

## Consolidated Financial Results for the Third Quarter of FY2009 (February 1, 2009 through October 31, 2009)

December 3, 2009

Company name : **Sekisui House, Ltd.** (URL <http://www.sekisuihouse.co.jp>)  
 Listed exchanges : Tokyo(first section), Osaka(first section), Nagoya(first section)  
 Stock code : 1928  
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 Filing date of quarterly securities report : December 14, 2009  
 Date of scheduled payment of dividends : --

(Amounts are rounded down to the nearest million yen)

### 1. Consolidated Results for the Nine Months Ended October 31, 2009 (February 1, 2009 through October 31, 2009)

(1) Consolidated Financial Results (% figures represent changes from the same period of the previous year.)

	Net sales		Operating income		Recurring income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended Oct. 31, 2009	904,363	-	(9,056)	-	(9,454)	-	(10,669)	-
Nine months ended Oct. 31, 2008	1,044,811	1.3	38,538	35.6	41,459	29.0	14,539	(19.0)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended Oct. 31, 2009	(15.79)	-
Nine months ended Oct. 31, 2008	21.50	21.50

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of October 31, 2009	1,404,227	733,257	52.2	1,084.31
As of January 31, 2009	1,387,237	754,130	54.3	1,115.20

(Reference) Shareholders' equity As of October 31, 2009: ¥732,734 million As of January 31, 2009: ¥753,647 million

### 2. Cash Dividends

	Cash dividends per share				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended Jan. 31, 2009	-	12.00	-	12.00	24.00
Year ending Jan. 31, 2010	-	10.00	-		
Year ending Jan. 31, 2010 (Forecast)				10.00	20.00

(Note) Revisions to the forecast of cash dividends in the current quarter: None

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

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

	Net sales		Operating income		Recurring income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Year ending Jan. 31, 2010	1,380,000	(8.9)	21,500	(70.9)	21,000	(72.8)	6,000	(47.9)	8.88

(Note) Revisions to the consolidated results forecast in the current quarter: None

**4. Others**

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

(2) Adoption of simplified accounting methods and special accounting practices for consolidated quarterly financial statements: Adopted  
(Note) For more details, please see “4. Others” in [Qualitative Information, Financial Statements, and Other Information] in page 7.

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

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

(ii) Changes other than (i): Yes

(Note) For more details, please see “4. Others” in [Qualitative Information, Financial Statements, and Other Information] in page 7.

(4) Number of shares outstanding (common stock)

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

As of Oct. 31, 2009: 676,885,078 shares

As of Jan. 31, 2009: 676,885,078 shares

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

As of Oct. 31, 2009: 1,125,679 shares

As of Jan. 31, 2009: 1,089,368 shares

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

Nine months ended Oct. 31, 2009: 675,777,671 shares

Nine months ended Oct. 31, 2008: 676,108,927 shares

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

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

For details of results forecast, please refer to “3. Qualitative Information Regarding Consolidated Results Forecast for FY2009” in [Qualitative Information, Financial Statements, and Other Information] in page 6.

2. Effective from the fiscal year ending January 2010, the “Accounting Standard for Quarterly Financial Reporting” (ASBJ Statement No. 12) and its Implementation Guidance, “Guidance on Accounting Standard for Quarterly Financial Reporting” (ASBJ Guidance No. 14) have been applied. Quarterly consolidated financial statements have been prepared in accordance with “Regulation for Quarterly Consolidated Financial Reporting.”

## [Qualitative Information, Financial Statements, and Other Information]

### 1. Qualitative Information Regarding Consolidated Business Results

During the first nine months of the year ending January 31, 2010, the Japanese economy began to show signs of a turnaround in exports and production on the back of a worldwide economic recovery led by emerging economies and, thanks to government stimulus packages for the domestic market, witnessed a pickup in demand in some sectors, including automobiles and home electronics. With concerns growing over the sharp appreciation of the yen squeezing earnings of export-oriented businesses and falling prices leading to a deflationary economy, however, uncertainties remained concerning the future of the economy, leaving a sense of uneasiness regarding corporate earnings recovery.

In the housing market, a series of stimulus measures were implemented, including tax reductions such as the expanded mortgage tax break and investment tax credit for housing and subsidies for household photovoltaic power generation systems and fuel cells, which were designed to promote the spread of eco-friendly housing. Nevertheless, land prices continued to fall throughout the country and concern over employment prospects and the decline in personal income, etc., continued to keep consumers from purchasing housing. Meanwhile, the demand for rental housing remained sluggish as the occupancy rate fell and financial institutions assumed tighter controls on lending. As a result, the number of new housing starts was significantly lower than that in the corresponding period of the previous year, leaving the housing market in a difficult condition.

Against this backdrop, in the detached house and rental housing markets we made aggressive efforts to expand the sales of our eco-friendly housing *Green First* models in response to growing consumer demands for “comfort,” “economic efficiency,” and “eco-friendliness,” and implemented a series of sales promotions to increase our market penetration, including expansion of the lineup with the aim of generating demand.

On the marketing front, we opened *Kansai Sumai-no-Yume-Kojo* (large-scale experiment-based facilities) within our Comprehensive Housing R&D Institute in Kyoto in order to bolster sales promotions through display of a variety of technologies which have been incorporated into our housing. In the meantime, we held the sales promotion event *Sumai-no Sankan-bi* in an effort to increase our sales share. In a bid to strengthen our solutions, in the Tokyo Metropolitan area we opened a display home which features the new concept of living a lifestyle that makes the most of the space of the site.

With a view towards addressing social issues such as the declining birthrate and aging population and the shortage of caregivers, we have begun working with the Chiba Institute of Technology for the development of a home health care support system for the elderly, which will provide them with safe and comfortable lives.

For the overseas business, which has just recently been launched, progress was made in the project in Eastern Australia, with condominium sales in the suburbs of Sydney commencing in September.

Furthering the ongoing company-wide business restructuring, we transferred some 500 people from the Head Office, branch offices, and factories to sales and service offices of the parent and group companies, thus strengthening our sales force and building a solid sales structure. Meanwhile, in order to further enhance earning power, we made use of our endeavors to cut costs by curtailing advertising and promotion costs, reviewing operations, and containing personnel expenses by increasing efficiency through the introduction of systems. On the production side, we strove to reduce materials purchasing costs and to increase the factory utilization rate by discontinuing production at the Shiga Factory

and reviewing other production lines, etc. Thanks to these measures, we have been able to reduce costs on a scale significantly larger than originally planned.

Despite a renewed pick-up in orders during the August-October quarter, net sales for the nine month period under review remained sluggish at ¥904,363 million as orders had remained weak up to the end of the first six months, primarily owing to the severe economic downturn since last year. On the profit side, while we were able to reduce costs as scheduled, due to the decline in sales we recorded operating loss of ¥9,056 million, recurring loss of ¥9,454 million, and net loss of ¥10,669 million.

### **Built to Order Housing Business**

Since the announcement of the *Environmental Future Plan* in 1999, we have implemented a series of programs which are designed to reduce CO<sub>2</sub> emissions, being the first in the industry to meet next-generation energy-saving standards. These days, the Japanese government has placed top priority on the prevention of global warming. The leading company in the housing industry, we have taken the initiative in addressing this pressing issue. In a bid to promote the spread of eco-friendly housing, we tapped into our past experiences and know-how to bolster sales promotions of *Green First* housing products equipped with household photovoltaic power generation systems and fuel cells. As a follow up to the promotion of these new models, we put on the market in April the steel-framed detached house *Be Ecord Casual Green First* and wood-framed *M'Natura Green First*, which come equipped with our original photovoltaic power generation system built-in to the roof tiles. As a result, over half of the orders placed in the three month period ending October 31 were for *Green First* models, driving sales promotions of our environmentally conscious housing. Featuring superior design appeal, our original photovoltaic power generation system built-in to the roof tiles received a Good Design Award in Living/ Residential Facilities category.

In the steel-framed detached house line, we made aggressive sales promotions for our mid- to high-end housing *IS ORDER*, which achieves positive differentiation through our original external *Dyne Wall*. To the *Sha-Wood* wood-framed lines, we added *RIRAKU* single-story detached housing in response to growing demand among senior generations, in an effort to win new demand and increase our market share. Pinpointing the demands of working couples, we launched the concept product *TOMOIE*, which incorporates a number of innovations that support their lifestyle, and engaged in aggressive marketing to expand its orders.

For the *Sha-Maison* apartment lines, using our *BEREO* apartment as a base we opened a four-storied display home in Shinjuku, Tokyo, where we offer a greater variety of solutions to meet diverse demands, such as a combination of housing, shopping, and rental housing. Incorporating our universal design and a number of innovations which allow its dwellers to feel vividly the light and the breeze and use their five senses to enjoy everyday life, and equipped with photovoltaic power generation systems and fuel cell system (*Green First Premium* model), this new promotion site is our suggestion for a city center lifestyle, living comfortably as they make a profit from their housing. In the low-rise apartment business, too, we aggressively promoted *Sha-Maison Eco-Style* in an effort to expand the sales of our eco-friendly housing.

As a result of these efforts, orders for detached houses have bottomed out and registered a recovery. Orders for low-rise apartments, however, remained sluggish.

Sales in the Built to Order Housing Business totaled to ¥353,318 million and operating income to ¥14,285 million.

### Real Estate for Sale Business

In the Built for Sale Housing Business, we held the sales promotion event *Machinami Sankan-bi* (visits to existing subdivisions with superior living environments) to stimulate sales. In doing so we continued to emphasize our environmental initiatives by making continued efforts to aggressively promote our environmentally conscious *Green First* line and to advance “urban development” that is friendly to the environment and increases asset values.

In the meantime, we remained committed to the creation of a recycling society by making aggressive efforts to help promote the “Long-term Sustainable Housing Leading Model Project,” a brainchild of the Ministry of Land, Infrastructure, Transport and Tourist which aims to enhance people’s awareness of the need to extend the life of housing in Japan. We also organized the sales promotion event *EVERLOOP Sankan-bi* for the promotion of our *EVERLOOP* revitalized house line.

As land prices fell, however, prospective buyers took a wait-and-see attitude toward their housing investments, with the result that orders for built-for-sale detached housing remained weak.

For the Condominium Business, in the three major metropolitan areas we developed condominiums that feature an attractive landscape and a wealth of eco-friendly innovations, as well as design suggestions which tap into our extensive know-how amassed in the detached housing business, and focused on their sales by drawing attention to their appealing concept. These programs paid off when our *Grande Maison Higashi-Totsuka* received the Ministry of Land, Infrastructure, Transport and Tourist Award (greenery area development category) in the 29<sup>th</sup> Green City Awards. The sluggish condominium market, however, had a negative impact on our orders, which performed slowly.

In the Urban Redevelopment Business, construction of the *Hommachi Garden City Project* (Osaka) achieved steady progress toward completion in June 2010 and a grand opening in fall 2010. Meanwhile, we commenced construction work on the *Gotenyama Project* (Shinagawa, Tokyo) and *Hommachi Minami Garden City Project* (Osaka) this March. In light of the recent slump in the real estate market, we will remain flexible in determining when to sell properties after completion by carefully assessing the timing of market recovery.

Sales of this segment came to ¥181,661 million, while the segment posted operating loss of ¥9,240 million.

### Real Estate for Leasing Business

In the Real Estate for Leasing Business, the number of units of *Sha-Maison* low-rise apartments for block leasing and management by Sekiwa Real Estate companies showed a steady increase. On the other hand, the occupancy rate decreased due to the sluggish rental housing market. Against this backdrop, we did our utmost to increase the occupancy rate by aggressively encouraging housing owners to remodel their properties for maintenance and enhancement of asset values, deepening ties between Sekiwa Real Estate companies and special agents, and joining together with our housing sales team to conduct leasing activities.

For new property projects, we sought to increase our earnings on a higher level of orders for *Sha-Maison* low-rise apartments by custom designing marketing strategies for each area so that we can offer design solutions which are optimized to specific demands.

Sales in the Real Estate for Leasing Business recorded ¥273,021 million and operating income of ¥10,470 million.

## Other Business

For the remodeling business, in pursuit of housing that offers “now and forever” comfort, we aggressively made suggestions in a bid to expand orders, such as introducing elements of a new house in accordance with the diversification of lifestyles. As a part of our environmental initiatives, our sales team focused on remodeling housing to be more energy-efficient by way of, for example, installing photovoltaic power generation systems and high-efficiency hot water supply systems. In April, the Sekiwa Construction companies entered into the remodeling business as we expanded the scope of our remodeling business from buildings of our own construction to those built by others. With this new initiative, our remodeling business exhibited strong growth.

For the RC (reinforced concrete buildings) contracts business, we made a series of aggressive efforts which included making proposals on the efficient use of land to owners of high value-added apartments, etc., based on the findings of finely-tuned marketing research. As individual land owners stayed on the sidelines regarding their asset utilization, primarily owing to uncertainty over the economy, and corporate demands lowered on the back of weak earnings on the part of enterprises, this business was placed under difficult conditions and thus performed slowly.

For this segment, sales amounted to ¥96,362 million and operating income to ¥2,195 million.

## 2. Qualitative Information Regarding Consolidated Financial Conditions

Total assets increased by ¥16,989 million from the end of the previous fiscal year to ¥1,404,227 million at the end of the first nine months of the year ending January 31, 2010, primarily owing to the increase in prepaid expenses for construction in progress and the increase in buildings for sale as construction work of urban redevelopment projects progressed, while land for sale decreased due to the promotion of sales of existing held-for-sale properties. Liabilities increased by ¥37,862 million to ¥670,970 million, primarily owing to the increase in short-term bonds payable and advances received on construction projects in progress, as well as the increase in long-term debts to meet the capital requirements of the overseas business. Net assets declined by ¥20,872 million to ¥733,257 million, primarily due to the decrease in retained earnings following dividend payments, etc.

Net cash provided by operating activities decreased by ¥34,258 million. This was chiefly attributable to the increase in inventories and the decrease in notes and accounts payable.

Net cash provided by investing activities decreased by ¥18,165 million, mainly due to purchases of leasing properties and investments in securities.

Net cash provided by financing activities increased by ¥12,670 million, primarily owing to the issuance of short-term bonds payable, while at the same time dividends were paid.

Consequently, cash and cash equivalents at the end of this third quarter amounted to ¥86,335 million, decreasing by ¥38,182 million from the end of the previous fiscal year ended January 31, 2009.

## 3. Qualitative Information Regarding Consolidated Results Forecasts

While aggressively expanding sales with our eco-friendly housing *Green First* models at the core of our marketing strategies, we will capitalize on the golden opportunities presented by the expanded mortgage tax break and investment tax credit for housing as we move ahead. Although orders for detached houses are showing signs of recovery, it is expected that the concerns over employment prospects and decline in personal income will linger for some time to come. Because of this, we have not made any revisions to our earlier forecasts of consolidated results for the year ending January 31, 2010 that we announced on September 1, 2009.

#### 4. Others

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries that caused a change in scope of consolidation): Not applicable

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

1. Simplified accounting methods

① Method for valuation of inventories

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

② Method for calculating deferred tax assets and liabilities

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

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

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

1. Changes caused by revisions of accounting standards etc.

- Effective from the fiscal year ending January 2010, the “Accounting Standard for Quarterly Financial Reporting” (ASBJ Statement No. 12) and its Implementation Guidance, “Guidance on Accounting Standard for Quarterly Financial Reporting” (ASBJ Guidance No. 14) has been applied. Quarterly consolidated financial statements have been prepared in accordance with “Regulation for Quarterly Consolidated Financial Reporting”.

- Inventories held for sale in the ordinary course of business were previously stated at cost based on either the individual cost method or the moving average method. From this first quarterly period, however, the Company has applied the “Accounting Standard for Measurement of Inventories” (ASBJ Statement No.9, July 5, 2006), and inventories are now valued mainly at cost based on either the individual cost method or the moving average method (with book value being written down to the net realizable value in cases where there has been a material decline in value.)

By the adoption of the new accounting standard, the impact on the income statement will be ¥533 million.

- Effective from this first quarterly period, the Company adopts the “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (ASBJ Practical Issues Task Force No.18 issued on May 17, 2006). The adoption of the new accounting standard did not have a material impact on the income statement.

2. Changes other than 1

- In and before the fiscal year ended January 2009, finance leases, other than those deemed to transfer ownership of the leased assets to the lessee, were accounted for in a manner similar to that applicable to operating leases. Effective from this first quarterly period, the Company has applied the “Accounting Standard for Lease Transactions” (ASBJ Statement No.13) and the “Guidance on Accounting Standard for Lease Transactions” (ASBJ Guidance No.16), earlier than the time scheduled required by these rules, and accordingly such transactions are now based on the capital lease method.

For depreciation of leased assets for finance lease transactions other than those involving a transfer of title, useful life is based on the duration of the lease period and straight-line depreciation is applied with an assumed

residual value of zero. The adoption of the new accounting standard and guidance will have minor impact on the income statement, provided, however, that finance lease transactions other than those involving a transfer of title which began prior to the application of the new accounting standards have been accounted for using the same method as the ordinary operating lease method.

## 5. Consolidated Quarterly Financial Statements

## (1) Consolidated Quarterly Balance Sheets

(Millions of yen)

	As of October 31, 2009	As of January 31, 2009
<b>Assets</b>		
Current assets		
Cash and deposits	86,535	124,517
Notes and accounts receivable	8,192	13,180
Short-term investments	1,322	2,049
Prepaid expenses for construction in progress	97,627	42,564
Buildings for sale	118,163	105,556
Land for sale	492,091	517,003
Undeveloped land for sale	72,679	66,700
Other inventories	7,002	6,047
Deferred income taxes	52,737	45,505
Other current assets	32,382	29,549
Less allowance for doubtful accounts	(2,144)	(1,473)
<b>Total current assets</b>	<b>966,590</b>	<b>951,200</b>
Fixed assets		
Property, plant and equipment		
Buildings and structures	127,680	126,620
Machinery and vehicles	10,967	13,500
Land	128,758	127,712
Construction in progress	6,782	4,859
Other property, plant and equipment	4,462	5,115
<b>Total property, plant and equipment</b>	<b>278,650</b>	<b>277,808</b>
Intangible assets	8,949	9,181
Investments and other assets		
Investments in securities	66,061	61,777
Long-term loans receivable	32,660	32,491
Prepaid pension cost	3	4,893
Deferred income taxes	16,446	12,374
Other investments and other assets	36,222	38,896
Less allowance for doubtful accounts	(1,358)	(1,386)
<b>Total investments and other assets</b>	<b>150,036</b>	<b>149,046</b>
<b>Total fixed assets</b>	<b>437,637</b>	<b>436,036</b>
<b>Total assets</b>	<b>1,404,227</b>	<b>1,387,237</b>

(Millions of yen)

	As of October 31, 2009	As of January 31, 2009
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable	121,238	149,935
Current portion of long-term debt	119,953	-
Short-term bonds payable	20,000	-
Accrued income taxes	2,425	5,957
Advances received on construction projects in progress	127,759	84,726
Allowance for employees' bonuses	14,840	12,337
Allowance for directors' and corporate auditors' bonuses	-	594
Allowance for compensation payments on completed works	2,450	2,660
Other current liabilities	35,992	46,364
<b>Total current liabilities</b>	<b>444,659</b>	<b>302,576</b>
Long-term liabilities		
Straight bonds	59,985	59,981
Long-term debt	80,539	190,000
Guarantee deposits received	54,979	55,611
Accrued retirement benefits for employees	26,215	21,561
Accrued retirement benefits for directors and corporate auditors	1,073	1,222
Negative goodwill	0	5
Other long-term liabilities	3,517	2,147
<b>Total long-term liabilities</b>	<b>226,310</b>	<b>330,530</b>
<b>Total liabilities</b>	<b>670,970</b>	<b>633,107</b>
<b>Net assets</b>		
Shareholders' equity		
Common stock	186,554	186,554
Capital surplus	237,522	237,522
Retained earnings	306,346	331,895
Less treasury stock, at cost	(1,376)	(1,355)
<b>Total shareholders' equity</b>	<b>729,046</b>	<b>754,616</b>
Valuation and translation adjustments		
Net unrealized holding gain (loss) on securities	2,254	(960)
Deferred gains (losses) on hedges	(137)	(8)
Translation adjustment	1,570	-
<b>Total valuation and translation adjustments</b>	<b>3,687</b>	<b>(969)</b>
Stock subscription rights	214	158
Minority interests	309	323
<b>Total net assets</b>	<b>733,257</b>	<b>754,130</b>
<b>Total liabilities and net assets</b>	<b>1,404,227</b>	<b>1,387,237</b>

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

(Millions of yen)

	Nine months ended Oct. 31, 2009
Net sales	904,363
Cost of sales	765,665
Gross profit	138,698
Selling, general and administrative expenses	147,754
Operating loss	(9,056)
Non-operating income	
Interest income	812
Dividend income	479
Insurance agency commission	830
Equity in earnings of affiliates	149
Other non-operating income	1,803
Total non-operating income	4,074
Non-operating expense	
Interest expense	2,259
Other non-operating expenses	2,213
Total non-operating expenses	4,472
Recurring loss	(9,454)
Extraordinary loss	
Cost of business structure improvement	4,491
Loss on sales and retirement of fixed assets	1,363
Loss on revaluation of investments in securities	742
Total extraordinary losses	6,597
Loss before income taxes and minority interests	(16,052)
Current income taxes	6,415
Deferred income taxes	(11,807)
Total income taxes	(5,392)
Minority interests in earnings of subsidiaries	9
Net loss	(10,669)

**(3) Consolidated Quarterly Statement of Cash Flows**

(Millions of yen)

Nine months ended Oct. 31, 2009	
<b>Cash flows from operating activities</b>	
Loss before income taxes and minority interests	(16,052)
Depreciation and amortization	12,186
Increase (decrease) in accrued retirement benefits	4,653
Decrease (increase) in prepaid pension cost	4,889
Interest and dividend income	(1,291)
Interest expense	2,259
Equity in (earnings) losses of affiliates	(149)
Loss (gain) on revaluation of investments in securities	742
Decrease (increase) in notes and accounts receivable	4,995
(Increase) decrease in inventories	(45,106)
(Decrease) increase in notes and accounts payable	(28,597)
Increase (decrease) in advances received on construction projects in progress	43,032
Other	(7,534)
<b>Subtotal</b>	<b>(25,971)</b>
Interest and dividends received	1,352
Interest paid	(2,404)
Income taxes paid	(12,382)
Income taxes refund	5,147
Net cash provided by (used in) operating activities	(34,258)
<b>Cash flows from investing activities</b>	
Proceeds from sales of short-term investments	2,000
Purchases of property, plant and equipment	(14,436)
Proceeds from sales of property, plant and equipment	142
Purchases of investments in securities	(2,600)
Payments of loans receivable	(3,672)
Collection of loans receivable	3,674
Other	(3,273)
Net cash provided by (used in) investing activities	(18,165)
<b>Cash flows from financing activities</b>	
Increase (decrease) in short-term bonds payable	20,000
Proceeds from long-term debt	7,608
Increase in treasury stock	(43)
Cash dividends paid	(14,871)
Other	(23)
Net cash provided by financing activities	12,670
Effect of exchange rate change on cash and cash equivalents	1,570
Net increase (decrease) in cash and cash equivalents	(38,182)
Cash and cash equivalents at beginning of period	124,517
Cash and cash equivalents at end of period	86,335

Effective from the fiscal year ending January 2010, the “Accounting Standard for Quarterly Financial Reporting” (ASBJ Statement No. 12) and its Implementation Guidance, “Guidance on Accounting Standard for Quarterly Financial Reporting” (ASBJ Guidance No. 14) have been applied. Quarterly consolidated financial statements have been prepared in accordance with “Regulation for Quarterly Consolidated Financial Reporting”.

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

Not applicable

**(5) Segment Information**

[Segment Information by Each Business]

Nine months ended October 31, 2009 (February 1, 2009 through October 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
Sales							
(1) Sales to third parties	353,318	181,661	273,021	96,362	904,363	-	904,363
(2) Inter-group sales and transfers	5,440	135	1,289	2,161	9,026	(9,026)	-
Net sales	358,759	181,796	274,311	98,523	913,390	(9,026)	904,363
Operating income (loss)	14,285	(9,240)	10,470	2,195	17,711	(26,767)	(9,056)

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

[Geographical Segment Information]

Nine months ended October 31, 2009 (February 1, 2009 through October 31, 2009)

Japanese operations accounted for more than 90% of sales in all segments, so the Company has not presented geographical segment information.

[Overseas Sales]

Nine months ended October 31, 2009 (February 1, 2009 through October 31, 2009)

There are no applicable overseas sales.

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

Not applicable

**For reference****Consolidated Financial Statements for the Third Quarter of FY2008**

## (1) Summary of Consolidated Balance Sheets

Nine months ended October 31, 2008 (February 1, 2008 through October 31, 2008)

(Millions of yen)

	Nine months ended Oct. 31, 2008
I. Net sales	1,044,811
II. Cost of sales	841,420
Gross profit	203,391
III. Selling, general and administrative expenses	164,852
Operating income	38,538
IV. Non-operating income	7,086
Interest and dividends income	1,812
Equity in gains of affiliates	241
Miscellaneous income	5,033
V. Non-operating loss	4,166
Interest expense	1,813
Miscellaneous expense	2,353
Recurring income	41,459
VI. Extraordinary loss	11,353
Income before income taxes and minority interests	30,106
Deferred income taxes	15,529
Minority interests in earnings of subsidiaries	36
Net income	14,539

## (2) Summary of Consolidated Statements of Cash Flows

Nine months ended October 31, 2008 (February 1, 2008 through October 31, 2008)

(Millions of yen)

	Nine months ended Oct. 31, 2008
I. Cash flows from operating activities	
Income before income taxes and minority interests	30,106
Depreciation and amortization	11,286
Loss on impairment of fixed assets	821
Increase in accrued retirement benefit	271
Decrease in prepaid pension cost	1,206
Interest and dividend income	(1,812)
Interest expense	1,813
Equity in gains of affiliates	(241)
Loss on revaluation of investments in securities	6,846
Decrease in notes and accounts receivable	75,413
Increase in inventories, etc.	(127,607)
Decrease in notes and accounts payable	(13,841)
Increase in advances received	46,814
Other	854
Subtotal	31,933
Interest and dividends received	1,874
Interest paid	(1,791)
Income taxes paid	(41,503)
Net cash provided by operating activities	(9,486)
II. Cash flows from investing activities	
Proceeds from sales of short-term investments	140
Purchases of property, plant and equipment	(26,726)
Proceeds from sales of property, plant and equipment	65
Purchases of investments in securities	(6,905)
Payment for loans receivable	(1,529)
Settlement of loans receivable	3,259
Other	(2,172)
Net cash used in investing activities	(33,870)
III. Cash flows from financing activities	
Decrease in short-term bonds payable	(20,000)
Proceeds from long-term debt	77,245
Cash dividends paid	(16,232)
Purchase of treasury stock	(499)
Other	147
Net cash used in financing activities	40,660
IV. Net decrease in cash and cash equivalents	(2,697)
V. Cash and cash equivalents at beginning of period	60,236
VI. Cash and cash equivalents at end of period	57,539

**(3) Segment Information**

[Segment Information by Each Business]

Nine months ended October 31, 2008 (February 1, 2008 through October 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
Sales							
(1) Sales to third parties	422,302	246,760	266,249	109,500	1,044,811	-	1,044,811
(2) Inter-group sales and transfers	5,856	14	1,969	2,729	10,571	(10,571)	-
Net sales	428,158	246,774	268,219	112,230	1,055,382	(10,571)	1,044,811
Operating income	20,765	31,544	14,004	1,419	67,733	(29,195)	38,538

## 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

**6. Other Information**

(For reference: the State of Orders)

**[Consolidated]**

(Millions of yen)

	Nine months ended October 31, 2008		Nine months ended October 31, 2009		Year ended January 31, 2009	
	Orders	Accumulated Orders	Orders	Accumulated Orders	Orders	Accumulated Orders
Built to Order Housing	534,320	464,684	458,002	444,386	669,897	339,702
Real Estate for Sale	262,720	104,689	186,241	75,682	299,651	71,101
Real Estate for Leasing	266,249	-	273,021	-	357,075	-
Other Business	108,054	101,575	108,093	104,158	146,362	92,427
Total	1,171,344	670,949	1,025,359	624,226	1,472,987	503,230

**[Non-Consolidated]**

(Millions of yen)

	Nine months ended October 31, 2008		Nine months ended October 31, 2009		Year ended January 31, 2009	
	Orders	Accumulated Orders	Orders	Accumulated Orders	Orders	Accumulated Orders
Built to Order Housing	538,962	469,722	461,190	449,951	676,363	343,923
Real Estate for Sale	243,452	92,625	171,761	71,874	274,187	57,993
Real Estate for Leasing	7,432	-	7,608	-	10,880	-
Other Business	71,052	110,039	55,735	111,368	95,715	103,683
Total	860,901	672,386	696,296	633,194	1,057,147	505,600