventories, where inventories are deemed to have declined materially in value, the book value of such inventory is marked down to reflect the estimated net realizable amounts.

② Method for calculating deferred tax assets and liabilities

The recoverability of deferred tax assets is calculated on the results forecast in the consolidated financial results for the previous fiscal year, since it is deemed that the business environment and situation with regard to the occurrence of temporary differences have not undergone any material change since the end of the previous fiscal year.

2. Special accounting practices for consolidated quarterly financial statements: Not applicable

(3) Changes in accounting principles, procedures, and presentation for consolidated quarterly financial statements:

1. Changes in significant accounting standards

① Application of the Accounting Standard for Equity Method of Accounting for Investments and the Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method

The Accounting Standard for Equity Method of Accounting for Investments (Accounting Standards Board of Japan (ASBJ) Statement No. 16 on 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 on March 10, 2008) were applied from the first quarter of the consolidated fiscal year under review.

The application of the accounting standard and the practical solution described above did not have an impact on the consolidated quarterly financial statements.

② Application of the Accounting Standards for Asset Retirement Obligations

The Accounting Standards for Asset Retirement Obligations (Accounting Standards Board of Japan (ASBJ) Statement No. 18 on March 31, 2008) and the Guidance on Accounting Standards for Asset Retirement Obligations (ASBJ Guidance No. 21 on March 31, 2008) were applied from the first quarter of the consolidated fiscal year under review.

As a result of their application, operating income and ordinary income for the first six months of the consolidated fiscal year under review decreased ¥87 million respectively, and income before income taxes and minority interests declined ¥775 million. The change in asset retirement obligations that resulted from the application of these accounting standards was ¥1,605 million.

2. Change in presentation

Notes to Consolidated Quarterly Statements of Income

Following the application of the Cabinet Office Ordinance Partially Revising Regulations on Terminology, Forms and Preparation of Financial Statements (Cabinet Office Ordinance No. 5, March 24, 2009) based on Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22, December 26, 2008), income before minority interests is presented in the consolidated statements of income for the second quarter of the fiscal year under review.

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3. Consolidated Quarterly Financial Statements

(1) Consolidated Quarterly Balance Sheets

(¥ million)

	As of July 31, 2011	As of January 31, 2011
Assets		
Current assets		
Cash and deposits	154,681	151,983
Notes receivable, accounts receivable from completed construction contracts	44,369	35,545
Short-term investment securities	5	5
Costs on uncompleted construction contracts	14,900	12,212
Buildings for sale	130,067	131,737
Land for sale in lots	318,951	329,487
Undeveloped land for sale	123,352	70,835
Other inventories	7,270	6,162
Deferred tax assets	51,937	52,640
Other	51,356	34,282
Allowance for doubtful accounts	(2,139)	(2,361)
Total current assets	894,753	822,530
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	136,611	131,540
Machinery, equipment and vehicles, net	12,014	11,923
Land	194,373	193,249
Construction in progress	8,504	11,099
Other, net	4,639	4,319
Total property, plant and equipment	356,143	352,131
Intangible assets	13,865	9,809
Investments and other assets		
Investment securities	73,918	72,449
Long-term loans receivable	27,132	28,831
Deferred tax assets	20,940	18,650
Other	38,562	38,350
Allowance for doubtful accounts	(1,430)	(1,445)
Total investments and other assets	159,123	156,837
Total noncurrent assets	529,132	518,778
Total assets	1,423,886	1,341,308

(¥ million)

	As of July 31, 2011	As of January 31, 2011
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts	96,787	104,631
Electronically recorded obligations-operating	43,046	45,083
Short-term loans payable	2,647	25
Current portion of long-term loans payable	28,491	27,454
Income taxes payable	14,054	9,038
Advances received on uncompleted construction contracts	81,849	75,539
Provision for bonuses	12,909	14,419
Allowance for directors' and corporate auditors' bonuses	—	662
Provision for warranties for completed construction	3,017	2,762
Other	51,814	44,471
Total current liabilities	334,618	324,088
Noncurrent liabilities		
Bonds payable	129,993	129,990
Bonds with subscription rights to shares	50,000	—
Long-term loans payable	55,223	54,560
Long-term lease and guarantee deposited	52,311	52,592
Provision for retirement benefits	38,770	34,914
Provision for directors' retirement benefits	940	1,023
Other	10,619	6,109
Total noncurrent liabilities	337,859	279,190
Total liabilities	672,477	603,279
Net assets		
Shareholders' equity		
Capital stock	186,554	186,554
Capital surplus	237,522	237,522
Retained earnings	320,821	309,361
Treasury stock	(1,427)	(1,416)
Total shareholders' equity	743,470	732,021
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	3,184	2,813
Deferred gains or losses on hedges	(25)	11
Foreign currency translation adjustment	3,546	2,115
Total valuation and translation adjustments	6,705	4,940
Subscription rights to shares	330	292
Minority interests	902	774
Total net assets	751,408	738,029
Total liabilities and net assets	1,423,886	1,341,308

(2) Consolidated Quarterly Statements of Income

For the six months ended July 31, 2010 and 2011

(¥ million)

	Feb. 1, 2010 – Jul. 31, 2010	Feb. 1, 2011 – Jul. 31, 2011
Net sales	738,777	746,393
Cost of sales	612,808	614,519
Gross profit	125,969	131,874
Selling, general and administrative expenses	99,586	99,321
Operating income	26,382	32,552
Non-operating income		
Interest income	626	593
Dividends income	546	619
Equity in earnings of affiliates	344	264
Other	1,952	2,207
Total non-operating income	3,469	3,684
Non-operating expenses		
Interest expenses	1,521	958
Other	2,546	2,710
Total non-operating expenses	4,068	3,668
Ordinary income	25,784	32,568
Extraordinary income		
Gain on sales of investment securities	132	—
Total extraordinary income	132	—
Extraordinary loss		
Loss on disaster	—	1,272
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	687
Loss on revaluation of investments in securities	715	639
Loss on sales and retirement of noncurrent assets	860	449
Impairment loss	32	—
Total extraordinary losses	1,609	3,049
Income before income taxes and minority interests	24,307	29,518
Income taxes-current	6,181	14,661
Income taxes-deferred	4,486	(2,030)
Total income taxes	10,668	12,631
Income before minority interests	—	16,886
Minority interests in income	16	18
Net income	13,622	16,868

(3) Consolidated Quarterly Statements of Cash Flows

(¥ million)

	Feb. 1, 2010 – Jul. 31, 2010	Feb. 1, 2011 – Jul. 31, 2011
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	24,307	29,518
Depreciation and amortization	7,773	8,861
Increase (decrease) in provision for retirement benefits	3,198	3,856
Decrease (increase) in prepaid pension costs	(2)	—
Interest and dividends income	(1,173)	(1,212)
Interest expenses	1,521	958
Equity in (earnings) losses of affiliates	(344)	(264)
Loss (gain) on revaluation of investments in securities	715	639
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	687
Decrease (increase) in notes and accounts receivable-trade	(20,084)	(8,823)
Decrease (increase) in inventories	51,631	(46,653)
Increase (decrease) in notes and accounts payable-trade	(7,219)	(4,290)
Increase (decrease) in advances received on uncompleted construction contracts	(15,938)	6,309
Other, net	1,590	(8,917)
Subtotal	45,975	(19,329)
Interest and dividends income received	1,099	1,215
Interest expenses paid	(1,480)	(1,692)
Income taxes paid	(5,625)	(9,622)
Income taxes refunded	2,636	1,128
Net cash provided by (used in) operating activities	42,605	(28,300)
Net cash provided by (used in) investing activities		
Proceeds from sales of short-term investment	150	—
Purchase of property, plant and equipment	(9,799)	(14,894)
Proceeds from sales of property, plant and equipment	700	1,177
Purchase of investment securities	(2,958)	(915)
Proceeds from sales of investment securities	288	104
Payments of loans receivable	(786)	(347)
Collection of loans receivable	1,907	2,059
Other, net	(897)	(5,666)
Net cash provided by (used in) investing activities	(11,395)	(18,482)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term bonds payable	—	2,622
Proceeds from long-term loans payable	—	8,033
Repayment of long-term loans payable	(2,647)	(6,525)
Proceeds from issuance of bonds	70,000	50,000
Purchase of treasury stock	(26)	(14)
Cash dividends paid	—	(5,406)
Other, net	(50)	(86)
Net cash provided by (used in) financing activities	67,275	48,621
Effect of exchange rate change on cash and cash equivalents	(213)	859
Net increase (decrease) in cash and cash equivalents	98,271	2,698
Cash and cash equivalents at beginning of period	148,630	151,983
Cash and cash equivalents at end of period	246,901	154,681

(4) Notes Regarding Assumption of a Going Concern

Not applicable

(5) Segment Information

[Segment Information by Each Business]

Six months ended July 31, 2010 (February 1, 2010 through July 31, 2010)

(¥ million)

	Built to Order Housing	Real Estate for Sale	Real Estate for Leasing	Other Business	Total	Eliminations and back office	Consolidated
Sales							
(1) Sales to third parties	345,753	120,882	188,298	83,843	738,777	—	738,777
(2) Inter-group sales and transfers	3,923	—	930	1,377	6,230	(6,230)	—
Net sales	349,676	120,882	189,228	85,220	745,008	(6,230)	738,777
Operating income (loss)	33,834	(1,018)	7,371	3,805	43,993	(17,610)	26,382

[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 a 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.

Main details of each reportable segment are as follows;

Custom Detached Houses Business:	Designing, constructing, and contracting for sale detached houses
Rental Housing Business:	Designing, constructing, and contracting for sale rental housing 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. Sales and operating income (loss) by reportable business segment

Six months ended July 31, 2011 (February 1, 2011 through July 31, 2011) (¥ million)

	Reportable Business Segments					
	Custom detached houses	Rental housing	Houses for sale	Condominiums	Urban redevelopment	Remodeling
Sales						
(1) Sales to third parties	227,866	133,365	65,460	19,500	25,694	49,903
(2) Inter-group sales and transfers	—	1,419	—	—	53	91
Net sales	227,866	134,784	65,460	19,500	25,748	49,994
Operating income (loss)	23,953	12,127	1,392	(5,756)	6,935	4,895

	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	187,947	709,737	36,655	746,393	—	746,393
(2) Inter-group sales and transfers	1,155	2,719	2,514	5,233	(5,233)	—
Net sales	189,102	712,457	39,170	751,627	(5,233)	746,393
Operating income (loss)	7,312	50,861	(2,261)	48,599	(16,046)	32,552

(Notes)

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

2. An adjustment of ¥16,046 million yen for segment income (loss) includes an elimination of inter-segment transactions of ¥1,590 million and corporate expenses of ¥14,456 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.

(Additional information)

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) were applied from the first quarter of the consolidated fiscal year under review.

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

Not applicable

4. Supplemental Information

The State of Orders

[Consolidated] (¥ million)

	Six months ended July 31, 2010		Six months ended July 31, 2011		Year ended January 31, 2011	
	Orders	Accumulated Orders	Orders	Accumulated Orders	Orders	Accumulated Orders
Built to Order Housing	362,678	377,802	—	—	710,103	373,593
Real Estate for Sale	125,001	55,362	—	—	253,947	75,706
Real Estate for Leasing	188,298	—	—	—	377,667	—
Other	84,216	100,047	—	—	186,644	102,487
Total	760,194	533,211	—	—	1,528,362	551,787
Custom detached houses	—	—	248,736	245,126	—	—
Rental housing	—	—	151,486	225,896	—	—
Houses for sale	—	—	67,177	33,184	—	—
Condominiums	—	—	27,460	14,837	—	—
Urban redevelopment	—	—	12,494	—	—	—
Remodeling	—	—	54,552	18,670	—	—
Real estate management fees	—	—	187,947	—	—	—
Other Businesses	—	—	68,340	85,874	—	—
Total	—	—	818,196	623,590	—	—