

Sekisui House, Ltd.

SUMMARY OF FINANCIAL STATEMENTS

February 1, 2008 – January 31, 2009

Note : This document contains forward-looking statements based on a number of assumptions and beliefs in light of the information currently available to management, and is subject to significant risks and uncertainties. Actual financial results may differ materially depending on a number of factors, including adverse economic conditions, adverse legislative and regulatory developments, delay in new product launches, and pricing and product initiatives of competitors

SUMMARY OF FINANCIAL STATEMENTS for FY2008

February 1, 2008 – January 31, 2009

March 2, 2009

Name of company	Sekisui House, Ltd. (URL http://www.sekisuihouse.co.jp)
Stock Code	1928
Listed exchanges	Tokyo (first section), Osaka (first section), Nagoya (first section)
Representative	Toshinori Abe, President and Representative Director
Inquiries	Hidehiro Yamaguchi, Executive Officer, Head of Corporate Communications Department TEL +81 6 6440 3111
Date of general shareholders' meeting	April 23, 2009
Date of scheduled payment of dividends	April 24, 2009
Date of scheduled filing of securities report	April 24, 2009

1. Business Results for the FY 2008 (February 1, 2008 to January 31, 2009)

1) Consolidated Business Results

*Please note that numbers less than a million yen are rounded down.

	<i>Millions of yen</i>			
	Feb. 1, 2008 – Jan. 31, 2009		Feb. 1, 2007 – Jan. 31, 2008	
	Change (%)		Change (%)	
Net sales	1,514,172	(5.2)	1,597,807	0.1
Operating income	73,960	(32.6)	109,727	(1.7)
Recurring income	77,072	(32.4)	114,086	(0.6)
Net income	11,516	(80.9)	60,352	(3.7)
Net income per share (yen)	17.04		87.70	
Fully diluted net income per share (yen)	17.03		87.68	
Return on equity (%)	1.5		7.7	
Recurring income to total assets (%)	5.6		8.7	
Operating income ratio to net sales (%)	4.9		6.9	

Gain (loss) from investments in subsidiaries and affiliates accounted for by the equity method:

As of Jan. 31, 2009 466 million yen As of Jan. 31, 2008 224 million yen

2) Consolidated Financial Position

	<i>Millions of yen</i>	
	Feb. 1, 2008 – Jan. 31, 2009	Feb. 1, 2007 – Jan. 31, 2008
Total assets	1,387,237	1,349,441
Net assets	754,130	770,963
Shareholders' equity ratio (%)	54.3	57.1
Net assets per share (yen)	1,115.20	1,139.63

Shareholders' equity:

As of Jan. 31, 2009 753,647 million yen As of Jan. 31, 2008 770,604 million yen

3) Consolidated Cash Flows

	<i>Millions of yen</i>	
	Feb. 1, 2008 – Jan. 31, 2009	Feb. 1, 2007 – Jan. 31, 2008
Net cash provided by operating activities	37,003	(175,279)
Net cash used in investing activities	(46,352)	(59,900)
Net cash used in financing activities	73,630	65,917
Cash and cash equivalents at end of period	124,517	60,236

2. Dividends information

Standard date	Dividends per share (yen)			Total dividends (annual) (Millions of yen)	Dividend payout ratio (Consolidated)	Dividends on Equity (Consolidated)
	First half	Second-half	Full-year			
FY 2007	12.00	12.00	24.00	16,233	27.4%	2.1%
FY 2008	12.00	12.00	24.00	16,227	140.8%	2.1%
FY 2009 (F)	10.00	10.00	20.00		71.1%	

3. Consolidated Results Forecast for the FY2009 (February 1, 2009 to January 31, 2010)

	Net sales		Operating income		Recurring income		Net income		Net income per share
	<i>Millions of yen</i>	%	<i>Millions of yen</i>	%	<i>Millions of yen</i>	%	<i>Millions of yen</i>	%	yen
FY 2009 First Half	700,000	(10.7)	10,500	(79.4)	10,300	(80.2)	1,600	(94.3)	2.37
FY 2009	1,460,000	(3.6)	39,000	(47.3)	38,500	(50.0)	19,000	65.0	28.12

4. Others

1) Changes in significant subsidiaries during the term (change in specified subsidiaries that caused a change in scope of consolidation): None

2) Change of significant accounting policies for consolidated financial statements

1. Change caused by revision of accounting standard: None
2. Others: None

3) Number of shares outstanding (common stock)

1. Number of shares outstanding (including treasury stock) at :

End of Jan. 2009: 676,885,078 shares End of Jan. 2008: 709,385,078 shares

2. Number of treasury stock at :

End of Jan. 2009: 1,089,368 shares End of Jan. 2008: 33,196,226 shares

See page 34, "Consolidated per share information", for number of shares for calculation of net income per share.

(Reference) Summary of non-consolidated financial results

1. Non-consolidated Results for the FY 2008 (February 1, 2008 to January 31, 2009)

1) Non-consolidated Business Results

	<i>Millions of yen</i>			
	Feb. 1, 2008 – Jan. 31, 2009		Feb. 1, 2007 – Jan. 31, 2008	
	Change (%)		Change (%)	
Net sales	1,100,500	(7.9)	1,195,245	(1.8)
Operating income	53,286	(38.6)	86,745	(1.1)
Recurring income	58,071	(37.5)	92,982	0.3
Net income	1,780	(96.5)	50,179	(3.1)
Net income per share (yen)	2.63		72.90	
Fully diluted net income per share (yen)	2.63		72.89	

2) Non-consolidated Financial Position

	<i>Millions of yen</i>	
	Feb. 1, 2008 – Jan. 31, 2009	Feb. 1, 2007 – Jan. 31, 2008
Total assets	1,256,075	1,238,622
Net assets	672,827	699,339
Shareholders' equity ratio (%)	53.6	56.5
Net assets per share (yen)	995.11	1,033.87

Shareholders' equity :

As of Jan. 31, 2009 672,668 million yen As of Jan. 31, 2008 699,272 million yen

2. Non-consolidated Results Forecast for the FY 2009 (February 1, 2009 to January 31, 2010)

	Net sales		Operating income		Recurring income		Net income		Net income per share
	<i>Millions of yen</i>	%	<i>Millions of yen</i>	%	<i>Millions of yen</i>	%	<i>Millions of yen</i>	%	yen
FY 2009 First Half	485,000	(15.8)	0	-	1,500	(96.4)	(2,500)	-	(3.70)
FY 2009	1,020,000	(7.3)	19,000	(64.3)	20,000	(65.6)	8,000	349.4	11.83

* Notes regarding the Appropriate Use of Financial 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 business results forecasts, please refer to "c. Outlook" on page 11 of the "Analysis of Business Results" section.

Appendix 1: Results summary for the year ending January 31, 2009

Millions of yen

Consolidated	FY 2007	FY 2008	YOY (%)	Forecast for FY2009	YOY (%)
Net sales	1,597,807	1,514,172	(5.2)	1,460,000	(3.6)
Gross profit	328,564	291,249	(11.4)	249,300	(14.4)
SG&A expenses	218,836	217,288	(0.7)	210,300	(3.2)
Operating income	109,727	73,960	(32.6)	39,000	(47.3)
Recurring income	114,086	77,072	(32.4)	38,500	(50.0)
Extraordinary income	175	-	-	-	-
Extraordinary loss	4,830	49,448	923.8	6,000	(87.9)
Net income	60,352	11,516	(80.9)	19,000	65.0
Total orders	1,577,087	1,472,987	(6.6)	1,498,000	1.7
Accumulated orders	544,416	503,230	(7.6)	541,230	7.6

Millions of yen

Non-consolidated	FY 2007	FY 2008	YOY (%)	Forecast for FY2009	YOY (%)
Net sales	1,195,245	1,100,500	(7.9)	1,020,000	(7.3)
Gross profit	260,544	223,594	(14.2)	179,000	(19.9)
SG&A expenses	173,799	170,307	(2.0)	160,000	(6.1)
Operating income	86,745	53,286	(38.6)	19,000	(64.3)
Recurring income	92,982	58,071	(37.5)	20,000	(65.6)
Extraordinary income	175	41	(76.6)	-	-
Extraordinary loss	4,641	48,082	936.0	6,000	(87.5)
Net income	50,179	1,780	(96.5)	8,000	349.4
Total orders	1,189,159	1,057,147	(11.1)	1,061,500	0.4
Accumulated orders	548,953	505,600	(7.9)	547,100	8.2

Key management indicators

Consolidated	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Net income per share (yen)	33.80	62.94	89.26	87.70	17.04
Net assets per share (yen)	979.40	1,028.46	1,125.75	1,139.63	1,115.20
Operating profit margin	5.58%	5.33%	6.99%	6.87%	4.88%
ROE	3.55%	6.36%	8.45%	7.69%	1.51%
ROA *1	6.84%	7.34%	9.61%	8.56%	5.60%

Millions of yen

R & D expenditures	5,793	6,190	6,114	6,299	6,191
Capital expenditure (Consolidated)	36,225	46,817	26,691	54,413	57,432
Capital expenditure (Non-consolidated)	27,488	42,264	21,164	43,534	43,156
Depreciation expense (Consolidated)	11,553	11,117	12,231	14,157	15,392
Depreciation expense (Non-consolidated)	9,424	8,557	9,650	11,368	12,252

Housing construction share	4.7%	4.6%	4.4%	5.4%	4.8%
Referred order ratio*2	49.4%	44.7%	44.8%	47.2%	47.8%
Average detached house price (1,000 yen)	29,336	29,875	30,375	31,058	31,641
Occupancy rate of subleasing units	94.9%	95.0%	95.0%	95.5%	94.6%
Display home locations (end of period)	551	575	560	550	517

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

*2 Referred orders / Total orders

Appendix 2-1: Segment Breakdown for the year ended January 31, 2009

Consolidated

1. Orders

				<i>Millions of yen</i>	
	FY 2007	FY 2008	YOY(%)	FY 2009 (F)	YOY(%)
Built to Order Housing	697,963	669,897	(4.0)	703,000	4.9
Real Estate for Sale	387,233	299,651	(22.6)	269,000	(10.2)
Real Estate for Leasing	334,530	357,075	6.7	378,000	5.9
Other Business	157,360	146,362	(7.0)	148,000	1.1
Consolidated	1,577,087	1,472,987	(6.6)	1,498,000	1.7

2. Accumulated Orders

				<i>Millions of yen</i>	
	FY 2007	FY 2008	YOY(%)	FY 2009 (F)	YOY(%)
Built to Order Housing	352,666	339,702	(3.7)	373,702	10.0
Real Estate for Sale	88,728	71,101	(19.9)	62,101	(12.7)
Real Estate for Leasing	-	-	-	-	-
Other Business	103,020	92,427	(10.3)	105,427	14.1
Consolidated	544,416	503,230	(7.6)	541,230	7.6

3. Sales

	FY 2007		FY 2008		YOY(%)	FY 2009 (F)		YOY(%)
	<i>Millions of yen</i>	OP margin (%)	<i>Millions of yen</i>	OP margin (%)		<i>Millions of yen</i>	OP margin (%)	
Built to Order Housing	704,506	10.3	682,862	8.5	(3.1)	669,000	8.2	(2.0)
Real Estate for Sale	403,083	14.3	317,278	10.5	(21.3)	278,000	0.2	(12.4)
Real Estate for Leasing	334,530	4.5	357,075	5.2	6.7	378,000	4.9	5.9
Other Business	155,686	2.4	156,955	1.8	0.8	135,000	1.3	(14.0)
Consolidated	1,597,807	6.9	1,514,172	4.9	(5.2)	1,460,000	2.7	(3.6)

Appendix 2-2: Segment Breakdown for the year ended January 31, 2009

Non-consolidated

Note: On the non-consolidated financial statements, a breakdown into "Construction" and "Real Estate" is reported; however, to show how these figures relate to by-segment statements on the consolidated accounts, figures accounted for on the same basis as the consolidated figures are given here for reference.

1. Orders

	FY 2007		FY 2008		YOY(%)	Millions of yen		
	Buildings	Amount	Buildings	Amount		FY 2009 (F)	YOY(%)	
	Buildings	Amount	Buildings	Amount		Buildings	Amount	YOY(%)
Built to Order Housing								
Detached houses								
Steel frame	10,681	345,266	9,483	307,496	(10.9)	9,800	320,000	4.1
Wood frame	2,916	95,043	3,031	100,224	5.5	3,400	110,000	9.8
Subtotal	13,597	440,310	12,514	407,721	(7.4)	13,200	430,000	5.5
Low rise apartments	6,025	263,197	5,537	268,642	2.1	6,000	279,000	3.9
Subtotal	19,622	703,507	18,051	676,363	(3.9)	19,200	709,000	4.8
Real Estate for Sale								
Detached houses								
Steel frame	3,783	107,257	3,137	85,930	(19.9)	3,400	94,000	9.4
Wood frame	626	18,207	573	16,920	(7.1)	650	19,000	12.3
Subtotal	4,409	125,466	3,710	102,851	(18.0)	4,050	113,000	9.9
Land		88,110		68,295	(22.5)		77,000	12.7
Subtotal	4,409	213,576	3,710	171,147	(19.9)	4,050	190,000	11.0
Condominiums - Buildings		45,785		24,500	(46.5)		37,000	51.0
Condominiums - Land		34,769		16,882	(51.4)		27,000	59.9
Subtotal		80,554		41,383	(48.6)		64,000	54.7
Urban redevelopment		75,313		61,656	(18.1)		-	-
Subtotal	4,409	369,444	3,710	274,187	(25.8)	4,050	254,000	(7.4)
Real Estate for Leasing		9,181		10,880	18.5		10,000	(8.1)
Other Business								
RC contracts	123	49,982	66	43,042	(13.9)	100	35,000	(18.7)
Exteriors		51,914		47,933	(7.7)		48,000	0.1
Other		5,129		4,739	(7.6)		5,500	16.1
Subtotal	123	107,026	66	95,715	(10.6)	100	88,500	(7.5)
Total	24,154	1,189,159	21,827	1,057,147	(11.1)	23,350	1,061,500	0.4

2. Accumulated Orders

	FY 2007		FY 2008		YOY(%)	Millions of yen		
	Buildings	Amount	Buildings	Amount		FY 2009 (F)	YOY(%)	
	Buildings	Amount	Buildings	Amount		Buildings	Amount	YOY(%)
Built to Order Housing								
Detached houses								
Steel frame	4,879	167,472	4,142	145,697	(13.0)	4,442	161,697	11.0
Wood frame	1,480	49,951	1,403	48,674	(2.6)	1,603	56,674	16.4
Subtotal	6,359	217,423	5,545	194,371	(10.6)	6,045	218,371	12.3
Low rise apartments	3,050	138,735	2,924	149,552	7.8	3,124	159,552	6.7
Subtotal	9,409	356,158	8,469	343,923	(3.4)	9,169	377,923	9.9
Real Estate for Sale								
Detached houses								
Steel frame	769	22,527	624	17,242	(23.5)	724	19,242	11.6
Wood frame	176	5,182	142	4,157	(19.8)	142	4,157	0.0
Subtotal	945	27,709	766	21,399	(22.8)	866	23,399	9.3
Land		10,463		11,545	10.3		12,545	8.7
Subtotal	945	38,173	766	32,944	(13.7)	866	35,944	9.1
Condominiums - Buildings		27,051		15,145	(44.0)		16,145	6.6
Condominiums - Land		21,069		8,178	(61.2)		8,178	0.0
Subtotal		48,120		23,323	(51.5)		24,323	4.3
Urban redevelopment		-		1,725	-		-	-
Subtotal	945	86,293	766	57,993	(32.8)	866	60,267	3.9
Real Estate for Leasing								
Other Business								
RC contracts	374	77,075	304	81,407	5.6	304	82,407	1.2
Exteriors		29,329		22,031	(24.9)		26,031	18.2
Other		96		244	154.2		469	92.2
Subtotal	374	106,501	304	103,683	(2.6)	304	108,908	5.0
Total	10,728	548,953	9,539	505,600	(7.9)	10,339	547,100	8.2

3. Sales

Millions of yen

	FY 2007		FY 2008		YOY(%)	FY 2009 (F)		
	Units	Amount	Units	Amount		Units	Amount	YOY(%)
	Buildings		Buildings			Buildings		
Built to Order Housing								
Detached houses								
Steel frame	11,151	349,803	10,305	329,272	(5.9)	9,500	304,000	(7.7)
	11,081		10,220			9,500		
Wood frame	2,944	95,506	3,122	101,501	6.3	3,200	102,000	0.5
	2,935		3,108			3,200		
Subtotal	14,095	445,310	13,427	430,773	(3.3)	12,700	406,000	(5.8)
	14,016		13,328			12,700		
Low rise apartments	32,850	262,736	30,747	257,825	(1.9)	32,000	269,000	4.3
	6,322		5,663			5,800		
Subtotal	46,945	708,047	44,174	688,599	(2.7)	44,700	675,000	(2.0)
	20,338		18,991			18,500		
Real Estate for Sale								
Detached houses								
Steel frame	4,267	115,800	3,355	91,216	(21.2)	3,300	92,000	0.9
	4,149		3,282			3,300		
Wood frame	644	19,085	607	17,945	(6.0)	650	19,000	5.9
	644		607			650		
Subtotal	4,911	134,885	3,962	109,161	(19.1)	3,950	111,000	1.7
	4,793		3,889			3,950		
Land		87,906		67,214	(23.5)		76,000	13.1
Subtotal	4,911	222,792	3,962	176,375	(20.8)	3,950	187,000	6.0
	4,793		3,889			3,950		
Condominiums - Buildings	2,079	45,483	1,588	36,406	(20.0)	1,500	36,000	(1.1)
	26		36			25		
Condominiums - Land		33,447		29,774	(11.0)		27,000	(9.3)
Subtotal	2,079	78,930	1,588	66,180	(16.2)	1,500	63,000	(4.8)
	26		36			25		
Urban redevelopment		75,313		59,931	(20.4)		1,725	(97.1)
Subtotal	6,990	377,037	5,550	302,487	(19.8)	5,450	251,725	(16.8)
	4,819		3,925			3,975		
Real Estate for Leasing		9,181		10,880	18.5		10,000	(8.1)
Other Business								
RC contracts	3,227	45,022	2,497	38,710	(14.0)	1,850	34,000	(12.2)
	166		136			100		
Exteriors		50,726		55,231	8.9		44,000	(20.3)
Other		5,231		4,591	(12.2)		5,275	14.9
Subtotal	3,227	100,980	2,497	98,533	(2.4)	1,850	83,275	(15.5)
	166		136			100		
Total	57,162	1,195,245	52,221	1,100,500	(7.9)	52,000	1,020,000	(7.3)
	25,323		23,052			22,575		

Appendix 3: Summary of Subsidiaries and Affiliates for the year ended January 31, 2009

(Upper) This term
(Lower) Previous term

Millions of yen

	Sales	Gross profit	SG&A	Operating income	Recurring income	Extraordinary income	Extraordinary loss	Net income	Total assets	Net assets	*1 Interest-bearing debt
Sekisui House	1,100,500	223,594	170,307	53,286	58,071	41	48,082	1,780	1,256,075	672,827	249,981
	1,195,245	260,544	173,799	86,745	92,982	175	4,641	50,179	1,238,622	699,339	159,976
Sekiwa Real Estate (Consolidated)	136,589	19,470	12,787	6,682	6,740	-	752	4,057	59,767	26,410	-
	126,045	17,185	10,871	6,314	6,397	130	165	3,367	54,353	22,773	-
Sekiwa Real Estate Tohoku	22,512	2,233	1,580	652	695	-	22	396	10,401	3,616	-
	21,772	2,442	1,420	1,022	1,048	-	6	613	10,316	3,280	-
Sekiwa Real Estate Chubu (Consolidated)	98,122	12,446	8,184	4,261	4,264	0	652	1,988	34,676	15,466	-
	94,356	11,422	7,314	4,107	4,117	-	9	2,183	34,176	13,769	-
Sekiwa Real Estate Kansai (Consolidated)	57,548	8,013	5,669	2,344	2,375	4	1,270	612	38,079	24,517	-
	63,910	8,325	5,370	2,955	3,022	12	4	1,635	37,226	24,377	-
Sekiwa Real Estate Chugoku	23,371	3,988	2,650	1,338	1,382	-	20	782	14,120	5,324	-
	21,368	3,703	2,396	1,307	1,349	0	39	739	12,924	4,696	-
Sekiwa Real Estate Kyushu	23,150	2,000	1,697	303	295	-	0	157	6,204	2,064	-
	22,792	2,276	1,775	500	491	18	43	254	6,349	1,958	-
Sekiwa Real Estate Sapporo	2,044	13	64	(50)	(49)	-	1	(50)	400	(6)	-
	1,890	23	57	(33)	(32)	0	0	(37)	445	43	-
Sekiwa Real Estate KRM	11,930	1,426	798	627	633	-	-	360	4,621	1,540	-
	11,459	1,262	710	551	556	-	3	315	4,151	1,216	-
Sekiwa Real Estate Subtotal	375,268	49,593	33,433	16,159	16,336	4	2,720	8,305	168,270	78,933	-
	363,596	46,642	29,916	16,725	16,949	161	273	9,071	159,942	72,115	-
49 Sekiwa Construction companies and others	222,573	10,150	7,358	2,791	3,335	115	212	1,731	61,273	33,032	-
	231,883	12,853	7,596	5,257	5,891	12	30	3,262	60,810	32,514	-
Sekisui House Remodeling	47,073	11,204	8,956	2,248	2,544	-	1	1,370	10,320	4,857	-
	46,250	10,826	9,385	1,441	1,716	-	1	894	9,647	3,517	-
SGM Operation	2,421	166	126	40	29	17	-	21	2,305	1,378	-
	2,878	193	177	15	1	-	0	(5)	2,392	1,357	-
Sekisui House Umeda Operation	7,499	1,803	1,595	207	211	-	23	107	2,793	829	-
	7,739	1,833	1,559	273	276	0	0	155	2,965	800	-
5 Other Companies	3,964	239	474	(234)	(222)	15	11	(243)	2,655	1,194	-
	4,282	37	540	(503)	(471)	41	31	(496)	3,338	667	441

Gross	1,759,301	296,752	222,252	74,500	80,306	194	51,052	13,074	1,503,694	793,054	249,981
	1,851,876	332,931	222,976	109,954	117,346	391	4,979	63,061	1,477,720	810,311	160,417
Eliminations and others	(245,128)	(5,503)	(4,963)	(540)	*2 (3,234)	(194)	(1,603)	(1,557)	(116,456)	(38,924)	-
	(254,069)	(4,367)	(4,140)	(226)	(3,259)	(215)	(149)	(2,709)	(128,278)	(39,347)	-
Consolidated	1,514,172	291,249	217,288	73,960	77,072	-	49,448	11,516	1,387,237	754,130	249,981
	1,597,807	328,564	218,836	109,727	114,086	175	4,830	60,352	1,349,441	770,963	160,417

Consolidated/ Non-Consolidated	1.38	1.30	1.28	1.39	1.33	-	1.03	6.47	1.10	1.12	1.00
	1.34	1.26	1.26	1.26	1.23	1.00	1.04	1.20	1.09	1.10	1.00

*1 The amount of debt within the Group are excluded from that of interest-bearing debt.

*2 466 million yen, income from investments in subsidiaries and affiliates for by the equity method, is included.

Business Results

1. Analysis of Business Results

a. Review of Business Performance

During the fiscal year ended January 31, 2009, the Japanese economy remained sluggish on the back of the credit crunch and concerns over economic recession amid the international financial turmoil originating in the U.S. Following the bankruptcies of several U.S. financial institutions in September, the global economy began to slow simultaneously and substantially, which in turn severely worsened corporate earnings, resulting in the Japanese economy entering a recessionary phase with weaker private sector capital expenditures and poorer employment conditions in this recessionary phase.

In the housing market, the adverse real estate market and absence of any signs of improvement in personal income, as well as the erosion of individuals' financial assets due to the beleaguered stock market, all contributed to a decreased willingness to invest in housing. Consequently, sales of real estate for sale, including condominiums, performed slowly, and rebuilding orders maintained a low profile. Meanwhile, the rental housing business gave a strong showing, as wealthy individuals were motivated to invest in real estate in the form of effective utilization of idle land for inheritance tax purposes amid the greater mobilization of the population among metropolitan areas, but this momentum was not sufficient to propel the entire business.

Against this backdrop, we launched a mid-range line for younger age groups, while at the same time remaining focused on our product policy in pursuit of the high-end market by placing a new high-value-added line in the detached house market, etc. We also sought to expand nationwide sales by increasing the scope of strategic products in each region.

We remained committed to environmental activities, which we believe will become a key element of business management. In November 2008, we relocated the "Zero Emission House" (a futuristic residential house planned by the Ministry of Economy, Trade and Industry of Japan for the G8 Summit last year and constructed with our collaboration) to a Zero Emission Center adjacent to our Kanto Factory, where it has been opened to the public to effectively communicate our commitment to environmental conservation. We also have become the first company in the housing and construction industry to receive approval as an Eco First company under the Eco First System, which was created by the Ministry of the Environment of Japan to further advance the actions of leading businesses in each industry toward environmental conservation.

Despite these assiduous efforts in various different areas, however, the sharp turndown in the domestic economy had a substantial impact on the housing market as well, particularly leading to sluggish growth in the Built for Sale Housing Business. For the Urban Redevelopment Business, we completed sale of our equity in the Tokyo Mid-town in the first half of the year under review, but suffered the cancellation of a project that we had originally planned to sell in the second half. As a result, we failed to meet our original target. Orders decreased in the Built to Order Housing Business, which had been on a trajectory toward recovery, as well as in the Real Estate for Sale Business. In the meantime, as part of the ongoing efforts to eliminate and consolidate display home locations and realign sales offices, we decided to reorganize the current production setup at the five major factories and suspend production at the Shiga Factory on March 31, 2009, in a bid to achieve another round of major cost reductions.

b. Review by each business segment

Built to Order Housing Business

In the detached house business, we expanded the *Is Order* Series, the mainstay of our steel-frame detached house line, by launching *Is Order J*, whose refined Japanese style is hoped to appeal to upmarket customer groups in a bid to tap into the growing demand for housing with Japanese taste. Meanwhile, we launched new compact housing in the mid-price range category, targeting the potential customer segments, and also increased strategic products for each region, with a view toward offering attractive products to a broader customer base.

Under our *Sha-Wood* wood-framed lines, we aimed to increase our sales share by putting out our new offering, *Roomore*, which features a large central storage space on the second floor for significantly enhanced storage capacity, as well as a high ceiling and skip floor.

We also launched the *Carbon Neutral House*, which incorporates sophisticated energy saving technology, a photovoltaic generation system, and fuel cells to reduce net CO₂ emissions to almost zero. The *Carbon Neutral House* received the Chairman of New Energy Foundation Prize of the 13th New Energy Award sponsored by the New Energy Foundation.

We also reinforced our marketing strength in the *Sha-Maison* low rise apartment business through a variety of initiatives designed to meet diversifying customer demands, which included the installation of a photovoltaic generation system, tree planting for a rich natural environment in accordance with our “*Gohon no ki*” gardening concept, and offering of eco-friendly rental housing, as well as enhancing the insulation performance.

In the Built to Order Housing Business as a whole, net sales decreased by 3.1% year-on-year to 682,862 million yen and operating income by 20.2% down to 58,722 million yen.

Real Estate for Sale Business

Built for Sale Housing Business

In our Built for Sale Housing Business, we took a series of measures in order to increase our sales share, by developing towns which feature the concept of “beauty that blooms with time,” – i.e., the longer one lives in a community, the greater the beauty it takes on and the value which its residents attach to it – in accordance with our “Urban Development Charter.” We also made aggressive efforts to have our housing certified as “symbiotic housing” and looked to expand sales through the sales promotion event *Machinami Sankan-bi* (visits to existing subdivisions with superior living environments) throughout the country. In line with the purpose of the “Quality, Long-term Sustainable Housing Leading Model Project,” through which the Ministry of Land, Infrastructure, Transport and Tourism of Japan suggests how housing should be in a “stock society,” we developed a housing complex and emphasized the appeals of the subdivisions of our building.

Condominiums Business

In the Condominiums business, we carried out our sales activities mainly in the three metropolitan areas. Our condominiums have various aspects which help to create a community, including use of our extensive construction know-how amassed in the detached housing business and restoration of the ecosystem in each respective community. By offering higher-value-added lines which were designed from the resident’s point of view, we ensure that our condominiums blend in smoothly with the neighborhood. *GM Itamiikejiri Literacity* received Kids Design Award in the architecture and space design category.

Urban Redevelopment Business

For the Urban Redevelopment Business, we completed sale of our equity in the Tokyo Mid-town in the first half of the year under review, but suffered the cancellation of a project that we had originally planned to sell in the second half. As a result, we failed to meet our original target. We began development of the *Gotenyama Project* and *Hommachi Garden City Project*. In other urban redevelopment projects, we also remained committed to the high quality development projects that are both human- and eco-friendly and incorporate our time-honored philosophy on urban development.

As a result, the net sales of the Real Estate for Sale Business declined by 21.3% to 317,278 million yen and operating income to 33,277 million yen, down by 42.3%.

Real Estate for Leasing Business

The Real Estate for Leasing Business remained strong, as we made aggressive efforts to capitalize on the rising demands in the metropolitan areas by maximizing synergies within the Sekisui House Group through a tighter alliance with Sekiwa Real Estate companies. We also made proactive efforts in offering services that help to increase the satisfaction of both owners and residents, as well as block leasing of properties and management of leasing properties by Sekiwa Real Estate companies. We also worked on creating quality stock by sustaining a high occupancy rate and extensive involvement in the maintenance of properties, directing the Group's entire energies to the strengthening of our proposal capacity. Consequently, net sales increased by 6.7% to 357,075 million yen and operating income by 22.3% up to 18,683 million yen.

Other Businesses

For the remodeling business, we reached out to owners of our existing stock built by the company. Our proposals range from space design, namely, the alteration of room arrangements according to their current lifestyle, to remodeling them into environmentally-friendly, energy-efficient housing, by way of promoting the spread of high performance sashes and installing high-efficiency water heaters and solar power generation systems. For the exterior business, we promoted the creation of a rich natural environment that achieves harmony between humankind and nature, and provides an ecological link with surrounding woods and woodlot by planting trees of the original species and native varieties of the region in accordance with our "Gohon no ki" gardening concept.

As a whole, the Other Business resulted in net sales of 156,955 million yen, up 0.8% year-on-year, and operating income of 2,850 million yen, down 27.0% year-on-year.

For the business results for this fiscal year, consolidated orders totaled 1,472,987 million yen, a decrease of 6.6% year-on-year, and non-consolidated orders by 11.1% down to 1,057,147 million yen. Consolidated net sales dropped by 5.2% to 1,514,172 million yen and consolidated recurring income by 32.4% down to 77,072 million yen. Consolidated net income totaled 11,516 million yen (down 80.9% year-on-year). As the stock market suffered a major blow from the credit crunch and concerns over economic recession amid the international financial turmoil, we recorded valuation loss of 9,299 million yen on investment securities under extraordinary loss. We also reported extraordinary loss in the amount of 34,882 million yen, which is the difference between the book value of real estate held for sale and its market value, which plunged sharply in tandem with the nationwide land price erosion as the real estate market fell.

c. Outlook

While we pushed forward our business in accordance with the new medium-term management plan laid out in March 2008, the economic recession since last year has been far more severe than we anticipated at the time when we drew up the management plan, and thus to our great regret we have been unable to meet the targets for its first year and have been forced to review our original targets for the second year. Our revised forecasts for consolidated results for the year ending January 2010 are: net sales of 1,460 billion yen (down 3.6% year-on-year), operating income of 39 billion yen (down 47.3%), recurring income of 38.5 billion yen (down 50.0%), and net income of 19 billion yen (up 65.0%).

2. Analysis on financial position

Consolidated total assets increased by 37,796 million yen, primarily owing to the increase in inventories as a result of the purchase of land for sale and long-term debt in order to meet resultant capital requirements, and the decrease in notes and accounts receivable.

Conditions regarding cash flows are as follow.

Operating cash flow increased by 37,003 million yen, owing primarily to a decrease in notes and accounts receivable, despite an increase in inventories etc.

Cash flow from investing activities declined by 46,352 million yen. This was due primarily to an increase in tangible fixed assets as a result of obtaining leasing properties, as well as an increase in investment in securities.

Cash flow from financing activities increased by 73,630 million yen. This was mainly owing to an increase in long-term debt to meet capital requirements.

As a result, cash and cash equivalents at the end of the period increased by 64,281 million yen compared to the end of the previous fiscal year to 124,517 million yen.

(Reference) Trend in cash flow pertinent indicators

	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Equity ratio (%)	58.5	62.4	62.4	57.1	54.3
Equity ratio based on market price (%)	71.6	110.9	93.8	59.1	37.5
Debt service coverage ratio (years)	0.8	-	0.3	-	6.8
Interest coverage ratio (times)	70.9	-	732.9	-	16.5

(Note) Equity ratio = equity / total assets

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

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

Interest coverage ratio = operating cash flow / interest paid

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

3. Basic policy on profit distribution, dividend for the current and next fiscal years

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

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

We will pay a year-end dividend of 12 yen per share (annual dividend of 24 yen per share), the same as in the previous fiscal year.

Meanwhile, the rapid slowdown of the housing and real estate markets and the general economy still cannot be taken lightly, and even more cautious management will be required for the future. In order to allow a sufficient interval for us to determine the timing of recovery, we will pay an interim dividend of 10 yen per share (annual dividend of 20 yen per share) for the fiscal year ending January 2010.

4. Risk factors

This section contains an overview of the major business-related risks and other risks facing Sekisui House, Ltd. and its Group companies (the Group) that could have material bearing on the decisions of investors. These risks include potential risks for the future, which the Group deems to be risks as of the day when these financial statements are issued (March 2, 2009).

(1) Changes in operating environments

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

(2) Natural disasters, etc.

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

(3) Price rise of raw and other materials

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

(4) Assets held by the Group

Securities, real estate for sales, fixed assets, and other assets held by the Group can suffer impairment or loss from

revaluation due to a decline in market value, etc. Such an occurrence could have a negative impact on the Group's business performance and financial position.

(5) Quality control

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

(6) General legal and regulatory risks

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

(7) Protection of privacy

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

(8) Pension liabilities

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

(9) Computer viruses

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

(10) Preventive measures against takeover bids

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

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

At this point in time, we are not observing any concrete cases of such a purchase or its offer, and so do not plan to draw up in advance any anti-takeover measures, which will be taken once such a purchaser is identified. Nevertheless, we will always watch the movements of our stock carefully, and, once we have identified a party who intends to acquire a large

interest in the company, we will immediately take any and all actions that we deem to be most appropriate, fulfilling the natural duties entrusted to us by our shareholders and investors.

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

An Outline of The Sekisui House Group

The Sekisui House, Ltd. group consists of Sekisui House, Ltd., 69 subsidiaries, and 7 affiliates. Sekisui House group companies are involved in the contract design, construction, and letting of prefabricated houses. They also buy and sell, act as agents for, lease and manage real estate. The position of each company within the group is illustrated below. The following four sections classify each business division as they are classified in the 'Segment Information' section.

(1) Built to Order Housing Business

This division constructs steel, wood, and concrete houses and apartments. The main group companies of this division are Sekiha, Ltd., Sekiwa Construction Higashi-Tokyo, Ltd., Sekiwa Construction Higashi-Saitama, Ltd., and Sekiwa Construction Hiroshima, Ltd.

(2) Real Estate for Sale Business

This division sells houses and real estate, designs, constructs, and contracts for sale housing on estate land, conducts urban redevelopment projects and commercial buildings transactions.

The main group companies of this division are Sekiwa Real Estate, Ltd., Sekiwa Real Estate Kansai, Ltd., Sekiwa Real Estate Chubu, Ltd., Sekiwa Real Estate Chugoku, Ltd., Sekiwa Real Estate Kyushu, Ltd., Sekiwa Real Estate Tohoku, Ltd., Sekiwa Real Estate Sapporo, Ltd., and Sekiwa Real Estate KRM, Ltd.

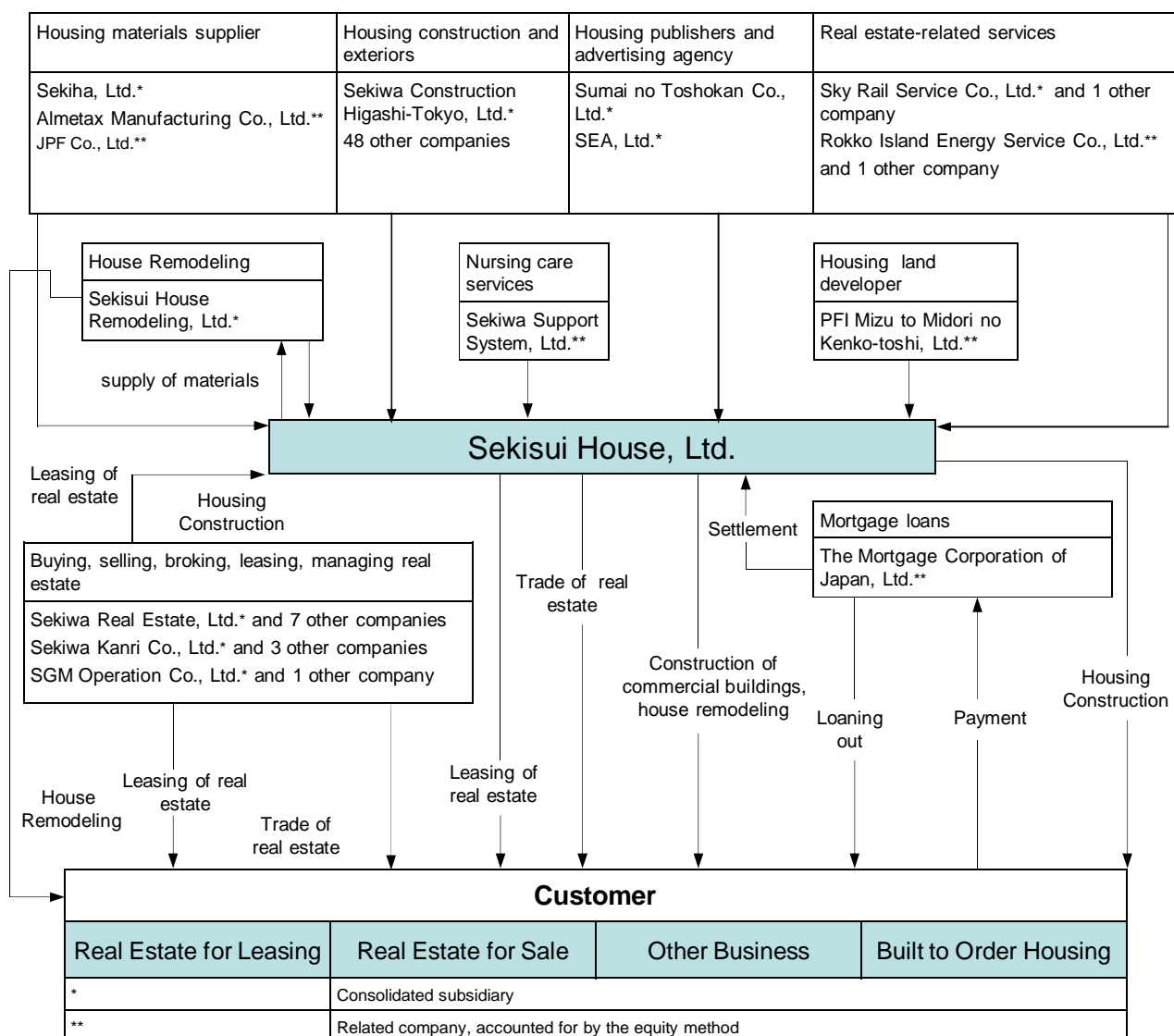
(3) Real Estate for Leasing Business

This division leases and manages detached houses, apartments, condominiums, commercial buildings, shops etc.

The main group companies of this division are Sekiwa Real Estate, Ltd., Sekiwa Real Estate Kansai, Ltd., Sekiwa Real Estate Chubu, Ltd., Sekiwa Real Estate Chugoku, Ltd., Sekiwa Real Estate Kyushu, Ltd., Sekiwa Real Estate Tohoku, Ltd., Sekiwa Real Estate Sapporo, Ltd., and Sekiwa Real Estate KRM, Ltd.

(4) Other Business

This division is involved in the design of condominiums and commercial buildings, the construction and contract remodeling of houses, and the design and construction of landscape gardens. The main group companies of this division are Sekisui House Remodeling, Ltd., Greentechno Sekiwa, Ltd., and Landtech Sekiwa, Ltd.



Name	Capital	Main business	Percentage owned	Transactions
(Consolidated subsidiaries)	<i>Millions of yen</i>			
Sekiwa Real Estate, Ltd.	1,668	Real Estate for Leasing & Sale	100.0%	Management and brokerage of real estate
Sekiwa Real Estate Kansai, Ltd.	5,829	Same as above	100.0%	Same as above
Sekiwa Real Estate Chubu, Ltd.	1,368	Same as above	100.0%	Same as above
Sekiwa Real Estate Chugoku, Ltd.	379	Same as above	100.0%	Same as above
Sekiwa Real Estate Kyushu, Ltd.	263	Same as above	100.0%	Same as above
Sekiwa Real Estate Tohoku, Ltd.	200	Same as above	100.0%	Same as above
Sekiwa Real Estate Sapporo, Ltd.	50	Same as above	100.0%	Same as above
Sekiwa Real Estate KRM, Ltd.	90	Same as above	100.0%	Same as above
Sekisui House Remodeling, Ltd.	100	Other Business	100.0%	Contract remodeling
SGM Operation Co., Ltd.	418	Real Estate for Leasing	100.0%	Consignment of real estate management and sales of housing-related equipment
Sekisui House Umeda Operation Co., Ltd.	100	Same as above	100.0%	Consignment of real estate management
Sekiha, Ltd.	480	Built to Order Housing	100.0%	Buying and selling housing materials
57 other companies				
(Companies accounted by the equity method)				
Almetax Manufacturing Co., Ltd.*1	2,160	Manufacturing and sale of housing construction materials	31.40%	Buying and selling building materials
JPF Co., Ltd. *1	2,550	Same as above	21.75%	Same as above
5 other companies				

Notes

1. The main business of each company is recorded in line with the revised business categories of Sekisui House.
2. There is no consolidated subsidiary which is classified into a designated subsidiary.
3. *1: financial report submitting companies

Management Policy

1. Basic management policy

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

2. Business targets

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

3. Medium and long- term business strategy

As with other industrial sectors, we expect the housing market to remain extremely severe. In response, we will place our top strategic priority on the sales expansion of eco-friendly housing, which we believe to be at the cutting edge of the market.

Based on the idea of the “Zero Emission House” (a futuristic residential house constructed with our collaboration for exhibition at the G8 Summit last year), our eco-friendly housing features eco-friendly equipment, including a photovoltaic generation system and high performance water heater. This eco-friendly housing system is perfectly aligned with environmental programs by the national government, and as such it indicates the direction that should be taken by future housing. Despite the severe market environment, demands are high for housing that will satisfy consumers’ growing environmental awareness. Coupled with a new tax credit for eco-friendly housing slated for the new fiscal year, this market segment promises high growth potential.

With regard to the Real Estate for Sale Business, we made a very careful appraisal of each plot of our real estate held for sale and reported impairment losses during the year under review, with a view towards creating a sound balance sheet. In the fiscal year ending January 2010, we will promote the sales of land and buildings for sale, including those for which we reported valuation losses.

All of the projects under the Urban Redevelopment Business are progressing almost according to schedule. In light of the recent stagnation in the real estate market, we will act flexibly regarding the timing of sales of projects after the completion.

In response to the market’s rapid deterioration since last year, we will proactively implement a series of structural reforms, including personnel reduction at the Head Office and branch offices and consolidation of production, such as the

discontinuation of production at the Shiga Factory. We are looking to reduce 4 billion yen of costs for production units and slash 20 billion yen of other administrative expenses for the year ending January 2011, thereby pulling through the current adverse business environment.

In the housing-related business, in order to proactively engage in both new and existing businesses whose markets are expected to expand along with the government's program to incentivize ultra-long-life quality housing, we will optimize allocation of the Group's management resources to improve our earnings structure. Specifically, within a few years, we will aim for net sales of 100 billion yen in the housing remodeling business, which currently generates approximately 47 billion yen of annual sales within the Group. To achieve this target, we have decided to enter the traditional wooden house remodeling business via the Sekiwa Construction Group, our vehicle for housing construction. Meanwhile, we will expand the scope of the real estate agency business undertaken by the Sekiwa Real Estate Group, thereby aiming to increase sales in the segment.

Please note that, as stated earlier, we are currently revising our earlier targets for the year ending January 2011, which were laid out as part of the new medium-term management plan that we announced last year. Because the housing and real estate markets and also the general economy involve a broad array of uncertainties and we are taking time to determine the progress of each of our business plans, we have decided to selectively disclose only some of our revised business plan for the year ending January 2011 and cost reduction programs on this occasion.

4. Issues that the Company Needs to Address

The global financial turmoil stemming from the U.S. has also had a serious impact on Japan, and its effects have come to be felt in the real economy. In order to enhance our corporate resilience amid these difficulties, we will focus on the development and launch of strategic products with eco-friendly features and strengthen our sales force, while at the same time making continued efforts to reduce costs through the realignment of display home locations and streamlining of production lines.

As indicated in the plan for the year ending January 2010, we are projecting decreased profits for the year. This is primarily due to the fact that net sales from the urban redevelopment segment of our Real Estate for Sale Business for that period will be in an "off-crop season." As each project tends to be extended in duration, requiring from three to five years for completion, the urban redevelopment business is characterized by the fact that sales and profits are not necessarily recorded regularly at each fiscal year end. We have a number of urban redevelopment projects coming up over the medium-term, and we are determined to generate stable profits from that business.

The fiscal 2009 tax system revisions include the largest-ever mortgage tax break and investment tax credit for new building of long-life quality housing, etc. Using the stimulus package with a focus on house building as a new tailwind, we will go on to make aggressive marketing efforts.

CONSOLIDATED BALANCE SHEETS

Millions of yen

	As of Jan. 31, 2008	As of Jan. 31, 2009	Difference	%
Assets				
I. Current assets				
Cash and deposits	60,236	124,517		
Notes and accounts receivable	84,589	13,180		
Marketable securities	139	2,049		
Inventories	709,184	737,871		
Deferred income taxes	45,522	45,505		
Other current assets	29,634	29,549		
Less allowance for doubtful accounts	(1,843)	(1,473)		
Total current assets	927,463	951,200	23,737	2.6
II. Fixed assets				
1. Tangible fixed assets				
Buildings and structures	112,363	126,620		
Machinery and vehicles	14,730	13,500		
Tools and equipment	6,078	5,115		
Land	105,110	127,712		
Construction in progress	5,964	4,859		
Total tangible fixed assets	244,247	277,808	33,561	13.7
2. Intangible fixed assets				
Industrial property	40	36		
Lease rights	2,011	2,011		
Software	5,356	6,153		
Utility rights	79	115		
Telephone subscription rights	868	865		
Total intangible fixed assets	8,356	9,181	825	9.9
3. Investments and other assets				
Investments in securities	85,798	61,777		
Long-term loans receivable	33,713	32,491		
Prepaid pension cost	6,917	4,893		
Deferred income taxes	4,941	12,374		
Other investments and other assets	39,486	38,896		
Less allowance for doubtful accounts	(1,484)	(1,386)		
Total investments and other assets	169,373	149,046	(20,327)	(12.0)
Total fixed assets	421,977	436,036	14,059	3.3
Total assets	1,349,441	1,387,237	37,796	2.8

	As of Jan. 31, 2008	As of Jan. 31, 2009	Difference	%
Liabilities				
I. Current liabilities				
Notes and accounts payable	160,836	149,935		
Commercial paper	40,000	-		
Accrued income taxes	27,529	5,957		
Advances received	87,032	84,726		
Allowance for bonuses	17,030	12,337		
Allowance for bonuses to directors, executive officers and corporate auditors	859	594		
Allowance for compensation payments on completed works	2,799	2,660		
Other current liabilities	43,514	46,364		
Total current liabilities	379,603	302,576	(77,027)	(20.3)
II. Long-term liabilities				
Straight bonds	59,976	59,981		
Long-term debt	60,441	190,000		
Deposits and guarantees	54,665	55,611		
Deferred income taxes	25	-		
Accrued retirement benefits for employees	20,107	21,561		
Allowance for retirement benefits to directors, executive officers and corporate auditors	1,235	1,222		
Negative goodwill	47	5		
Other long-term liabilities	2,375	2,147		
Total long-term liabilities	198,873	330,530	131,657	66.2
Total liabilities	578,477	633,107	54,630	9.4
Net assets				
I. Shareholders' equity				
Common stock	186,554	186,554		
Capital surplus	254,126	237,522		
Retained earnings	377,564	331,895		
Treasury stock	(58,530)	(1,355)		
Total shareholders' equity	759,715	754,616	(5,099)	(0.7)
II. Valuation and translation adjustments				
Net unrealized holding gain (loss) on securities	10,893	(960)		
Deferred hedge gains and losses	(4)	(8)		
Total valuation and translation adjustments	10,889	(969)	(11,858)	-
III. Share warrants	67	158	91	135.8
IV. Minority interests	292	323	31	10.6
Total net assets	770,963	754,130	(16,833)	(2.2)
Total liabilities and net assets	1,349,441	1,387,237	37,796	2.8

CONSOLIDATED STATEMENTS OF INCOME

	Feb. 1, 2007– Jan. 31, 2008		Feb. 1, 2008 – Jan. 31, 2009		Difference	
	<i>Millions of yen</i>	(%)	<i>Millions of yen</i>	(%)	<i>Millions of yen</i>	YOY(%)
I. Net sales	1,597,807	100.0	1,514,172	100.0	(83,635)	(5.2)
II. Cost of sales	1,269,243	79.4	1,222,923	80.8	(46,320)	(3.6)
Gross profit on sales	328,564	20.6	291,249	19.2	(37,315)	(11.4)
III. Selling, general and administrative expenses	218,836	13.7	217,288	14.3	(1,548)	(0.7)
Operating income	109,727	6.9	73,960	4.9	(35,767)	(32.6)
IV. Non-operating income	8,289	0.5	9,000	0.6	711	8.6
Interest and dividend income	2,799		2,661			
Equity in gains of affiliates	224		466			
Miscellaneous income	5,265		5,873			
V. Non-operating expense	3,930	0.2	5,888	0.4	1,958	49.8
Interest paid	1,153		2,618			
Miscellaneous expense	2,777		3,269			
Recurring income	114,086	7.2	77,072	5.1	(37,014)	(32.4)
VI. Extraordinary income	175	0.0	-	-	(175)	-
Proceeds from sales of investments in securities	175		-			
VII. Extraordinary loss	4,830	0.3	49,448	3.3	44,618	923.8
Loss on revaluation of real estate for sale	3,375		34,882			
Loss on revaluation of investments in securities	566		9,299			
Loss due to change in business plan	-		2,818			
Loss from sales or disposal of fixed assets	888		1,468			
Loss on asset impairment	-		980			
Income before income taxes and minority interests	109,432	6.9	27,623	1.8	(81,809)	(74.8)
Current income taxes	36,778	2.3	15,519	1.0		
Deferred income taxes	12,267	0.8	553	0.0		
Minority interests in earnings of subsidiaries	34	0.0	34	0.0		
Net income	60,352	3.8	11,516	0.8	(48,836)	(80.9)

Consolidated statement of shareholders' equity

February 1, 2007 – January 31, 2008

Millions of yen

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total
Balance at January 31, 2007	186,554	254,133	333,837	(662)	773,862
Changes for this period					
Dividends from surplus	-	-	(16,625)	-	(16,625)
Net income	-	-	60,352	-	60,352
Gain of treasury stock	-	-	-	(57,856)	(57,856)
Increase due to change in equity	-	-	-	(48)	(48)
Sale of treasury stock	-	(6)	-	36	30
Net changes of items other than "Shareholders' equity" during this period	-	-	-	-	-
Total changes during this period	-	(6)	43,726	(57,868)	(14,147)
Balance at January 31, 2008	186,554	254,126	377,564	(58,530)	759,715

	Valuation and translation adjustments				Share warrants	Minority interests	Total net assets
	Net unrealized holding gain (loss) on securities	Deferred hedge gains and losses	Translation adjustment	Total			
Balance at January 31, 2007	24,035	-	145	24,181	-	258	798,302
Changes for this period							
Dividends from surplus	-	-	-	-	-	-	(16,625)
Net income	-	-	-	-	-	-	60,352
Gain of treasury stock	-	-	-	-	-	-	(57,856)
Increase due to change in equity	-	-	-	-	-	-	(48)
Sale of treasury stock	-	-	-	-	-	-	30
Net changes of items other than "Shareholders' equity" during this period	(13,141)	(4)	(145)	(13,292)	67	33	(13,191)
Total changes during this period	(13,141)	(4)	(145)	(13,292)	67	33	(27,338)
Balance at January 31, 2008	10,893	(4)	-	10,889	67	292	770,963

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total
Balance at January 31, 2008	186,554	254,126	377,564	(58,530)	759,715
Changes for this period					
Dividends from surplus	-	-	(16,232)	-	(16,232)
Net income	-	-	11,516	-	11,516
Gain of treasury stock	-	-	-	(569)	(569)
Retirement of treasury stock	-	(16,604)	(40,832)	57,437	-
Sale of treasury stock	-	-	(120)	307	187
Net changes of items other than "Shareholders' equity" during this period	-	-	-	-	-
Total changes during this period	-	(16,604)	(45,669)	57,175	(5,098)
Balance at January 31, 2009	186,554	237,522	331,895	(1,355)	754,616

	Valuation and translation adjustments			Share warrants	Minority interests	Total net assets
	Net unrealized holding gain (loss) on securities	Deferred hedge gains and losses	Total			
Balance at January 31, 2008	10,893	(4)	10,889	67	292	770,963
Changes for this period						
Dividends from surplus	-	-	-	-	-	(16,232)
Net income	-	-	-	-	-	11,516
Gain of treasury stock	-	-	-	-	-	(569)
Retirement of treasury stock	-	-	-	-	-	-
Sale of treasury stock	-	-	-	-	-	187
Net changes of items other than "Shareholders' equity" during this period	(11,854)	(4)	(11,858)	91	31	(11,735)
Total changes during this period	(11,854)	(4)	(11,858)	91	31	(16,833)
Balance at January 31, 2009	(960)	(8)	(969)	158	323	754,130

CONSOLIDATED STATEMENT OF CASH FLOW

Millions of yen

	Feb. 1, 2007 – Jan. 31, 2008	Feb. 1, 2008 – Jan. 31, 2009
I. Cash flows from operating activities		
Income before income taxes and minority interests	109,432	27,623
Depreciation and amortization	14,157	15,392
Loss on asset impairment	-	980
Increase (decrease) in accrued retirement benefit	(1,595)	1,453
Decrease (increase) in prepaid pension cost	(6,917)	2,024
Interest and dividend income	(2,799)	(2,661)
Interest expense	1,153	2,618
Equity in gains of affiliates	(224)	(466)
Loss on revaluation of real estate held for sale	3,375	34,882
Loss on revaluation of investments in securities	566	9,299
Decrease (increase) in notes and accounts receivables	(286)	71,062
Increase in inventories, etc.	(213,528)	(73,989)
Decrease in notes and accounts payable	(10,966)	(13,690)
Decrease in advances received	(11,072)	(2,193)
Other	(11,289)	5,932
Subtotal	(129,995)	78,269
Interest and dividends received	2,858	2,719
Interest paid	(842)	(2,239)
Income taxes paid	(47,299)	(41,745)
Net cash provided by operating activities	(175,279)	37,003
II. Cash flows from investing activities		
Proceeds from sales of marketable securities	1,450	140
Purchases of property, plant and equipment	(44,552)	(39,954)
Proceeds from sales of property, plant and equipment	71	74
Purchase of investments in securities	(17,052)	(6,905)
Proceeds from sales of investments in securities	434	-
Payment for loans receivable	(2,716)	(2,957)
Settlement of loans receivable	4,320	4,240
Other	(1,855)	(990)
Net cash used in investing activities	(59,900)	(46,352)
III. Cash flows from financing activities		
Net increase (decrease) in commercial paper	40,000	(40,000)
Proceeds from long-term debt	40,392	130,245
Proceeds from issuance of straight bonds	59,976	-
Cash dividends paid	(16,625)	(16,232)
Purchase of treasury stock	(57,854)	(569)
Other	29	187
Net cash used in financing activities	65,917	73,630
IV. Net increase (decrease) in cash and cash equivalents	(169,262)	64,281
V. Cash and cash equivalents at beginning of period	229,498	60,236
VI. Cash and cash equivalents at end of period	60,236	124,517

Significant Consolidated Accounting Policies

1. Scope of Consolidation

Consolidated subsidiaries: 69, including Sekiwa Real Estate, Ltd., Sekiwa Real Estate Kansai, Ltd., Sekiwa Real Estate Chubu, Ltd., Sekiwa Real Estate Chugoku, Ltd., Sekiwa Real Estate Kyushu, Ltd., Sekiwa Real Estate Tohoku, Ltd., Sekiwa Real Estate Sapporo, Ltd., and Sekiwa Real Estate KRM, Ltd.

Changes in scope of consolidation:

Newly included: 1, Excluded: 13, Transferred to equity-method affiliates: 1

All 69 subsidiaries are consolidated.

2. Application of equity method

Affiliated companies accounted for by the equity method: 7, including Almetax Manufacturing Co., Ltd., JPF Co., Ltd., and others

Changes in scope of equity method: Transferred from consolidated subsidiaries: 1

Investment in 7 affiliated companies is accounted for by the equity method.

3. Term-ends of consolidated subsidiaries

The fiscal year ends on March 31 for Sky Rail Service Co., Ltd. In producing the consolidated financial statements, the Company provisionally settles the accounts of that subsidiary as of January 31 and utilizes these accounts.

4. Summary of significant accounting policies

(1) Basis and method for valuation for significant assets

(a) Marketable securities:

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

(ii) Other marketable securities:

- Stocks with market value: Based on closing market price on the last day of period (Valuation gains and losses resulting are calculated by the full net assets costing method; cost of disposal is calculated by the moving average method)
- Stocks with no available market value: At cost, based on the moving average method

(b) Derivatives: Market value method

(c) Inventories:

(i) Prepaid expenses for construction in progress, buildings for sale, land for sale, and land held for sale in process:

At cost based on individual cost method

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

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

The Company applies the straight-line method to buildings (excluding attached structures) and intangible fixed assets, and uses the declining-balance method for other tangible fixed assets.

(Additional information)

Effective from the accounting period under review, pursuant to amendments to the Corporation Tax Law (Partial Revision of Income Tax Law, etc., Law No. 6 of March 30, 2007, and Partial Revision of Income Tax Law Environment Ordinance, Cabinet Order No. 83 of March 30, 2007), any property, plant or equipment acquired on or prior to March 31, 2007 are now depreciated uniformly over a five-year period beginning from the year following the year when their depreciable amount was depreciated. The impact on Operating income, Recurring income and Income before income taxes and minority interests is 356 million yen.

(3) Basis for accounting for significant allowances

(a) Allowance for doubtful accounts

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

(b) Allowance for bonuses

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

(c) Allowance for bonuses to directors, executive officers and corporate auditors

To prepare for bonus payments to employees, the Company provides for the estimated amount.

- (d) Allowance for compensation payments on completed works
Provisions for losses and guarantee expenses due to post-completion defects are recorded based on historical repair and other costs arising from completed structures and detached housing.
- (e) Allowance for accrued retirement benefits for employees
To prepare for future retirement payments to employees, the Company provides for estimated total retirement obligations and pension assets at the end of the consolidated fiscal year. To account for differences in actuarial calculations, the Company recognizes those differences through straight-line depreciation over 5 years, expensing them in the year following such recognition. Differences arising in respect of past service obligations are calculated over 5 years by the straight-line method and expensed in the year in which they arise.
- (f) Allowance for retirement benefits for directors, corporate auditors and executive officers
To allow for retirement payments to directors, corporate auditors and executive officers, the Company provides the required amounts at the end of the current term based on internal regulations.

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

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

(5) Accounting for significant lease transactions

Finance leases other than those deemed to transfer ownership of the leased assets to the lessee are accounted for by a method similar to that applicable to ordinary operating leases.

(6) Main hedge accounting methods

(a) Hedge accounting methods

The Company uses deferred hedging, except where for foreign currency swap contracts allocation requirements are met in which case the allocation method is used.

(b) Hedging instruments and targets

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

(c) Hedging policies

The Company uses derivatives transactions with the aim of avoiding losses from fluctuations in exchange and interest rates etc. The use of exchange contracts does not exceed the amount of import transactions.

(d) Methods of assessing hedge effectiveness

The Company does not assess the effectiveness of hedging where the main conditions match with regard to the relevant transactions and hedge targets, and where the cash flow is fixed.

(7) Accounting for consumption taxes

The tax exclusion method is used to account for consumption taxes. Consumption taxes not subject to fixed asset related deductions at consolidated subsidiaries whose main business is real estate for leasing are recorded in "Other investments and other assets" on the relevant balance sheets and are amortized on a straight line basis over 5 years. Other consumption taxes not subject to deductions are expensed in the consolidated fiscal year in which they arise.

5. Scope of amounts in consolidated statements of cash flows

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

6. Assessing the assets and liabilities of consolidated subsidiaries

The Company uses full market value method to assess the assets and liabilities of consolidated subsidiaries.

7. Amortization of goodwill and negative goodwill

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

Notes to consolidated financial statements

1. Note to Consolidated Balance Sheets

	<i>Millions of yen</i>	
	As of Jan 31, 2008	As of Jan. 31, 2009
1. Accumulated depreciation of tangible fixed assets	159,994	167,870
2. Collateralized assets	4,426	4,997
3. Liabilities guaranteed	62,619	74,461
4. Shareholdings in related companies included in investment securities	3,027	3,269
5. Interest bearing liabilities	160,417	249,981
6. Change in the purpose of holding fixed assets (As of January 31, 2008)		

6,924 million yen of real estate held for sale that appeared primarily under "Inventories" at the end of the previous fiscal year have been reclassified as "Buildings and Structures" and "Land" etc. Meanwhile, investment properties of 1,260 million yen, which were reported under "Buildings and Structures" and "Land" etc., have been reclassified under "Inventories" at the end of the previous fiscal year.

(As of January 31, 2009)

12,334 million yen of real estate held for sale that appeared primarily under "Inventories" at the end of the previous fiscal year have been reclassified as "Buildings and Structures" and "Land" etc. Meanwhile, investment properties of 2,920 million yen, which were reported under "Buildings and Structures" and "Land" etc., have been reclassified under "Inventories" at the end of the previous fiscal year.

2. Notes to Consolidated Statements of Income

February 1, 2008 – January 31, 2009

(1) Loss on revaluation of real estate held for sale

Real estate held for sale at January 31, 2009, the market value of which has declined significantly from its carrying value, has been written down to its fair market value. Market value was calculated based on salable value.

(2) Loss due to change in business plan

The company reviewed its business plan, and recorded a loss due to the change in the business plan, with recognition of accrued tax liabilities on land held for sale to which a moratorium on levying of the special land holding tax had been applicable before. The amount of accrued tax liabilities included the amount of a delinquency tax during the grace period.

(3) Loss on asset impairment

During this consolidated period, loss on impairment of the following property, plant and equipment was recorded.

Usage	Type	Amount (Millions of yen)
Training facility	Buildings, Land etc.	980

The Company and its subsidiaries recognize loss on impairment of assets by grouping investment properties by project and grouping other assets by operating unit, which allow us to manage gains and losses in a rational manner. As a result, the book value of the group of assets which it was decided to dispose of by dismantling buildings was impaired down to the recoverable value, and this decrease was recorded as loss on asset impairment under Extraordinary Loss. The recoverable value of these assets was calculated based on the net saleable value.

3. Notes to Consolidated Statement of Changes in Shareholders' Equity

February 1, 2007 – January 31, 2008

(1) Matters related to shares outstanding and treasury stock

	Type and number of shares outstanding	Type and number of treasury stock
	Ordinary shares	Ordinary shares
Outstanding shares (consolidated) at end of Jan. 31, 2007	709,385,078 shares	484,974 shares
Number of shares increased	-	32,732,321 shares
Number of shares decreased	-	21,069 shares
Outstanding shares (consolidated) at end of Jan. 31, 2008	709,385,078 shares	33,196,226 shares

(Notes)

1. Breakdown of the number of increased ordinary shares held in treasury

Acquisition of own shares in line with the provisions of Article 165, paragraph 2 of the Companies Act	32,500,000 shares
Increase due to repurchases of fractional shares	179,803 shares
Treasury stock acquired through equity-method subsidiaries and affiliates and attributable to the Company	1,351 shares
Increase due to change in equity	51,167 shares

2. Breakdown of the number of decreased ordinary shares held in treasury

Decrease due to requests for additional purchases of fractional shares	21,069 shares
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(2) Matters related to share warrants

Category		Reporting entity
Details of share warrants		Share warrants as stock compensation-type stock option
Class of shares to be issued upon exercise of the share warrants		
Number of shares to be issued upon exercise of the share warrants	Number of shares at end of previous fiscal year	--
	Number of shares increased	
	Number of shares decreased	
	Number of shares at end of this period	
Balance at end of this period (millions of yen)		67

(3) Matters related to dividends

1. Dividends paid to shareholders

Resolve	Type	Cash dividends paid	Dividends (per share)	Standard date	Effective date
April 26, 2007 The General Shareholders' Meeting	Ordinary shares	8,508 million yen	12.00 yen	Jan. 31, 2007	Apr. 27, 2007
Aug. 30, 2007 The Meeting of the Board of Directors	Ordinary shares	8,117 million yen	12.00 yen	Jul. 31, 2007	Sep. 28, 2007

2. Dividends whose record date is attributable to the accounting period under review but effective after the accounting period under review

Resolve	Type	Funds for dividends	Cash dividends paid	Dividends (per share)	Standard date	Effective date
April 24, 2008 The General Shareholders' Meeting	Ordinary shares	Retained earnings	8,116 million yen	12.00 yen	Jan. 31, 2008	Apr. 25, 2008

February 1, 2008 – January 31, 2009

(1) Matters related to shares outstanding and treasury stock

	Type and number of shares outstanding	Type and number of treasury stock
	Ordinary shares	Ordinary shares
Outstanding shares (consolidated) at end of Jan. 31, 2008	709,385,078 shares	33,196,226 shares
Number of shares increased	-	606,335 shares
Number of shares decreased	32,500,000 shares	32,713,193 shares
Outstanding shares (consolidated) at end of Jan. 31, 2009	676,885,078 shares	1,089,368 shares

(Notes)

1. Breakdown of the number of increased ordinary shares held in treasury

Increase due to repurchases of fractional shares	605,474 shares
Treasury stock acquired through equity-method subsidiaries and affiliates and attributable to the Company	861 shares

2. Breakdown of the number of decreased ordinary shares held in treasury

Decrease due to retirement of treasury stock	32,500,000 shares
Decrease due to requests for additional purchases of fractional shares	211,193 shares
Decrease due to exercise of stock options	2,000 shares

(2) Matters related to share warrants

Category		Reporting entity
Details of share warrants		Share warrants as stock compensation-type stock option
Class of shares to be issued upon exercise of the share warrants		--
Number of shares to be issued upon exercise of the share warrants	Number of shares at end of previous fiscal year	
	Number of shares increased	
	Number of shares decreased	
	Number of shares at end of this period	
Balance at end of this period (millions of yen)		158

(3) Matters related to dividends

1. Dividends paid to shareholders

Resolve	Type	Cash dividends paid	Dividends (per share)	Standard date	Effective date
April 24, 2008 The General Shareholders' Meeting	Ordinary shares	8,116 million yen	12.00 yen	Jan. 31, 2008	Apr. 25, 2008
Sep. 1, 2008 The Meeting of the Board of Directors	Ordinary shares	8,116 million yen	12.00 yen	Jul. 31, 2008	Sep. 30, 2008

2. Dividends whose record date is attributable to the accounting period under review but effective after the accounting period under review

Resolve	Type	Funds for dividends	Cash dividends paid	Dividends (per share)	Standard date	Effective date
April 23, 2009 The General Shareholders' Meeting	Ordinary shares	Retained earnings	8,111 million yen	12.00 yen	Jan. 31, 2009	Apr. 24, 2009

4. Notes to Consolidated Statements of Cash Flows

Cash and cash equivalents at the end of fiscal year and relationship with amounts recorded in consolidated balance sheets

Millions of yen

	Feb.1, 2007 – Jan. 31, 2008	Feb.1, 2008 – Jan. 31, 2009
Cash and deposits	60,236	124,517
Fixed term deposits exceeding 3 months	-	-
Short-term investments with redemption period of 3 months or less (marketable securities account)	-	-
Cash and cash equivalents	60,236	124,517

5. Segmental information

(1) Segmental information by each business

February 1, 2007 to January 31, 2008

Millions of yen

	Built to Order Housing	Real Estate for Sale	Real Estate for Leasing	Other Business	Total	Eliminations and back office	Consolidated
I. Sales & Operating income (loss)							
Sales							
Sales to third parties	704,506	403,083	334,530	155,686	1,597,807	-	1,597,807
Inter-group sales and transfers	10,590	-	1,696	4,436	16,723	(16,723)	-
Total sales	715,096	403,083	336,227	160,122	1,614,530	(16,723)	1,597,807
Operating expenses	641,535	345,373	320,945	156,218	1,464,073	24,006	1,488,079
Operating income	73,561	57,710	15,281	3,903	150,457	(40,729)	109,727
II. Assets, Depreciation and amortization, Loss on asset impairment & Capital expenditures							
Assets	194,031	723,747	227,962	33,428	1,179,169	170,271	1,349,441
Depreciation and amortization	6,559	979	4,101	389	12,030	2,127	14,157
Losses on asset impairment	-	-	-	-	-	-	-
Capital expenditures	14,364	162	36,689	108	51,325	3,088	54,413

February 1, 2008 to January 31, 2009

Millions of yen

	Built to Order Housing	Real Estate for Sale	Real Estate for Leasing	Other Business	Total	Eliminations and back office	Consolidated
I. Sales & Operating income (loss)							
Sales							
Sales to third parties	682,862	317,278	357,075	156,955	1,514,172	-	1,514,172
Inter-group sales and transfers	9,410	14	2,558	3,938	15,922	(15,922)	-
Total sales	692,273	317,293	359,633	160,894	1,530,094	(15,922)	1,514,172
Operating expenses	633,550	284,015	340,950	158,044	1,416,561	23,651	1,440,212
Operating income	58,722	33,277	18,683	2,850	113,533	(39,573)	73,960
III. Assets, Depreciation and amortization, Loss on asset impairment & Capital expenditures							
Assets	147,776	737,291	264,745	19,384	1,169,198	218,039	1,387,237
Depreciation and amortization	7,219	761	4,681	388	13,052	2,340	15,392
Losses on asset impairment	-	-	158	-	158	821	980
Capital expenditures	9,467	303	45,831	51	55,654	1,777	57,432

Notes

1. Business classification

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

2. Main details of each business segment:

- Built to Order Housing: Designing, constructing, and contracting for sale housing using the Company's prefabricated materials
- Real Estate for Sale: Selling houses and real estate, designing, constructing, and contracting for sale housing on estate land, conducting urban redevelopment projects and commercial buildings transactions
- Real Estate for Leasing: Renting and managing properties
- Other Business: Designing, constructing, and contracting for condominiums and commercial buildings and providing home remodeling, landscaping, and exterior construction

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

Year to January 31, 2008: 38,772 million yen Year to January 31, 2009: 37,015 million yen

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

Year to January 31, 2008: 170,271 million yen Year to January 31, 2009: 218,039 million yen

(2) Geographical segment information

In the years to January 31, 2008 and 2009, Japanese operations accounted for more than 90% of sales in all segments, so the Company has not presented geographical segment information.

(3) Overseas sales

In the years to January 31, 2008 and 2009, there are no applicable overseas sales.

6. Tax effect accounting

Main breakdowns of deferred tax assets and liabilities

Millions of yen

	Year to January 31, 2008	Year to January 31, 2009
Deferred tax assets		
Loss on revaluation of real estate for sale	37,445	41,433
Allowance for accrued retirement benefits for employees	8,402	9,065
Allowance for bonuses	6,909	5,010
Accumulated impairment loss	7,348	4,459
Loss on revaluation of investment in securities	-	3,977
Unrealized gain on fixed assets	1,495	1,848
Allowance for compensation payments on completed works	1,131	1,075
Net unrealized holding gain (loss) on securities	-	612
Accrued enterprise tax	2,188	602
Other	3,860	3,314
Subtotal deferred tax assets	68,781	71,398
Valuation allowance	(8,151)	(11,185)
Total deferred tax assets	60,630	60,213
Deferred tax liabilities		
Prepaid pension costs	(2,800)	(1,977)
Net unrealized holding gain (loss) on securities	(7,384)	(1)
Other	(7)	(354)
Total deferred tax liabilities	(10,191)	(2,333)
Net deferred tax assets and net deferred tax liabilities	50,438	57,879

(Notes)

1. The main valuation allowances are the accumulated amount loss on revaluation of investments in securities and accumulated impairment loss of fixed assets that were judged non-deferrable.

2. Net amount of deferred tax assets is included in the following items on the consolidated balance sheet.

	Year to January 31, 2008	Year to January 31, 2009
Current assets - Deferred tax assets	45,522	45,505
Fixed assets - Deferred tax assets	4,941	12,374
Fixed liabilities - Deferred tax liabilities	(25)	-

7. Securities

1. Marketable debt securities expected to be held to maturity

Millions of yen

	Type	As of January 31, 2008			As of January 31, 2009		
		Consolidated balance sheet amount	Market value	Difference	Consolidated balance sheet amount	Market value	Difference
Where market value exceeds amount in consolidated balance sheets	National and regional government bonds	1,244	1,250	6	1,321	1,330	8
	Subtotal	1,244	1,250	6	1,321	1,330	8
Where market value does not exceed amount in consolidated balance sheets	National and regional government bonds	109	109	(0)	-	-	-
	Subtotal	109	109	(0)	-	-	-
Total		1,353	1,360	6	1,321	1,330	8

2. Other marketable securities

Millions of yen

	Type	Year to January 31, 2008			Year to January 31, 2009		
		Acquisition cost	Consolidated balance sheet amount	Difference	Acquisition cost	Consolidated balance sheet amount	Difference
Where market value exceeds amount in consolidated balance sheets	Equities	40,098	60,465	20,367	16,319	20,421	4,101
	Subtotal	40,098	60,465	20,367	16,319	20,421	4,101
Where market value does not exceed amount in consolidated balance sheets	Equities	11,595	9,490	(2,105)	26,058	20,445	(5,612)
	Subtotal	11,595	9,490	(2,105)	26,058	20,445	(5,612)
Total		51,694	69,956	18,261	42,378	40,867	(1,511)

3. Other marketable securities sold in year to 2008 and 2009

Millions of yen

Category	Feb. 1, 2007 – Jan. 31, 2008	Feb. 1, 2008 – Jan. 31, 2009
Amount sold	333	-
Total gain on sales	175	-
Total loss on sales	-	-

4. Breakdown of other marketable securities where market valuation is not used and amounts on consolidated balance sheets

Millions of yen

	Year to January 31, 2008	Year to January 31, 2009
(1) Bonds held to maturity		
Unlisted foreign government bonds	7,000	7,000
(2) Other marketable securities		
Investments in special purpose companies	-	6,800
Unlisted equities	3,558	3,558
Preferred securities	999	999
Stake in investment limited partnership	41	10

5. Scheduled redemption amounts for other marketable securities with maturities and for bonds expected to be held to maturity

As of January 31, 2008

Millions of yen

	Within 1 year	More than 1 year and less than 5 years	More than 5 years and less than 10 years	More than 10 years
Bonds				
(1) National and regional government bonds	140	1,235	-	-
(2) Corporate bonds	-	-	-	-
(3) Others	-	-	-	7,000
Total	140	1,235	-	7,000

As of January 31, 2009

Millions of yen

	Within 1 year	More than 1 year and less than 5 years	More than 5 years and less than 10 years	More than 10 years
Bonds				
(1) National and regional government bonds	50	1,285	-	-
(2) Corporate bonds	-	-	-	-
(3) Others	2,000	-	-	5,000
Total	2,050	1,285	-	5,000

8. Accounting treatment of retirement allowances

(1) Overview of retirement allowance system

The Company and its domestic subsidiaries maintain a defined benefit framework comprising the employee pension fund system and lump-sum retirement payments, and a defined contribution framework comprising the defined contribution pension system.

(2) Retirement payment obligations

Millions of yen

	Year to January 31, 2008	Year to January 31, 2009
1. Retirement payment obligations	(208,395)	(213,784)
2. Pension fund assets	180,071	135,289
3. Unfunded pension obligations (1) + (2)	(28,323)	(78,495)
4. Unrecognized actuarial difference	15,634	61,827
5. Unrecognized past service liabilities	(501)	-
6. Net amounts on consolidated balance sheets (3) + (4) + (5)	(13,189)	(16,668)
7. Prepaid pension costs	6,917	4,893
8. Allowance for retirement payments (6) - (7)	(20,107)	(21,561)

Year to January 31, 2008	Year to January 31, 2009
Notes: Some subsidiaries are using simple method to calculate retirement payment obligations.	Notes: Some subsidiaries are using simple method to calculate retirement payment obligations.

(3) Retirement payment expenses

Millions of yen

	Year to January 31, 2008	Year to January 31, 2009
1. Service expense	11,069	13,200
2. Interest expense	4,785	5,069
3. Anticipated investment returns	(7,605)	(6,961)
4. Amount charged in line with actuarial calculation differences	(1,230)	2,689
5. Amortization of net retirement benefit obligation at transition	-	77
6. Charged for past service liabilities	(3,009)	(501)
7. Other	-	15
8. Retirement payment expenses (1) + (2) + (3) + (4) + (5) + (6) + (7)	4,009	13,589

Year to January 31, 2008	Year to January 31, 2009
Retirement payment expenses for consolidated subsidiaries using simple method appropriated as service expense.	1. Retirement payment expenses for consolidated subsidiaries using simple method appropriated as service expense. 2. "Other" includes payment of premiums under the defined contribution pension system.

(4) Bases for calculating retirement payment obligations

	Year to January 31, 2008	Year to January 31, 2009
1. Periodical allocation of projected retirement payments	Fixed standard over period	Fixed standard over period
2. Discount rate	2.5%	2.5%
3. Anticipated rate of return on plan assets	4.0%	4.0%
4. Years over which past service obligations amortized	5 years Actuarial calculations allocated charge form the subsequent consolidated fiscal year	5 years Actuarial calculations allocated charge form the subsequent consolidated fiscal year
5. Years over which actuarial calculation differences amortized	5 years Actuarial calculations allocated charge form the subsequent consolidated next fiscal year	5 years Actuarial calculations allocated charge form the subsequent consolidated next fiscal year

9. Consolidated per share information

Previous fiscal year (Feb. 1, 2007 - Jan 31, 2008)		Current fiscal year (Feb. 1, 2008 - Jan. 31, 2009)	
Net assets per share	1,139.63 yen	Net assets per share	1,115.20 yen
Net income per share	87.70 yen	Net income per share	17.04 yen
Fully diluted net income per share	87.68 yen	Fully diluted net income per share	17.03 yen

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

Millions of yen, except where noted	Previous fiscal year	Current fiscal year
Net assets recorded on balance sheet	770,963	754,130
Difference between net assets in consolidated balance sheet and net assets attributable to ordinary shares		
(Share warrants)	67	158
(Minority interests)	292	323
Net assets attributable to ordinary shares	770,604	753,647
Number of ordinary shares outstanding (1,000 shares)	709,385	676,885
Number of ordinary shares held in treasury (1,000 shares)	33,196	1,089
Number of ordinary shares used to calculate shareholders' equity per share (1,000 shares)	676,188	675,795

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

Millions of yen, except where noted	Previous fiscal year	Current fiscal year
Net income per share		
Net income recorded on statement of income	60,352	11,516
Amount not attributable to ordinary shares	-	-
Net income attributable to ordinary shares	60,352	11,516
Average number of ordinary shares outstanding during period (1,000 shares)	688,197	676,039
Fully diluted net income per share		
Adjustment to net income	-	-
Number of ordinary shares increased (shares) (Share warrants)	89,249	171,819

10. Omission of disclosure

Notes concerning lease and derivative transactions, transactions with related parties, stock options, business combinations, etc. are omitted, as we believe that they hold no significant bearing in terms of the necessity of disclosure of financial reports.

NON-CONSOLIDATED BALANCE SHEETS

Millions of yen

	As of Jan. 31, 2008	As of Jan. 31, 2009	Difference	%
Assets				
I. Current assets				
Cash and deposits	22,471	85,189		
Notes receivable-trade	121	148		
Accounts receivable-construction	71,123	9,469		
Accounts receivable-real estate	10,147	338		
Marketable securities	9	2,000		
Prepaid expenses for construction in progress	40,536	41,138		
Buildings for sale	94,713	101,235		
Land for sale	455,031	500,807		
Land for sale in process	87,763	61,535		
Other inventories	5,977	5,679		
Advance payments	578	1,095		
Prepaid expenses	6,234	5,647		
Accounts receivable-other	15,898	11,949		
Deferred income taxes	41,347	41,096		
Other current assets	5,338	8,243		
Less allowance for doubtful accounts	(1,124)	(1,020)		
Total current assets	856,168	874,556	18,388	2.1
II. Fixed assets				
1. Tangible fixed assets				
Buildings	77,113	84,505		
Structures	4,457	4,333		
Machinery and equipment	13,690	12,661		
Vehicles and delivery equipment	164	122		
Tools and equipment	4,591	3,825		
Land	88,801	107,348		
Constructions in progress	3,827	1,881		
Total tangible fixed assets	192,646	214,678	22,032	11.4
2. Intangible fixed assets				
Industrial property	27	23		
Lease rights	1,608	1,608		
Software	4,320	5,400		
Utility rights	20	17		
Telephone subscription rights	686	683		
Total intangible fixed assets	6,663	7,732	1,069	16.0
3. Investments and other assets				
Investments in securities	82,310	58,013		
Investments in subsidiaries and partnership	39,009	37,864		
Long-term loans receivable	33,920	32,279		
Deposit and guaranty	13,810	13,504		
Long-term prepaid expenses	821	753		
Prepaid pension costs	5,978	4,522		
Deferred income taxes	2,178	7,755		
Other investments and other assets	5,987	5,335		
Less allowance for doubtful accounts	(873)	(922)		
Total investments and other assets	183,143	159,107	(24,036)	(13.1)
Total fixed assets	382,453	381,518	(935)	(0.2)
Total assets	1,238,622	1,256,075	17,453	1.4

	As of Jan. 31, 2008	As of Jan. 31, 2009	Difference	%
Liabilities				
I. Current liabilities				
Notes payable-trade	64,242	60,812		
Accounts payable-trade	40,562	41,145		
Accounts payable-construction	48,523	41,204		
Commercial paper	40,000	-		
Accounts payable-other	5,934	3,323		
Accrued expenses	13,819	14,710		
Deferred corporate taxes	21,047	662		
Deferred consumption taxes	6,383	5,233		
Advances received-construction	51,186	51,116		
Advance received-other	9,142	5,917		
Allowance for bonuses	12,382	8,301		
Allowance for bonuses to directors, executive officers and corporate auditors	220	150		
Allowance for compensation payments on completed works	2,798	2,659		
Other current liabilities	75,171	69,038		
Total current liabilities	391,415	304,275	(87,140)	(22.3)
II. Long-term liabilities				
Straight bonds	59,976	59,981		
Long-term debt	60,000	190,000		
Deposits and guaranty received	8,286	9,271		
Long-term accounts payable	571	554		
Long-term advance received	97	73		
Accrued retirement benefits for employees	18,935	19,091		
Total long-term liabilities	147,867	278,971	131,104	88.7
Total liabilities	539,283	583,247	43,964	8.2
Net assets				
I. Shareholders' equity				
1. Common stock	186,554	186,554	-	-
2. Capital surplus	258,912	242,307	(16,605)	(6.4)
Legal reserve	242,307	242,307		
Other	16,604	-		
3. Retained earnings	301,300	245,895	(55,405)	(18.4)
Legal reserve	23,128	23,128		
Other	278,172	222,766		
Reserve for dividends to shareholders	18,000	18,000		
General reserve	206,800	201,800		
Retained earnings carried forward	53,372	2,966		
4. Treasury stock	(58,362)	(1,186)	57,176	98.0
Total shareholders' equity	688,404	673,571	(14,833)	(2.2)
II. Valuation and translation adjustments				
Net unrealized holding gain (loss) on securities	10,871	(899)		
Deferred hedge gains and losses	(4)	(2)		
Total valuation and translation adjustments	10,867	(902)	(11,769)	-
III. Share warrants	67	158	91	135.8
Total net assets	699,339	672,827	(26,512)	(3.8)
Total liabilities and net assets	1,238,622	1,256,075	17,453	1.4

NON-CONSOLIDATED STATEMENTS OF INCOME

	Feb. 1, 2007 – Jan. 31, 2008		Feb. 1, 2008 – Jan. 31, 2009		Difference	
	<i>Millions of yen</i>	%	<i>Millions of yen</i>	%	<i>Millions of yen</i>	%
I. Net sales	1,195,245	100.0	1,100,500	100.0	(94,745)	(7.9)
Construction	891,437	74.6	851,759	77.4		
Real estate	303,808	25.4	248,741	22.6		
II. Cost of sales	934,700	78.2	876,906	79.7	(57,794)	(6.2)
Construction	707,843	79.4	684,694	80.4		
Real estate	226,857	74.7	192,212	77.3		
Gross profit on sales	260,544	21.8	223,594	20.3	(36,950)	(14.2)
Total gross profit from construction	183,593	20.6	167,064	19.6		
Total gross profit from sales of real estate	76,950	25.3	56,529	22.7		
III. Selling, general and administrative expenses	173,799	14.5	170,307	15.5	(3,492)	(2.0)
Operating income	86,745	7.3	53,286	4.8	(33,459)	(38.6)
IV. Non-operating income	9,792	0.8	10,301	1.0	509	5.2
Interest and dividend received	5,223		4,755			
Miscellaneous income	4,569		5,545			
V. Non-operating expense	3,555	0.3	5,516	0.5	1,961	55.2
Interest paid	545		1,235			
Interest on corporate bonds	598		1,367			
Miscellaneous expense	2,411		2,913			
Recurring income	92,982	7.8	58,071	5.3	(34,911)	(37.5)
VI. Extraordinary income	175	0.0	41	0.0	(134)	(76.6)
Gain on sales of investment securities	175		41			
VII. Extraordinary loss	4,641	0.4	48,082	4.4	43,441	936.0
Loss on revaluation of land held for sale	3,277		33,006			
Loss from revaluation of investment securities	566		9,299			
Loss due to change in business plan	-		2,818			
Loss from sales or disposal of fixed assets	797		1,247			
Loss on valuation of investments in subsidiaries and affiliates	-		889			
Loss on asset impairment	-		821			
Income before income taxes	88,516	7.4	10,029	0.9	(78,487)	(88.7)
Current income taxes	26,178	2.2	5,598	0.5	(20,580)	(78.6)
Deferred income taxes	12,159	1.0	2,651	0.2	(9,508)	(78.2)
Net income	50,179	4.2	1,780	0.2	(48,399)	(96.5)

3. Statement of shareholders' equity

February 1, 2007 – January 31, 2008

Millions of yen

	Shareholders' equity								
	Common stock	Capital surplus			Retained earnings				
		Legal reserve	Other	Total	Legal reserve	Other			Total
						Reserve for dividends	General reserve	Retained earnings carried forward	
Balance at January 31, 2007	186,554	242,307	16,610	258,918	23,128	15,000	176,800	52,818	267,746
Changes for this period									
Dividends from surplus	-	-	-	-	-	-	-	(16,625)	(16,625)
Net income	-	-	-	-	-	-	-	50,179	50,179
Gain of treasury stock	-	-	-	-	-	-	-	-	-
Sale of treasury stock	-	-	(6)	(6)	-	-	-	-	-
Provision for reserve for dividends	-	-	-	-	-	3,000	-	(3,000)	-
Provision for general reserve	-	-	-	-	-	-	30,000	(30,000)	-
Net changes of items other than "Shareholders' Equity" during this period	-	-	-	-	-	-	-	-	-
Total changes during this period	-	-	(6)	(6)	-	3,000	30,000	554	33,554
Balance at January 31, 2008	186,554	242,307	16,604	258,912	23,128	18,000	206,800	53,372	301,300

	Shareholders' equity		Valuation and translation adjustments			Share warrants	Total net assets
	Treasury stock	Total	Net unrealized holding gain (loss) on securities	Deferred hedge gains and losses	Total		
Balance at January 31, 2007	(544)	712,674	24,115	-	24,115	-	736,790
Changes for this period							
Dividends from surplus	-	(16,625)	-	-	-	-	(16,625)
Net income	-	50,179	-	-	-	-	50,179
Gain of treasury stock	(57,854)	(57,854)	-	-	-	-	(57,854)
Sale of treasury stock	36	30	-	-	-	-	30
Provision for reserve for dividends	-	-	-	-	-	-	-
Provision for general reserve	-	-	-	-	-	-	-
Net changes of items other than "Shareholders' Equity" during this period	-	-	(13,243)	(4)	(13,247)	67	(13,180)
Total changes during this period	(57,817)	(24,269)	(13,243)	(4)	(13,247)	67	(37,450)
Balance at January 31, 2008	(58,362)	688,404	10,871	(4)	10,867	67	699,339

	Shareholders' equity								
	Common stock	Capital surplus			Retained earnings				
		Legal reserve	Other	Total	Legal reserve	Other			Total
					Reserve for dividends	General reserve	Retained earnings carried forward		
Balance at January 31, 2008	186,554	242,307	16,604	258,912	23,128	18,000	206,800	53,372	301,300
Changes for this period									
Dividends from surplus	-	-	-	-	-	-	-	(16,232)	(16,232)
Reversal of general reserve	-	-	-	-	-	-	(5,000)	5,000	-
Net income	-	-	-	-	-	-	-	1,780	1,780
Gain of treasury stock	-	-	-	-	-	-	-	-	-
Retirement of treasury stock	-	-	(16,604)	(16,604)	-	-	-	(40,832)	(40,832)
Sale of treasury stock	-	-	-	-	-	-	-	(120)	(120)
Net changes of items other than "Shareholders' Equity" during this period	-	-	-	-	-	-	-	-	-
Total changes during this period	-	-	(16,604)	(16,604)	-	-	(5,000)	(50,405)	(55,405)
Balance at January 31, 2009	186,554	242,307	-	242,307	23,128	18,000	201,800	2,966	245,895

	Shareholders' equity		Valuation and translation adjustments			Share warrants	Total net assets
	Treasury stock	Total	Net unrealized holding gain (loss) on securities	Deferred hedge gains and losses	Total		
Balance at January 31, 2008	(58,362)	688,404	10,871	(4)	10,867	67	699,339
Changes for this period							
Dividends from surplus	-	(16,232)	-	-	-	-	(16,232)
Reversal of general reserve	-	-	-	-	-	-	-
Net income	-	1,780	-	-	-	-	1,780
Gain of treasury stock	(569)	(569)	-	-	-	-	(569)
Retirement of treasury stock	57,437	-	-	-	-	-	-
Sale of treasury stock	307	187	-	-	-	-	187
Net changes of items other than "Shareholders' Equity" during this period	-	-	(11,771)	1	(11,769)	91	(11,678)
Total changes during this period	57,176	(14,833)	(11,771)	1	(11,769)	91	(26,511)
Balance at January 31, 2009	(1,186)	673,571	(899)	(2)	(902)	158	672,827

13. Main affiliated companies' financial statements

(1) Sekiwa Real Estate, Ltd.

Consolidated Balance Sheet <i>Millions of yen</i>				Consolidated Statement of Income <i>Millions of yen</i>	
As of Jan. 31, 2009				Feb. 1, 2008 –Jan. 31, 2009	
(Assets)		(Liabilities)			
Current assets	28,679	Current liabilities	14,023	Net earnings	136,589
Cash and deposit	17,016	Accounts payable	778	Cost of earnings	129,907
Notes and accounts receivable	1,283	Advance received	9,332	Operating income	6,682
Inventories	8,876	Tax payable	1,515	Non-operating income	109
Deferred tax assets	746	Other current liabilities	2,396	Non-operating expenses	51
Other current assets	873	Fixed liabilities	19,334	Recurring income	6,740
Less allowance for doubtful accounts	(118)	Accrued retirement benefits	476	Extraordinary income	-
Fixed assets	31,088	Custody deposit and guarantee	18,680	Extraordinary loss	752
Tangible fixed assets	21,203	Other fixed liabilities	177	Income before income taxes	5,988
Buildings and structures	13,232			Current income taxes	2,873
Land	6,378			Deferred income taxes	(942)
Other	1,592			Net income	4,057
Intangible fixed assets	839	(Net assets)			
Investments and other assets	9,045	Shareholders' equity	26,408		
Investment in securities	178	Common stock	1,668		
Long-term loans receivable	767	Capital surplus	817		
Deposit and guarantee	5,641	Retained earnings	23,921		
Deferred tax assets	1,129	Valuation and translation adjustments	2		
Other investments	1,327	Net unrealized holding gain (loss) on securities	2		
Total assets	59,767	Total liabilities and net assets	59,767		

Consolidated Statement of Cash Flow Feb. 1, 2008 –Jan. 31, 2009		<i>Millions of yen</i>
I	Cash flows from operating activities	
	Income before income taxes	5,988
	Depreciation and amortization	1,187
	Increase in accounts receivable	(270)
	Decrease in inventories	141
	Increase in advance received	522
	Increase in deposit and guarantee	1,017
	Other	1,169
	Subtotal	9,756
	Interest and dividends received	63
	Income taxes paid	(3,305)
	Net cash provided by operating activities	6,515
II	Cash flows from investing activities	
	Purchase of property, plant and equipment	(9,675)
	Purchase of intangible fixed assets	(84)
	Other	(365)
	Net cash used in investing activities	(10,125)
III	Cash flows from financing activities	
	Cash dividends paid	(406)
	Net cash from financing activities	(406)
IV	Net decrease in cash and cash equivalents	(4,016)
V	Cash and cash equivalents at beginning of period	21,033
VI	Cash and cash equivalents at end of period	17,016

(2) Sekiwa Real Estate Chubu, Ltd.

Consolidated Balance Sheet			
<i>Millions of yen</i>			
As of Jan. 31, 2009			
(Assets)		(Liabilities)	
Current assets	19,531	Current liabilities	9,722
Cash and deposit	5,129	Accounts payable	719
Accounts receivable	1,044	Advances received	6,426
Inventories	5,220	Tax payable	969
Deferred tax assets	488	Other current liabilities	1,607
Other current assets	7,709	Fixed liabilities	9,488
Less allowance for doubtful accounts	(60)	Accrued retirement benefits	174
Fixed assets	15,144	Custody deposit and guarantee	9,178
Tangible fixed assets	13,665	Other fixed liabilities	135
Buildings and structures	9,194	(Net assets)	
Land	4,135	Shareholders' equity	15,466
Other	335	Common stock	1,368
Intangible fixed assets	191	Capital surplus	1,679
Investments and other assets	1,287	Retained earnings	12,418
Long-term loans receivable	53	Valuation and translation adjustments	-
Deposit and guarantee	692	Net unrealized holding gain (loss) on securities	-
Deferred tax assets	322		
Other investments	219		
Total assets	34,676	Total liabilities and net assets	34,676

Consolidated Statements of Income	
<i>Millions of yen</i>	
Feb. 1, 2008 –Jan. 31, 2009	
Net earnings	98,122
Cost of earnings	93,860
Operating income	4,261
Non-operating income	82
Non-operating expenses	80
Recurring income	4,264
Extraordinary income	0
Extraordinary loss	652
Income before income taxes	3,611
Current income taxes	1,758
Deferred income taxes	(134)
Net income	1,988

Consolidated Statement of Cash Flow	
Feb. 1, 2008 –Jan. 31, 2009	
	<i>Millions of yen</i>
I Cash flows from operating activities	
Income before income taxes	3,611
Depreciation and amortization	824
Increase in accounts receivable	(18)
Decrease in inventories	297
Increase in advance received	100
Decrease in deposit and guarantee	(1,078)
Other	76
Subtotal	3,812
Income taxes paid	(1,919)
Interest received	48
Net cash provided by operating activities	1,941
II Cash flows from investing activities	
Purchase of property, plant and equipment	(876)
Purchase of intangible fixed assets	(46)
Other	11
Net cash used in investing activities	(911)
III Cash flows from financing activities	
Cash dividends paid	(291)
Net cash from financing activities	(291)
IV Net increase in cash and cash equivalents	738
V Cash and cash equivalents at beginning of period	11,760
VI Cash and cash equivalents at end of period	12,499

(3) Sekiwa Real Estate Kansai, Ltd.

Consolidated Balance Sheet			
<i>Millions of yen</i>			
As of Jan. 31, 2009			
(Assets)		(Liabilities)	
Current assets	19,637	Current liabilities	7,776
Cash and deposit	5,148	Accounts payable	200
Notes and accounts receivable	327	Advances received	5,975
Inventories	10,068	Tax payable	366
Deferred tax assets	1,267	Other current liabilities	1,233
Other current assets	2,848	Fixed liabilities	5,784
Less allowance for doubtful accounts	(22)	Accrued retirement benefits	353
Fixed assets	18,441	Custody deposits	5,289
Tangible fixed assets	7,461	Other fixed liabilities	141
Buildings and structures	5,765	(Net assets)	
Land	1,548	Shareholders' equity	24,517
Other	147	Common stock	5,829
Intangible fixed assets	102	Capital surplus	7,017
Investments and other assets	10,877	Retained earnings	11,670
Investment in securities	229	Valuation and translation adjustments	-
Long-term loans receivable	1,039	Net unrealized holding gain (loss) on securities	-
Deposit and guarantee	8,783		
Deferred tax assets	176		
Other investments	648		
Total assets	38,079	Total liabilities and net assets	38,079

Consolidated Statement of Income	
<i>Millions of yen</i>	
Feb. 1, 2008 –Jan. 31, 2009	
Net earnings	57,548
Cost of earnings	55,203
Operating income	2,344
Non-operating income	76
Non-operating expenses	45
Recurring income	2,375
Extraordinary income	4
Extraordinary loss	1,270
Income before income taxes	1,108
Current income taxes	930
Deferred income taxes	(434)
Net income	612

Consolidated Statement of Cash Flow	
Feb. 1, 2008 –Jan. 31, 2009	
	<i>Millions of yen</i>
I Cash flows from operating activities	
Income before income taxes	1,108
Depreciation and amortization	304
Increase in accounts receivable	(81)
Increase in inventories	(2,879)
Increase in advance received	1,289
Decrease in deposit and guarantee	(268)
Other	(355)
Subtotal	(882)
Interest and dividends received	60
Income taxes paid	(1,082)
Net cash provided by operating activities	(1,904)
II Cash flows from investing activities	
Purchase of property, plant and equipment	(1,306)
Purchase of intangible fixed assets	(30)
Other	(572)
Net cash used in investing activities	(1,909)
III Cash flows from financing activities	
Cash dividends paid	(472)
Net cash from financing activities	(472)
IV Net decrease in cash and cash equivalents	(4,287)
V Cash and cash equivalents at beginning of period	11,366
VI Cash and cash equivalents at end of period	7,078

(4) Sekiwa Real Estate Chugoku, Ltd.

Balance Sheet			
<i>Millions of yen</i>			
As of Jan. 31, 2009			
(Assets)		(Liabilities)	
Current assets	5,600	Current liabilities	3,114
Cash and deposit	2,825	Accounts payable	191
Notes and accounts receivable	207	Advance received	1,676
Inventories	149	Tax payable	348
Deferred tax assets	114	Other current liabilities	898
Other current assets	2,319	Fixed liabilities	5,681
Less allowance for doubtful accounts	(15)	Accrued retirement benefit	83
Fixed assets	8,519	Custody deposit and guarantee	5,510
Tangible fixed assets	7,484	Other fixed liabilities	87
Buildings and structures	3,806		
Land	1,054		
Other	2,623	(Net assets)	
Intangible fixed assets	75	Shareholders' equity	5,328
Investments and other assets	959	Common stock	379
Investment in securities	62	Capital surplus	177
Long-term loans receivable	112	Retained earnings	4,772
Deposit and guarantee	120	Valuation and translation adjustments	(3)
Deferred tax assets	84	Net unrealized holding gain (loss) on securities	(3)
Other investments	579		
Total assets	14,120	Total liabilities and net assets	14,120

Income Statement	
<i>Millions of yen</i>	
Feb. 1, 2008 –Jan. 31, 2009	
Net earnings	23,371
Cost of earnings	22,032
Operating income	1,338
Non-operating income	45
Non-operating expenses	1
Recurring income	1,382
Extraordinary income	-
Extraordinary loss	20
Income before income taxes	1,361
Current income taxes	600
Deferred income taxes	(21)
Net income	782

Consolidated Statement of Cash Flow	
Feb. 1, 2008 –Jan. 31, 2009	
	<i>Millions of yen</i>
I Cash flows from operating activities	
Income before income taxes	1,361
Depreciation and amortization	198
Increase in accounts receivable	(32)
Decrease in inventories	174
Increase in advance received	81
Increase in deposit and guarantee	333
Other	(23)
Subtotal	2,093
Interest and dividends received	36
Income taxes paid	(524)
Net cash provided by operating activities	1,606
II Cash flows from investing activities	
Purchase of property, plant and equipment	(5,346)
Purchase of intangible fixed assets	(30)
Other	(434)
Net cash used in investing activities	(5,812)
III Cash flows from financing activities	
Cash dividends paid	(145)
Net cash from financing activities	(145)
VI Net decrease in cash and cash equivalents	(4,352)
V Cash and cash equivalents at beginning of period	9,377
VI Cash and cash equivalents at end of period	5,025

(5) Sekiwa Real Estate Kyushu, Ltd.

Balance Sheet Millions of yen As of Jan. 31, 2009			
(Assets)		(Liabilities)	
Current assets	3,667	Current liabilities	2,035
Cash and deposits	2,160	Accounts payable	81
Notes and accounts receivable	185	Advance received	1,627
Inventories	1,201	Tax payable	24
Deferred tax assets	63	Other current liabilities	302
Other current assets	113	Fixed liabilities	2,103
Less allowance for doubtful accounts	(57)	Accrued retirement benefits	29
Fixed assets	2,536	Custody deposit and guarantee	1,974
Tangible fixed assets	2,096	Other fixed liabilities	100
Buildings and structures	1,708	(Net assets)	
Land	325	Shareholders' equity	2,064
Other	62	Common stock	263
Intangible fixed assets	8	Capital surplus	94
Investments and other assets	432	Retained earnings	1,707
Long-term loans receivable	6	Valuation and translation adjustments	-
Deposit and guarantee	333	Net unrealized holding gain (loss) on securities	-
Deferred tax assets	50		
Other investments	40		
Total assets	6,204	Total liabilities and net assets	6,204

Income Statement Millions of yen Feb. 1, 2008 – Jan. 31, 2009	
Net earnings	23,150
Cost of earnings	22,847
Operating income	303
Non-operating income	2
Non-operating expenses	10
Recurring income	295
Extraordinary income	-
Extraordinary loss	0
Income before income taxes	294
Current income taxes	123
Deferred income taxes	13
Net income	157

Consolidated Statement of Cash Flow Feb. 1, 2008 – Jan. 31, 2009	
	Millions of yen
I Cash flows from operating activities	
Income before income taxes	294
Depreciation and amortization	70
Increase in accounts receivable	(25)
Increase in advance received	21
Decrease in deposit and guarantee	(103)
Other	703
Subtotal	960
Income taxes paid	(212)
Net cash provided by operating activities	748
II Cash flows from investing activities	
Purchase of property, plant and equipment	(230)
Net cash used in investing activities	(230)
III Cash flows from financing activities	
Cash dividends paid	(51)
Net cash from financing activities	(51)
IV Net increase in cash and cash equivalents	466
V Cash and cash equivalents at beginning of period	1,694
VI Cash and cash equivalents at end of period	2,160

(6) Sekiwa Real Estate Tohoku, Ltd.

Balance Sheet			
<i>Millions of yen</i>			
As of Jan.31, 2009			
(Assets)		(Liabilities)	
Current assets	6,586	Current liabilities	2,734
Cash and deposit	2,130	Accounts payable	130
Notes and accounts receivable	244	Advance received	1,594
Inventories	713	Tax payable	16
Deferred tax assets	56	Other current liabilities	993
Other current assets	3,486	Fixed liabilities	4,050
Less allowance for doubtful accounts	(44)	Accrued retirement benefit	18
Fixed assets	3,814	Custody deposit and guarantee	3,973
Tangible fixed assets	3,321	Other fixed liabilities	58
Buildings and structures	2,801	(Net assets)	
Land	276	Shareholders' equity	3,616
Other	243	Common stock	200
Intangible fixed assets	59	Capital surplus	-
Investments and other assets	434	Retained earnings	3,416
Long-term loans receivable	15	Valuation and translation adjustments	-
Deposit and guarantee	292	Net unrealized holding gain (loss) on securities	-
Deferred tax assets	23		
Other investments	103		
Less allowance for doubtful accounts	-		
Total assets	10,401	Total liabilities and net assets	10,401

Income Statement	
<i>Millions of yen</i>	
Feb. 1, 2008 – Jan. 31, 2009	
Net earnings	22,512
Cost of earnings	21,859
Operating income	652
Non-operating income	44
Non-operating expenses	1
Recurring income	695
Extraordinary income	-
Extraordinary loss	22
Income before income taxes	673
Current income taxes	217
Deferred income taxes	60
Net income	396

Consolidated Statement of Cash Flow	
Feb. 1, 2008 – Jan. 31, 2009	
	<i>Millions of yen</i>
I Cash flows from operating activities	
Income before income taxes	673
Depreciation and amortization	162
Increase in accounts receivable	(64)
Increase in inventories	(637)
Decrease in advance received	(58)
Decrease in deposit and guarantee	(99)
Other	16
Subtotal	(7)
Interest received	29
Income taxes paid	(397)
Net cash provided by operating activities	(375)
II Cash flows from investing activities	
Purchase of property, plant and equipment	(488)
Other	(67)
Net cash used in investing activities	(555)
III Cash flows from financing activities	
Cash dividends paid	(60)
Net cash from financing activities	(60)
IV Net decrease in cash and cash equivalents	(991)
V Cash and cash equivalents at beginning of period	6,521
VI Cash and cash equivalents at end of period	5,530

(7) Sekisui House Remodeling , Ltd.

Balance Sheet			
<i>Millions of yen</i>			
As of Jan. 31, 2009			
(Assets)		(Liabilities)	
Current assets	10,071	Current liabilities	5,371
Cash and deposit	512	Account payable-trade	152
Notes and accounts receivable	382	Account payable-construction	1,490
Prepaid expenses for construction in progress	625	Accrued expense	202
Deferred tax assets	366	Advances received-construction	2,086
Other current assets	8,240	Tax payable	476
Less allowance for doubtful accounts	(54)	Allowance for bonuses	638
Fixed assets	248	Other current liabilities	324
Tangible fixed assets	101		
Buildings and structures	65	Fixed liabilities	90
Other	35	Allowance for accrued retirement benefits to directors	58
		Other fixed liabilities	32
Intangible fixed assets	18	(Net assets)	
Investments and other assets	129	Shareholders' equity	4,857
Long-term loans receivable	3	Common stock	100
Deposit and guarantee	85	Capital surplus	949
Deferred tax assets	37	Retained earnings	3,808
Other investments	3	Valuation and translation adjustments	-
Less allowance for doubtful accounts	(0)	Net unrealized holding gain (loss) on securities	-
Total assets	10,320	Total liabilities and net assets	10,320

Income Statement	
<i>Millions of yen</i>	
Feb. 1, 2008 – Jan. 31, 2009	
Net sales	47,073
Cost of sales	35,868
Gross profit on sales	11,204
SG&A expenses	8,956
Operating income	2,248
Non-operating income	330
Non-operating expenses	34
Recurring income	2,544
Extraordinary income	-
Extraordinary loss	1
Income before income taxes	2,543
Current income taxes	928
Deferred income taxes	243
Net income	1,370

Consolidated Statement of Cash Flow	
Feb. 1, 2008 – Jan. 31, 2009	
	<i>Millions of yen</i>
I Cash flows from operating activities	
Income before income taxes	2,543
Depreciation and amortization	25
Decrease in accounts receivable	702
Increase in inventories	(283)
Decrease in notes and accounts payable	(599)
Increase in advance received	191
Other	(492)
Subtotal	2,086
Interest received	61
Income taxes paid	(979)
Net cash provided by operating activities	1,167
II Cash flows from investing activities	
Purchase of property, plant and equipment	(19)
Other	(2)
Net cash used in investing activities	(21)
III Cash flows from financing activities	
Cash dividends paid	(30)
Net cash from financing activities	(30)
IV Net increase in cash and cash equivalents	1,116
V Cash and cash equivalents at beginning of period	7,535
VI Cash and cash equivalents at end of period	8,652

Changes to Directors, Auditors and Executive Officers

New Auditor candidates (April 23, 2009)

Teruyuki Saegusa Currently President of SAEGUSA CIRCULATION RESEARCH