ANNUAL REPORT 2009

For the year ended January 31, 2009

Sekisui House, Ltd.

Our Corporate Profile

Sekisui House, Ltd. is Japan's leading home builder, with profitability and dividends that well exceed the average for the industry. Our base of business is the construction, sale, purchase and administration of residential properties; the design, execution, contracting and supervision of construction projects; real estate brokerage and landscaping. Since our establishment in 1960, we at Sekisui House have achieved steady growth, becoming an ever-increasingly active participant in the Japanese construction industry.

Contents

Financial Highlights

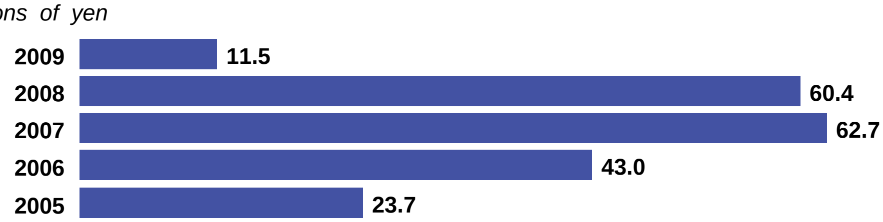
Sekisui House, Ltd. and Subsidiaries

	Millions of yen					Thousands of U.S. dollars
	2009	2008	2007	2006	2005	**2009**
For the year:						
Net sales	**¥ 1,514,172**	¥ 1,597,807	¥ 1,596,183	¥ 1,501,857	¥ 1,372,244	**$ 16,908,677**
Net income	**11,517**	60,352	62,663	43,029	23,659	**128,610**
At year ended						
Total assets	**1,387,237**	1,349,441	1,278,770	1,098,203	1,140,231	**15,491,200**
Net assets	**754,130**	770,963	798,303	686,034	687,917	**8,421,329**
	Yen					U.S. dollars
	2009	2008	2007	2006	2005	**2009**
Per share:						
Net income	**¥ 17.04**	¥ 87.70	¥ 89.26	¥ 62.94	¥ 33.80	**$ 0.19**
Cash dividends applicable to the year	**24.00**	24.00	22.00	20.00	18.00	**0.27**

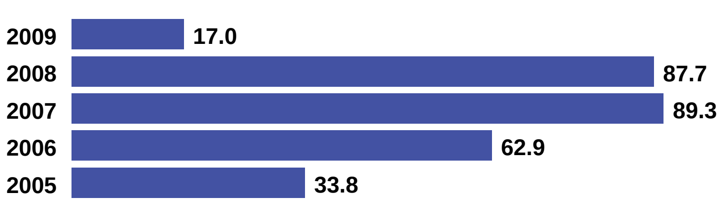
Note: U.S. dollar amounts above and elsewhere in this report represent translations of Japanese yen, for convenience only, at the approximate exchange rate of ¥89.55 = U.S. $1, effective at January 31, 2009.

Net Sales
Billions of yen

Net Income
Billions of yen



Net Income Per Share
Yen



To Our Shareholders

Pushing through company-wide structural reforms to empower the front-line workforce of our core businesses

The unprecedented financial crisis has plunged both the Japanese and global economies into conditions which are tougher than ever before. The housing market is no exception. Between the adverse real estate market and decrease in the willingness of individuals to invest in housing, we too found it difficult to combat these tough business conditions, and have been forced to report a resultant drop in both revenues and earnings.

In these difficult times, we hereby pledge to our shareholders that we will return to our founding philosophy of building homes that are always comfortable and enjoyable in accordance with our "long-life housing concept," and steer the course of our business steadily and with a firm adherence to the basics.

Optimally allocating management resources to empower the front-line workforce and reorganize our earnings structure

The times are changing with every moment. To respond promptly to the current changes, we have implemented a series of structural reforms. The focal point of these reforms is empowerment of the "front-line" workforce and improvement of the earnings structure through optimal allocation of the Sekisui House Group's management resources. The first step we will take in this regard is to streamline the head office by transferring people to the sales function, while at the same time reinforcing our marketing strength on the field and enhancing our capability to cater to specific customer demands. We reorganized the production setup at our five major factories and suspended production at the Shiga Factory at the end of March 2009 in a bid to achieve further improvements of production efficiency and competitiveness. With various efforts including the above, we are looking to reduce ¥4 billion of costs for production units and slash ¥20 billion of other administrative expenses for the year ending January 2011.

With far-sightedness in recognizing the importance of environmental technologies, in June 2008 Sekisui House was the first in its industry approved as an "Eco First Company" by the Ministry of the Environment of Japan. Going forward, we will introduce eco-friendly housing, which we believe to be at the forefront of the industry, to the detached house market. Based on the concept of the *Zero Emission House*, our eco-friendly housing features eco-friendly equipment, including a photovoltaic power generation system and high-efficiency hot water supply. In the rental housing market, we will offer forward-looking plans, such as apartments with photovoltaic power generation systems. While meeting social needs in this way, we will move ahead in our endeavor to create quality houses which last for generations and develop attractive urban communities, by making full use of our reinforced front-line workforce and marketing strength.

There is a phrase in our Code of Conduct which reads, "(We must be) using our originality to challenge the age." In no other time is it more appropriate to live according to this line through concerted efforts from each and every one of us at Sekisui House. Accordingly, we will proactively allocate human resources to newer business domains in our pursuit of further growth. We will enter the traditional wooden house remodeling business, a market expected to grow in the future. In this business, we will aim for net sales of ¥100 billion, which currently generates approximately ¥47 billion of annual sales within the Group. We will further expand the scope of the real estate agency business as well, by strengthening the system of the Sekiwa Real Estate Group. All of these actions are designed to open up future opportunities and reinforce the collective strength of the Group.

Much expected from the high economic ramifications of the housing construction business as people look forward to economic recovery

In an attempt to stimulate the economy, the Japanese government has instituted its economic package focused on housing construction, which is designed to boost domestic demand. The fiscal 2009 tax system revisions include the largest-ever mortgage tax break. One thing meriting special mention here is that not only income tax but also residential tax is deductible under the revised tax system.

Housing construction creates a huge ripple effect in the economy. In 2007, ¥19 trillion of housing investment boosted the economy by ¥36 trillion --- nearly twice the size of investment. It is estimated that investment tax credits, which include the proposed mortgage tax break as well as credits on long-life quality housing and remodeling of housing, will help increase housing investment by the equivalent of 117,000 houses for the year, which will bring about a ripple effect of some ¥5.5 trillion and approximately 288,000 new jobs. These numbers justify the high expectations which people have of housing construction.

The formation of the Basic Act for Housing in 2006, which seeks realization of an affluent living environment commensurate with a mature society, marked a major change in the government's housing policies from the securing of plentiful supply to the improvement of quality. The "200-year housing" vision is on its way to forming a stock of quality housing from a long-term point of view.

Meanwhile, much attention is being paid to environmental technology. On the occasion of the G8 Summit in 2008, the Japanese government set its objective of increasing the number of installations of photovoltaic power generation systems to 40 times the current number by 2030 in what seems to be a proactive move to stimulate housing-related environmental investment. Given these macroeconomic circumstances, we can say that we are gaining a tailwind in a very broad sense amid this difficult economic environment.

Mapping out new growth strategies with a focus on the core business of housing construction

Sekisui House will mark its 50th anniversary next year in 2010. As we move ahead toward this major half-century milestone, all of the Group entities are working together as one to strongly push forward structural reforms. Fortunately, we are in a position to benefit from the government's domestic demand expansion policies and the growing demand of the times for environmental technology, which we excel in. We will remain committed to the provision of quality housing that is in accordance with the long-life housing concept, with confidence, pride, and a sense of mission. Our fundamentals and founding philosophy will never be shaken. With priority being firmly placed on our core business of housing construction, we will envisage growth strategies for future opportunities. You can count on Sekisui House as we transform and change ourselves so as to continue in our path of steady progress.

Financial analysis

During the fiscal year ended January 31, 2009, 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.

Despite 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.

The Built to Order Housing Business saw decreases in both sales and profit as increase in unit price was not enough to compensate for volume decrease. Our Real Estate for Sale Business also resulted in decreases in both sales and profits, due to the adverse real estate market and absence of any signs of improvement in personal income. The Real Estate for Leasing, on the other hand, remained strong, as we made aggressive efforts to capitalize on the rising demands in the metropolitan areas by maximizing synergies within the Group. In the Other Business, house remodeling business and exterior business perfomed well.

As a result, consolidated net sales dropped by 5.2% to ¥1,514,172 million ($16,908,677 thousand). Consolidated operating income decreased by 32.6% to ¥73,960 million ($825,907 thousand) and consolidated net income by 80.9% down to ¥11,517 million ($128,610 thousand). 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 on investment securities under extraordinary loss. We also reported extraordinary loss in the amount of ¥34,882 million, 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.

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 , operating income of ¥39 billion, recurring income of ¥38.5 billion, and net income of ¥19 billion.

The decreased profits forecasts are 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.

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 ending January 2009, 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.

For our profit distribution policy, 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 per share (annual dividend of ¥24 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 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 per share (annual dividend of ¥20 per share) for the fiscal year ending January 2010.

I. Wada

Isami Wada
Chairman & CEO

Toshinori Abe

Toshinori Abe
President & COO

Sekisui House Topics

Environmental and Social Responsibility

In our efforts to help realize a sustainable society, Sekisui House, Ltd. announced the Environmental Future Plan in 1999 and proclaimed the Declaration of Sustainability in April 2005, setting sustainability as a cornerstone of our corporate activities. The following outlines some of our efforts so far.

Prevention of global warming has assumed a place as one of the urgent themes in Japan, where the CO_2 emission is increasing in the residential sector. The Japanese government is expected to take proactive measures to demonstrate leadership and assume the initiative in this regard. Sekisui House is one of the world's leading home builders, having sold thus far over 1.9 million houses, 800,000 of which are detached houses, and supplying nearly 20,000 detached housing units per annum. As such, we believe that it is highly significant that we supply environment conscious housing that will set an advanced model for others to follow both at home and abroad, and we also keenly recognize that it is our responsibility to advance this cause.

"Eco First" acknowledgment - a commitment to industry-leading eco-friendliness

In order to advance environmental programs on the whole and raise the level of eco-friendliness in each industrial sector, Japan's Ministry of the Environment launched in spring 2008 the Eco First System. Through this system, the Ministry acknowledges companies in each sector that are forerunners in terms of environmental initiatives, who in turn pledge themselves to expedite their initiatives. Sekisui House was among the first to apply for this system, and in June became the first and only company in the housing and construction industry to be certified as an Eco First company. As of January 31, 2009, only 21 companies have achieved such certification. We are making strategic and active use of this certification in our contacts with customers, as a corporate message of the entire Group, and as a way of enhancing customer confidence.
In line with the acknowledgement, we will continue to pursue the following three initiatives: reduction of CO_2 emissions in both the construction and occupancy of our buildings; promotion of ecological networks and bio-diversity revitalization; and implementation of resource recycling.

Green First

1. Reducing CO_2 emissions in daily life: from the *Carbon Neutral House* to *Green First*

In Spring 2008, Sekisui House put on the market *Carbon Neutral House*. This eco-friendly housing uses state-of-art energy conservation techniques in order to minimize CO_2 emission, which is then offset by generating power with such advanced technologies as fuel cells and photovoltaic power generation systems. Any surplus "clean energy" may be sold to power companies. With this development, we became the first among Japanese home builders to introduce "carbon neutral" technology to its offerings.

Much is expected from the use of household fuel cells, and the Japanese government is working to promote their diffusion. By the end of January 2009, Sekisui House had installed 92 fuel cell systems, which ranks us at the top among home builders.

Reducing life cycle CO_2 ($LCCO_2$) emissions from housing has been one of the priorities of Sekisui House. In 2000, we promoted adoption of double-glazed windows as standard installation for detached houses, and in 2003 we met next-generation energy-saving standards for all detached houses for the first time in the industry. In 2005, we launched *Action Plan 20*, a voluntary program that we formulated to comply with the Kyoto Protocol, with the aim of reducing the actual level of emissions by 20% compared with the projected level of CO_2 emissions in 2010 (base year: 1990). In 2008, we organized a company-wide campaign to promote installation of photovoltaic power generation systems, which resulted in 2,071 installations (total 7,736kW), up 80% from the previous fiscal year. Meanwhile, the percentage of our housing with high-efficiency hot water supply systems has grown to 80%, one of the highest in the industry.

In order to further advance these initiatives, we added in March 2009 *Green First* models to our core product lines of steel-framed and wooden detached houses, as well as rental apartments. Equipped with a photovoltaic power generation system and/or fuel cells, our new offering achieves the highest level of eco-friendliness, reducing CO_2 emissions by 60% - 100% when normally inhabited. Our target penetration of *Green First* in the initial launch year is about a quarter of our total housing supply, and approximately half within the next several years, thereby making positive contributions to the prevention of global warming. Our goal is to make *Green First* a de facto standard of eco-friendly housing.

We have also been working to improve energy conservation in existing homes, and this plays a large part in decreasing CO_2 emissions in the household sector. Efforts are being made to create comfort for residents and enhance energy savings by taking advantage of the merits of our remodeling technologies for improving heat insulation performance established in our prefabricated housing.

2. Revitalizing of ecological networks: preserving bio-diversity through town development

We promote *Gohon no ki* gardening concept, which is designed to help maintain ecosystems by planning indigenous trees where wild birds can gather. Planting trees that attract wild birds and butterflies in the gardens of new houses or housing complexes can foster a small ecosystem, thus creating a network for interacting with the surrounding natural environment. With four distinguished seasons on land that stretches out long and thin from north to south, vegetation varies among different areas of this country with a largely moderate climate. We have developed our own guidelines that we can refer to when recommending what trees to plant in each region. We also created a mobile phone website, where people can easily learn about the relationships between trees and living things, thus providing the public with opportunities to observe nature and foster their awareness of nature conservation. In the fiscal year ended January 2009, we planted approximately 850,000 trees. It can be said that this unique initiative attempts to conserve bio-diversity as part of regular business.

Sekisui House is among the private enterprises which have expressed their support of the 10th Conference of the Parties to the Convention on Biological Diversity (CBD COP 10) scheduled to be held in Nagoya in 2010.

Establishing brands for urban development

Sekisui House set out the Urban Development Charter to build towns that are pleasant to live in, in cooperation with residents, as part of our efforts to strengthen our nationwide real estate for sale business. Our goal is to build beautiful, quality towns where residents will want to stay. In addition to designing buildings with due regard given to the environment, we typically develop land by retaining as much of the topography and trees of the district as possible, arrange fieldstones, and create a waterfront environment, with the most detailed attention being given to layout, colors, and materials, as well as to building designs and the surrounding landscape. The aforementioned *Gohon no ki* plays an integral part in this urban development planning.

With these guidelines, we have voluntarily gone one step beyond of what is required by law or administrative guidance. Based on this companywide concept, we have hosted *Machinami Sankan-bi* since 2006, opening to prospective customers a cumulative total of 4,500 houses and housing complexes nationwide. Through these initiatives, we will establish a brand for our housing complexes that fosters community in such a way that local culture and characteristics are given full precedence.

A large-scale urban redevelopment project in Tokyo, *Gotenyama Project* will feature an office building with an intentionally low height so that it blends in well with the surrounding environment and landscape. Along Osaka's Midosuji Boulevard we have initiated yet another large-scale project, the *Hommachi Garden City*, a complex structure that stands out among the townscape, a core tenant being the premium hotel chain St. Regis Hotel. These are just a few examples of such high-value-added projects, which will tap into our proven skills that we have accumulated as a leading home builder and remain in harmony with the surrounding environment and landscape.

3. Implementing resource recycling: developing zero emissions system

We are making constant efforts to reduce construction waste and promote efficient use of resources by living up to the principle of "Reduce, Reuse, and Recycle." As the first company in the industry to be authorized by the Minister of the Environment to dispose of construction site waste across administrative boundaries, we created a unique recycling system and achieved zero emission of waste material at our new house construction sites in 2005, and at our remodeling sites in 2007.

In this unique system, waste is firstly sorted into 27 different types at construction sites. Next, it is sorted again into about 60 types at our recycling centers at our factories, from where it goes back into our previously developed zero emission recycling system. Thus we were also able to develop high traceability in the system due to our consistent waste disposal practices at our facilities.

Coupled with the efforts to reduce the volume of waste material generated at our new house construction sites, this system has proven effective in achieving zero emission. In 2000, the average amount of waste was about 2,900kg per house built, but it is now about 1,463kg, and we will intend to reduce it still further.

Collaboration in the construction of *Zero Emission House* for the G8 Summit

Sekisui House was actively involved in the *Zero Emission House* exhibition organized by the Ministry of Economy, Trade and Industry of Japan for the G8 Hokkaido Toyako Summit in July 2008. At the exhibition, Sekisui House mounted a highly successful display of a main building and its related environmental technology, demonstrating to a global audience Japan's advanced technologies in this field. An improved version of the *Carbon Neutral House*, the *Zero Emission House* offsets CO_2 emissions not only when normally inhabited but throughout its life cycle, including the construction and demolition stages. The *Zero Emission House*, relocated to a Zero Emission Center adjacent to our Kanto Factory, where it has been opened to the public.

Anticipating the government's policy to extend the life of housing as a social infrastructure

Both the physical and social life of housing in Japan is significantly shorter than that in Western countries, averaging approximately thirty years. As society matures and environmental concerns increase, however, the focus of Japan's housing policies is shifting from quantity to quality, partly to improve quality of life for the people. In 2006, the Basic Act for Housing was enacted, and the long-life quality housing scheme will commence in June 2009. In anticipation of this government-led initiative, the Ministry of Land, Infrastructure, Transport and Tourism of Japan implemented model projects in fiscal 2008, of which Sekisui House is an integral part. The underlying concept of such policies coincides perfectly with our long-held basic philosophy, namely the concept of "skeleton & infill" in which separate construction of durable and quality structural frames (skeletons) and adaptable interior components (infill) enable houses to be enjoyed by many generations with careful maintenance.

EVERLOOP - repurchase of housing sold by the Company for reusing purposes

Since Japan has yet to develop a social system for assessing fair value of existing housing, and the secondary housing market is smaller than its counterparts in Western countries, it has become an issue of national importance to develop a system which would make it possible for people to live in quality housing over the course of several generations, rather than simply demolishing it after three decades, thereby reducing environmental stress.

In anticipation of these moves in society, we launched a new business of repurchasing housing of our own development in 2007, rejuvenating homes with our unique remodeling techniques, and enhancing their attractiveness and performance for resale. So far, we have repurchased over 100 housing units, which will be put back onto the market.

With this business, we aim to stimulate the fledging existing home market in Japan, and at the same time increase customers' asset value. This initiative has become possible because of our confidence in the structure and quality of our prefabricated houses, as well as our unique systems for extended warranty and after-sales services. We believe that the fact that Sekisui House - Japan's largest home builder - has taken this initiative will have no small impact on society.

Developing procurement guidelines and R&D activities

In the hopes of further improving the quality of our supply chain management and traceability, we have established guidelines for the procurement of wood and chemical substances ahead of our competitors in 2007, through close cooperation with international NGOs. The guidelines demand that we endorse the preferred use of FairWood with a view towards preventing illegal lumbering, while also giving due attention to regional economies, environments, and ecosystems. With regard to chemical substances, we have decided to voluntarily abolish the use of those chemical substances whose use are not banned, and ensure the strict self-management of those which must be monitored. We are also involving our supply chain in these efforts.

Through close cooperation with universities including Osaka University and Chiba University, Sekisui House is involved in R&D of interdisciplinary subjects that are of great importance for sustainability, such as environmental engineering, resource recycling technology, healthcare, and the most ideal concepts of housing and community. We are also involved in an advanced housing design workshop jointly with the Massachusetts Institute of Technology.

Among many examples in this regard is the demonstration experiment of biomass gasification power generation systems at one of our factories, in a bid to utilize remainder materials as fuels. Furthermore, we built the Sustainable Design Laboratory, an experimental house in Tokyo, open to the public, where live-in experiments have begun to test sustainability, e.g., incorporating nature into the design of a house in an urban setting, and making use of domestically-produced timbers and recycled construction materials.

Activities for a better lifestyle culture

One of our social responsibilities is to provide society with the broad knowledge and experience we have acquired through our housing business and to help create housing and an environment with a rich sense of humanity. At the Comprehensive Housing R&D Institute in Kyoto, the largest of its kind in Japan, *Nattoku Kobo* (Home Amenities Experience Studio), and at the *Sumai-no-Yume-Kojo* experiment-based facilities built at five locations around the country, visitors are invited to use all five senses to learn about housing. These facilities are open to the public, including architecture professionals, welfare professionals, and general residents, as well as builders, and also contribute to college-level specialized education. The total visitor count has already exceeded 550,000. We also focus on consumer education by holding courses on housing and lifestyle for local residents and school students.

Promotion of CSR

It has been five years since we established the CSR committee, an advisory body to the board of directors which is chaired by the CEO. The committee includes three outside members: the ex-CEO of a private enterprise, a business professor, and a lawyer. These people meet four times a year to hold lively discussions and exchange views, making the company aware of the public eye and its opinions, thereby encouraging it to accelerate its programs in a positive manner. While conducting internal opinion surveys and other monitoring programs, as well as training seminars and committee activities at individual workplaces, we are determined to fulfill its social responsibilities by promoting compliance and diversity-conscious business, and enhancing communication with stakeholders.

The aforementioned activities are representative of our "Sustainability Report," which we released to report on our across-the-board activities in fiscal 2008, regarding the environment and our social responsibilities.

∗The English version of Sustainability Report 2009 will be released in mid-June and be available on the URL below.

http://www.sekisuihouse.co.jp/english/sustainabilityreport/2009.html

Management's Discussion and Analysis

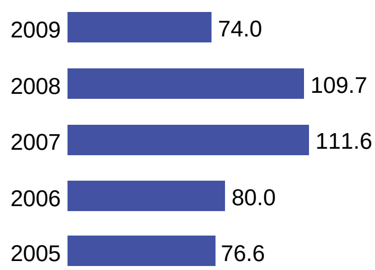
Results of Operations

For the year ended January 31

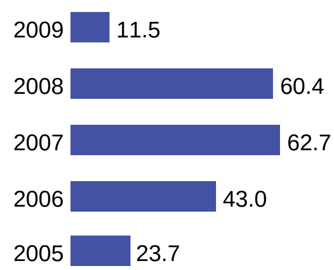
	Millions of yen (percentage change)				
	2009	2008	2007	2006	2005
Net sales	¥ **1,514,172 (-5.2)**	1,597,807 (0.1)	1,596,183 (6.3)	1,501,857 (9.4)	1,372,244 (3.5)
Cost of sales	¥ **1,222,923 (-3.6)**	1,269,243 (0.1)	1,267,995 (4.5)	1,213,190 (10.4)	1,098,520 (4.0)
Operating income	¥ **73,960 (-32.6)**	109,728 (-1.7)	111,571 (39.5)	79,981 (4.4)	76,639 (-4.6)
Net income	¥ **11,517 (-80.9)**	60,352 (-3.7)	62,663 (45.6)	43,029 (81.9)	23,659(-37.3)
	Yen (percentage change)				
Net income per share (Note 17)	¥ **17.04 (-80.6)**	87.70 (-1.7)	89.26 (41.8)	62.94 (86.2)	33.80 (-36.6)

Net Sales
Billions of yen

Operating Income
Billions of yen



Net Income
Billions of yen

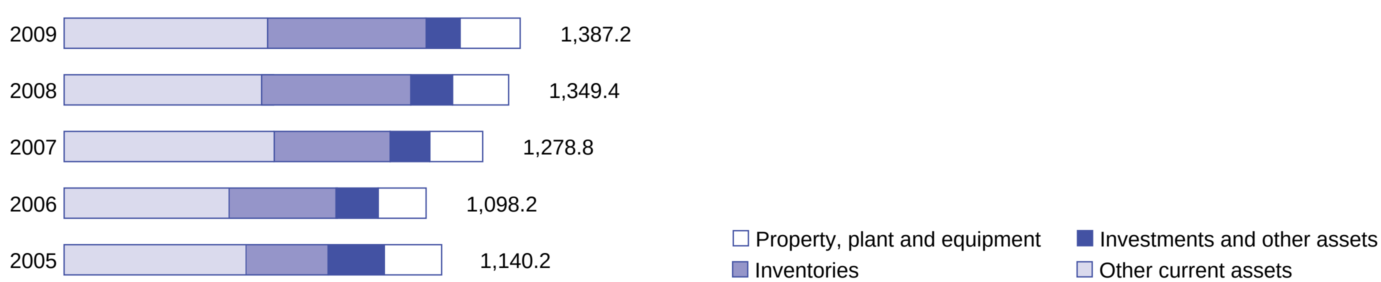


Financial Position

For the year ended January 31

	% of total assets				
	2009	2008	2007	2006	2005
Current assets	**68.6**	68.7	70.3	64.9	64.4
Inventories	**53.2**	52.6	39.0	39.8	31.8
Investments and other assets	**11.4**	13.2	13.5	16.7	19.4
Property, plant and equipment	**20.0**	18.1	16.2	18.4	16.2
Current liabilities	**21.8**	28.1	29.7	29.8	31.1
Long-term liabilities	**23.8**	14.8	7.9	7.8	8.6
Long-term debt	**18.0**	8.9	1.6	–	0.8
Total net assets	**54.4**	57.1	62.4	62.4	60.3

Total Assets
Billions of yen



Five-year Summary

Sekisui House, Ltd. and Subsidiaries
For the Year ended January 31

	Millions of yen					Thousands of U.S. dollars
	2009	2008	2007	2006	2005	**2009**
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Net income	**¥ 11,517**	60,352	62,663	43,029	23,659	**$ 128,610**
Total assets	**¥ 1,387,237**	1,349,441	1,278,770	1,098,203	1,140,231	**$ 15,491,200**
Net assets	**¥ 754,130**	770,963	798,303	686,034	687,917	**$ 8,421,329**

Segment information (Note 20):	Millions of yen					Thousands of U.S. dollars
	2009	2008	2007	2006	2005	**2009**
Built to order housing	**¥ 692,273**	715,097	725,869	726,920	709,832	**$ 7,730,575**
Real estate for sale	**¥ 317,293**	403,083	421,064	347,724	273,455	**$ 3,543,194**
Real estate for leasing	**¥ 359,633**	336,228	311,881	292,672	270,765	**$ 4,016,002**
Other	**¥ 160,895**	160,123	150,607	142,913	128,802	**$ 1,796,706**

*Sales composition for each segment includes intragroup sales and transfers.

Amounts per share (Note 17):	Yen					U.S. dollars
	2009	2008	2007	2006	2005	**2009**
Net income per share	**¥ 17.04**	87.70	89.26	62.94	33.80	**$ 0.19**
Diluted	**¥ 17.03**	87.68	89.25	—	—	**$ 0.19**
Net assets	**¥ 1,115.20**	1,139.63	1,125.75	1,028.46	979.40	**$ 12.45**
Dividends	**¥ 24.00**	24.00	22.00	20.00	18.00	**$ 0.27**

*See notes to consolidated financial statements.

Consolidated Balance Sheets

Sekisui House, Ltd. and Subsidiaries
January 31, 2009 and 2008

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2008	**2009**
Assets			
Current assets:			
Cash and cash equivalents *(Note 9)*	**¥ 124,518**	¥ 60,236	**$ 1,390,486**
Short-term investments *(Note 4)*	**2,050**	140	**22,892**
Notes and accounts receivable:			
Affiliates	**134**	106	**1,496**
Trade	**13,180**	84,589	**147,180**
Other	**12,862**	16,572	**143,629**
Less allowance for doubtful accounts	**(1,473)**	(1,843)	**(16,448)**
	24,703	99,424	**275,857**
Inventories *(Notes 5 and 9)*	**737,872**	709,185	**8,239,777**
Deferred income taxes *(Note 10)*	**45,505**	45,522	**508,152**
Other current assets	**16,553**	12,956	**184,846**
Total current assets	**951,201**	927,463	**10,622,010**
Property, plant and equipment, at cost:			
Land *(Notes 6 and 9)*	**127,713**	105,111	**1,426,164**
Buildings and structures *(Notes 6 and 9)*	**221,601**	202,329	**2,474,606**
Machinery and equipment	**91,506**	90,838	**1,021,843**
Construction in progress	**4,859**	5,964	**54,260**
	445,679	404,242	**4,976,873**
Less accumulated depreciation	**(167,870)**	(159,994)	**(1,874,595)**
Property, plant and equipment, net	**277,809**	244,248	**3,102,278**
Investments and other assets:			
Long-term loans receivable	**32,491**	33,714	**362,825**
Less allowance for doubtful accounts	**(1,386)**	(1,484)	**(15,477)**
	31,105	32,230	**347,348**
Investments in securities *(Note 4)*	**58,507**	82,770	**653,344**
Investments in affiliates *(Notes 7 and 9)*	**3,270**	3,028	**36,516**
Deferred income taxes *(Note 10)*	**12,374**	4,941	**138,180**
Intangible assets	**9,182**	8,356	**102,535**
Prepaid pension cost *(Note 13)*	**4,893**	6,918	**54,640**
Other assets	**38,896**	39,487	**434,349**
Total investments and other assets	**158,227**	177,730	**1,766,912**
	¥ 1,387,237	¥ 1,349,441	**$15,491,200**

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2008	**2009**
Liabilities and net assets			
Current liabilities:			
Notes and accounts payable:			
Affiliates	**¥ 4,029**	¥ 3,306	**$ 44,992**
Trade	**145,906**	157,530	**1,629,324**
Short-term bonds payable *(Note 8)*	**–**	40,000	**–**
Accrued income taxes *(Note 10)*	**5,957**	27,530	**66,521**
Advances received on construction projects in progress	**84,727**	87,033	**946,142**
Allowance for employees' bonuses	**12,337**	17,030	**137,767**
Allowance for directors' and corporate auditors' bonuses	**595**	860	**6,644**
Other current liabilities *(Note 9)*	**49,026**	46,315	**547,471**
Total current liabilities	**302,577**	379,604	**3,378,861**
Long-term liabilities:			
Long-term debt *(Note 8)*	**249,982**	120,418	**2,791,536**
Guarantee deposits received *(Note 9)*	**55,611**	54,665	**621,005**
Deferred income taxes *(Note 10)*	**–**	26	**–**
Accrued retirement benefits for employees *(Note 13)*	**21,561**	20,107	**240,770**
Accrued retirement benefits for directors and corporate auditors	**1,223**	1,235	**13,657**
Other liabilities	**2,153**	2,423	**24,042**
Total long-term liabilities	**330,530**	198,874	**3,691,010**
Contingent liabilities *(Note 14)*			
Net assets:			
Shareholders' equity *(Note 11)*:			
Common stock:			
Authorized: 1,978,281,000 shares			
Issued: 2009 - 676,885,078 shares, and 2008 - 709,385,078 shares	**186,554**	186,554	**2,083,238**
Capital surplus	**237,523**	254,127	**2,652,406**
Retained earnings *(Note 21)*	**331,895**	377,565	**3,706,254**
Less treasury stock, at cost	**(1,355)**	(58,531)	**(15,131)**
Total shareholders' equity	**754,617**	759,715	**8,426,767**
Valuation:			
Net unrealized holding (loss) gain on securities	**(961)**	10,893	**(10,731)**
Deferred losses on hedges *(Note 16)*	**(8)**	(4)	**(89)**
Total valuation	**(969)**	10,889	**(10,820)**
Stock subscription rights *(Note 11)*	**158**	67	**1,764**
Minority interests	**324**	292	**3,618**
Total net assets	**754,130**	770,963	**8,421,329**
	¥ 1,387,237	¥ 1,349,441	**$15,491,200**

*See notes to consolidated financial statements.

Consolidated Statements of Income

Sekisui House, Ltd. and Subsidiaries
Years ended January 31, 2009 and 2008

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2008	**2009**
Net sales	**¥ 1,514,172**	¥ 1,597,807	**$16,908,677**
Cost of sales	**1,222,923**	1,269,243	**13,656,315**
Gross profit	**291,249**	328,564	**3,252,362**
Selling, general and administrative expenses	**217,289**	218,836	**2,426,455**
Operating income	**73,960**	109,728	**825,907**
Other income (expenses):			
Interest and dividend income	**2,661**	2,799	**29,715**
Interest expense	**(2,618)**	(1,153)	**(29,235)**
Loss on revaluation of real estate held for sale *(Note 18)*	**(34,883)**	(3,375)	**(389,537)**
Loss on revaluation of investments in securities	**(9,299)**	(566)	**(103,841)**
Loss resulting from changes in business plan *(Note 19)*	**(2,818)**	–	**(31,468)**
Loss on impairment of fixed assets *(Note 6)*	**(980)**	–	**(10,943)**
Other, net	**1,601**	1,999	**17,878**
Income before income taxes and minority interests	**27,624**	109,432	**308,476**
Income taxes *(Note 10)*:			
Current	**15,519**	36,778	**173,300**
Deferred	**554**	12,267	**6,186**
	16,073	49,045	**179,486**
Income before minority interests	**11,551**	60,387	**128,990**
Minority interests in earnings of subsidiaries	**(34)**	(35)	**(380)**
Net income	**¥ 11,517**	¥ 60,352	**$ 128,610**

*See notes to consolidated financial statements.

Consolidated Statements of Changes in Net Assets

Sekisui House, Ltd. and Subsidiaries
Years ended January 31, 2009 and 2008

	Number of shares in issue	Millions of yen: Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Net unrealized holding (loss) gain on securities	Deferred losses on hedges	Translation adjustments	Stock subscription rights	Minority interests	Total net assets
Balance at January 31, 2007	**709,385,078**	**¥186,554**	**¥254,133**	**¥333,838**	**¥(662)**	**¥24,035**	**¥—**	**¥ 146**	**¥ —**	**¥259**	**¥798,303**
Net income for the year	—	—	—	60,352	—	—	—	—	—	—	60,352
Cash dividends	—	—	—	(16,625)	—	—	—	—	—	—	(16,625)
Purchases of treasury stock	—	—	—	—	(57,905)	—	—	—	—	—	(57,905)
Sale of treasury stock	—	—	(6)	—	36	—	—	—	—	—	30
Other changes	—	—	—	—	—	(13,142)	(4)	(146)	67	33	(13,192)
Balance at January 31, 2008	**709,385,078**	**¥186,554**	**¥254,127**	**¥377,565**	**¥(58,531)**	**¥10,893**	**¥(4)**	**¥ —**	**¥67**	**¥292**	**¥770,963**
Net income for the year	—	—	—	11,517	—	—	—	—	—	—	11,517
Cash dividends	—	—	—	(16,233)	—	—	—	—	—	—	(16,233)
Purchases of treasury stock	—	—	—	—	(569)	—	—	—	—	—	(569)
Retirement of treasury stock	(32,500,000)	—	(16,604)	(40,833)	57,437	—	—	—	—	—	—
Sale of treasury stock	—	—	—	(121)	308	—	—	—	—	—	187
Other changes	—	—	—	—	—	(11,854)	(4)	—	91	32	(11,735)
Balance at January 31, 2009	**676,885,078**	**¥186,554**	**¥237,523**	**¥331,895**	**¥(1,355)**	**¥(961)**	**¥(8)**	**¥ —**	**¥158**	**¥324**	**¥754,130**

	Thousands of U.S. dollars (Note 1): Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Net unrealized holding (loss) gain on securities	Deferred losses on hedges	Translation adjustments	Stock subscription rights	Minority interests	Total net assets
Balance at January 31, 2008	**$2,083,238**	**$2,837,822**	**$4,216,248**	**$(653,612)**	**$ 121,642**	**$ (45)**	**$ —**	**$ 748**	**$ 3,261**	**$8,609,302**
Net income for the year	—	—	128,610	—	—	—	—	—	—	128,610
Cash dividends	—	—	(181,273)	—	—	—	—	—	—	(181,273)
Purchases of treasury stock	—	—	—	(6,354)	—	—	—	—	—	(6,354)
Retirement of treasury stock	—	(185,416)	(455,980)	641,396	—	—	—	—	—	—
Sale of treasury stock	—	—	(1,351)	3,439	—	—	—	—	—	2,088
Other changes	—	—	—	—	(132,373)	(44)	—	1,016	357	(131,044)
Balance at January 31, 2009	**$2,083,238**	**$2,652,406**	**$3,706,254**	**$(15,131)**	**$ (10,731)**	**$ (89)**	**$ —**	**$ 1,764**	**$ 3,618**	**$8,421,329**

*See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Sekisui House, Ltd. and Subsidiaries
Years ended January 31, 2009 and 2008

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2008	**2009**
Cash flows from operating activities			
Income before income taxes and minority interests	**¥ 27,624**	109,432	**$ 308,476**
Adjustments for:			
Depreciation and amortization	**15,392**	14,157	**171,882**
Loss on impairment of fixed assets	**980**	–	**10,943**
Increase (decrease) in accrued retirement benefits	**1,453**	(1,596)	**16,226**
Decrease (increase) in prepaid pension cost	**2,024**	(6,918)	**22,602**
Interest and dividend income	**(2,661)**	(2,799)	**(29,715)**
Interest expense	**2,618**	1,153	**29,235**
Loss on revaluation of real estate held for sale	**34,883**	3,375	**389,537**
Loss on revaluation of investments in securities	**9,299**	566	**103,841**
Decrease (increase) in notes and accounts receivable	**71,062**	(286)	**793,545**
Increase in inventories and advance payments	**(73,989)**	(213,528)	**(826,231)**
Decrease in notes and accounts payable	**(13,690)**	(10,967)	**(152,875)**
Decrease in advances received on construction projects in progress	**(2,193)**	(11,072)	**(24,489)**
Other	**5,467**	(11,513)	**61,049**
Subtotal	**78,269**	(129,996)	**874,026**
Interest and dividends received	**2,719**	2,858	**30,363**
Interest paid	**(2,239)**	(843)	**(25,003)**
Income taxes paid	**(41,745)**	(47,299)	**(466,164)**
Net cash provided by (used in) operating activities	**37,004**	(175,280)	**413,222**
Cash flows from investing activities			
Proceeds from sales of short-term investments	**140**	1,450	**1,563**
Proceeds from sales of property, plant and equipment	**74**	71	**826**
Purchases of property, plant and equipment	**(39,954)**	(44,552)	**(446,164)**
Proceeds from sales of investments in securities	**–**	434	**–**
Purchases of investments in securities	**(6,906)**	(17,052)	**(77,118)**
Decrease in loans receivable	**1,284**	1,604	**14,338**
Other	**(990)**	(1,855)	**(11,055)**
Net cash used in investing activities	**(46,352)**	(59,900)	**(517,610)**
Cash flows from financing activities			
(Decrease) increase in short-term bonds payable	**(40,000)**	40,000	**(446,678)**
Proceeds from long-term debt	**130,245**	40,391	**1,454,439**
Proceeds from issuance of bonds	**–**	59,977	**–**
Cash dividends paid	**(16,233)**	(16,625)	**(181,273)**
Increase in treasury stock	**(569)**	(57,855)	**(6,354)**
Other	**187**	29	**2,088**
Net cash provided by financing activities	**73,630**	65,917	**822,222**
Net increase (decrease) in cash and cash equivalents	**64,282**	(169,263)	**717,834**
Cash and cash equivalents at beginning of the year	**60,236**	229,499	**672,652**
Cash and cash equivalents at end of the year	**¥124,518**	¥60,236	**$1,390,486**

*See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Sekisui House, Ltd. and Subsidiaries
Notes to Consolidated Financial Statements
January 31, 2009 and 2008

1. Basis of Preparation

Sekisui House, Ltd. (the "Company") and its domestic subsidiaries maintain their accounts and records in accordance with the provisions set forth in the Corporation Law of Japan and the Financial Instruments and Exchange Law of Japan and in conformity with accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards. The Company's overseas subsidiary maintains its accounts and records in conformity with the accounting principles generally accepted and the practices prevailing in its country of domicile.

The accompanying consolidated financial statements have been compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Law of Japan. In preparing the accompanying consolidated financial statements, certain reclassifications and rearrangements have been made to present them in a form which is familiar to readers outside Japan. In addition, the notes to the accompanying consolidated financial statements include information which is not required under accounting principles generally accepted in Japan but is presented herein as additional information.

The translation of Japanese yen amounts into U.S. dollars is included solely for the convenience of the reader and has been made at ¥89.55 = U.S.$1.00, the approximate rate of exchange in effect on January 31, 2009. This translation should not be construed as a representation that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollar amounts at the above or any other rate.

2. Summary of Significant Accounting Policies

(a) Principles of consolidation

The accompanying consolidated financial statements include the accounts of the Company and all its subsidiaries (collectively, the "Group") over which substantial control is exerted through either majority ownership of voting stock and/or by other means. All significant intercompany transactions and accounts have been eliminated in consolidation.

Investments in affiliates (companies over which the Company has the ability to exercise significant influence) are accounted for by the equity method.

The balance sheet date of one domestic consolidated subsidiary is March 31. For consolidation purposes, the financial statements of the subsidiary were prepared as of and for the year ended January 31, 2009.

Goodwill and negative goodwill are amortized using the straight-line method over their respective determinable useful lives or a period of five years if the useful lives are indeterminable. Minor goodwill or negative goodwill are charged or credited to income in the year of acquisition.

(b) Foreign currency translation

All monetary assets and liabilities denominated in foreign currencies are translated into yen at the rates of exchange in effect at the balance sheet date, except that receivables and payables hedged by qualified forward foreign exchange contracts are translated at the corresponding forward foreign exchange contract rates. Gain or loss on each translation is credited or charged to income.

The financial statements of the overseas subsidiary are translated into yen at the rate of exchange in effect at the balance sheet date except that the components of net assets are translated at their historical exchange rates. Differences resulting from translating the financial statements of the overseas subsidiary have not been included in the determination of net income.

(c) Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, deposits held at call with banks, net of overdrafts, and all highly liquid investments with maturities of three months or less.

(d) Short-term investments and investments in securities

Securities other than those of affiliates are classified into three categories: trading securities, held-to-maturity debt securities and other securities.

Trading securities, consisting of debt and marketable equity securities, are stated at fair value. Gain or loss, both realized and unrealized, is credited or charged to income. Held-to-maturity debt securities are stated at amortized cost. Marketable securities classified as other securities are carried at fair value with any changes in unrealized holding gain or loss, net of the applicable income taxes, reported as a separate component of net assets. Non-marketable securities classified as other securities are carried at cost determined by the moving average method.

Under the Corporation Law of Japan, unrealized holding gain on other securities, net of the related taxes, is not available for distribution as dividends.

(e) Inventories

The individual cost method is applied to land held for sale, construction for sale and contracts in process.

Other inventories are stated at cost determined by the moving average method.

(f) Property, plant and equipment

Property, plant and equipment is stated on the basis of cost. Depreciation is computed principally by the declining-balance method at rates based on the estimated useful lives of the respective assets. The straight-line method is applied to buildings (except for structures attached to the buildings).

Change in method of depreciation

Effective the year ended January 31, 2008, the Company and its domestic subsidiaries changed their method of accounting for depreciation of property, plant and equipment acquired on or after April 1, 2007. This change was made based on an amendment to the Corporation Tax Law. As a result of the adoption of this accounting standard, income before income taxes and minority interests decreased by ¥390 million for the year ended January 31, 2008 from the amount which would have been recorded under the method applied in the previous year.

Supplementary information

Effective February 1, 2008, in accordance with the 2007 revision of the Corporation Tax Law, the method of accounting for depreciation of property, plant and equipment acquired before March 31, 2007 has

been changed. Property, plant and equipment acquired before March 31, 2007 which have been depreciated to their respective residual values are depreciated to memorandum value by the straight-line method over a period of 5 years.
The effect of this change was to decrease operating income, and income before income taxes and minority interests by ¥356 million ($3,975 thousand) for the year ended January 31, 2009 from amounts which would have been recorded under the previous method.

(g) Leases

Non-cancelable lease transactions are accounted for as operating leases (whether such leases are classified as operating or finance leases) except that lease agreements which stipulate the transfer of ownership of the leased property to the lessee are accounted for as finance leases.

(h) Allowance for doubtful accounts

The allowance for doubtful accounts has been provided based on the Company's and its subsidiaries' historical experience with respect to write-offs plus an estimate of the amount of specific uncollectible accounts.

(i) Income taxes

Income taxes are calculated based on taxable income and are determined in accordance with the applicable tax laws and charged to income on an accrual basis. The Group recognizes the tax effect of the temporary differences between assets and liabilities for financial reporting purposes and for income tax purposes.

(j) Allowance for employees' bonuses

Allowance for employees' bonuses is provided at the estimated amount of bonuses to be paid to the employees in the following year which has been allocated to the current fiscal year.

(k) Allowance for directors' and corporate auditors' bonuses

Allowance for directors' and corporate auditors' bonuses are provided for payments of bonuses to directors and corporate auditors based on an estimated amount.

(l) Accrued retirement benefits

Employees of the Company and its domestic subsidiaries are covered by an employees' retirement allowances plan and an employees' pension plan. The employees' retirement allowances plan provides for a lump-sum payment determined by reference to the rate of pay, length of service and conditions under which termination occurs. The employees' pension plan, which is a funded defined pension plan, covers approximately 75% of the benefits under the retirement allowances plan for employees retiring after three or more years of service.
Accrued retirement benefits are provided based on the amount of the projected benefit obligation reduced by the pension plan assets at fair value at the end of the year.
Actuarial gain or loss is amortized in the year following the year in which such gain or loss is recognized principally by the straight-line method over a period of 5 years.
Prior service cost is amortized by the straight-line method over a period of 5 years.
Directors and corporate auditors of the certain domestic subsidiaries are customarily entitled to lump-sum payments under an unfunded retirement allowances plan. The provision for retirement allowances for these officers has been made at an estimated amount based on each subsidiary's internal regulations.

(m) Research and development cost

Research and development cost is charged to income as incurred.

(n) Accounting for warranty expenses

The Company provides after-sales service for twenty years for structural defects in detached houses and low-rise apartment buildings as well as a ten-year warranty under the Housing Quality Assurance Act except for buildings other than houses.
Expenses in connection with repair services or warranties are charged to manufacturing overhead as incurred and had no material effect on net income.

3. Changes in Method of Accounting

(a) Accounting Standard for Share-Based Payment including stock options

Effective the year ended January 31, 2008, the Company and its domestic subsidiaries adopted "Accounting Standard for Share-Based Payment" (Accounting Standards Board of Japan (ASBJ) Statement No. 8 issued on December 27, 2005) and "Guidance on Accounting Standard for Share-Based Payment" (ASBJ Guidance No.11 issued on May 31, 2006).
As a result of the adoption of this accounting standard, income before income taxes and minority interests decreased by ¥67 million for the year ended January 31, 2008 from the amount which would have been recorded under the method applied in the previous year.

(b) Accounting Standards for Business Combinations and Business Divestitures

Effective the year ended January 31, 2008, the Company and its domestic subsidiaries adopted "Accounting Standard for Business Combinations" (issued on October 31, 2003 by the Business Accounting Council of Japan), "Accounting Standard for Business Divestitures" (ASBJ Statement No.7 issued on December 27, 2005) and "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No.10 issued on November 15, 2007).

4. Short-Term Investments and Investments in Securities

Held-to-maturity debt securities and other securities at January 31, 2009 and 2008 were as follows:

	Millions of yen							
	Held-to-maturity debt securities							
	2009				2008			
	Book value	Gross unrealized gain	Gross unrealized loss	Estimated fair value	Book value	Gross unrealized gain	Gross unrealized loss	Estimated fair value
Market value determinable:								
Bonds	**¥ 1,322**	**¥ 9**	**¥ –**	**¥ 1,331**	¥ 1,354	¥ 6	¥ (0)	¥ 1,360
	¥ 1,322	**¥ 9**	**¥ –**	**¥ 1,331**	¥ 1,354	¥ 6	¥ (0)	¥ 1,360
Market value not determinable:								
Bonds	**¥ 7,000**	–	–	–	¥ 7,000	–	–	–
	¥ 7,000	–	–	–	¥ 7,000	–	–	–

	Thousands of U.S. dollars			
	Held-to-maturity debt securities			
	2009			
	Book value	Gross unrealized gain	Gross unrealized loss	Estimated fair value
Market value determinable:				
Bonds	**$ 14,763**	**$ 89**	**$–**	**$ 14,852**
	$ 14,763	**$ 89**	**$–**	**$ 14,852**
Market value not determinable:				
Bonds	**$ 78,168**	–	–	–
	$ 78,168	–	–	–

	Millions of yen							
	Other securities							
	2009				2008			
	Acquisition cost	Gross unrealized gain	Gross unrealized loss	Book value (estimated fair value)	Acquisition cost	Gross unrealized gain	Gross unrealized loss	Book value (estimated fair value)
Market value determinable:								
Equity securities	**¥42,378**	**¥ 4,101**	**¥ (5,612)**	**¥40,867**	¥51,694	¥20,367	¥ (2,105)	¥69,956
	¥42,378	**¥ 4,101**	**¥ (5,612)**	**¥40,867**	¥51,694	¥20,367	¥ (2,105)	¥69,956
Market value not determinable:								
Equity securities	**¥ 3,569**	–	–	–	¥ 3,600	–	–	–
Investments in special purpose company	**6,800**	–	–	–	–	–	–	–
Other	**999**	–	–	–	999	–	–	–
	¥ 11,368	–	–	–	¥ 4,599	–	–	–

	Thousands of U.S. dollars			
	Other securities			
	2009			
	Acquisition cost	Gross unrealized gain	Gross unrealized loss	Book value (estimated fair value)
Market value determinable:				
Equity securities	**$473,233**	**$ 45,796**	**$(62,669)**	**$456,360**
	$473,233	**$ 45,796**	**$(62,669)**	**$456,360**
Market value not determinable:				
Equity securities	**$39,855**	–	–	–
Investments in special purpose company	**75,935**	–	–	–
Other	**11,156**	–	–	–
	$126,946	–	–	–

5. Inventories

Inventories at January 31, 2009 and 2008 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Land held for sale, including land held for development	**¥583,703**	¥562,067	**$6,518,180**
Construction for sale, including projects under construction	**105,557**	97,932	**1,178,749**
Contracts in process	**42,565**	42,802	**475,321**
Other	**6,047**	6,384	**67,527**
	¥737,872	¥709,185	**$8,239,777**

6. Impairment of Fixed Assets

The Company and one domestic subsidiary recognized loss on impairment of fixed assets for the year ended January 31, 2009 as follows:

Location	Use	Classification
Higashiibaraki District, Ibaraki Prefecture and other areas	Facilities for education and other	Buildings and structures, land and other

The Company and its subsidiaries group their real estate assets for lease by individual asset and group other fixed assets by business unit, within which operations can be closely managed.

The Company and one domestic subsidiary have written down certain fixed assets, which are planned to be sold or are determined to be available for sale rather than for lease due to the changes in the business plan, to their respective net recoverable values. Consequently, the Company and its subsidiaries recorded a loss on impairment of fixed assets of ¥980 million ($10,943 thousand) as a component of other income (expenses) in the accompanying consolidated statements of income for the year ended January 31, 2009.

Impairment losses by asset type for the year ended January 31, 2009 were as follows:

	Millions of yen	Thousands of U.S. dollars
Classification	**2009**	**2009**
Buildings and structures	**¥ 544**	**$ 6,075**
Land	**419**	**4,679**
Other	**17**	**189**
	¥ 980	**$ 10,943**

The recoverable value of the above impaired fixed assets was measured at net estimated selling value, which is mainly based on appraisals conducted by real estate appraisers.

7. Investments in Affiliates

Investments in affiliates at January 31, 2009 and 2008 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Investments in capital stock, at cost	**¥ 2,686**	¥ 2,637	**$ 29,994**
Equity in undistributed earnings since acquisition, net	**584**	391	**6,522**
	¥ 3,270	¥ 3,028	**$ 36,516**

8. Short-Term Bonds Payable and Long-Term Debt

Short-term bonds payable at January 31, 2008 were unsecured commercial paper at an interest rate of 0.60% per annum.

Long-term debt at January 31, 2009 and 2008 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Interest rates ranging from 1.1% to 1.6% unsecured loans from banks, due 2010	**¥170,000**	¥ 40,000	**$1,898,381**
Interest 1.6% unsecured loans from a bank, due 2011	**20,000**	20,000	**223,339**
Unsecured loans at interest rates ranging from 2.4% to 2.6% from service trades, due 2012	**—**	441	**—**
1.37% yen unsecured bonds, due 2012	**59,982**	59,977	**669,816**
	¥249,982	¥120,418	**$2,791,536**

The aggregate annual maturities of long-term debt subsequent to January 31, 2009 are summarized as follows:

Year ending January 31,	Millions of yen	Thousands of U.S. dollars
2011	**¥170,000**	**$1,898,381**
2012	**20,000**	**223,339**
2013 and thereafter	**59,982**	**669,816**
	¥249,982	**$2,791,536**

In order to achieve more efficient and flexible financing, the Company has concluded line-of-credit agreements with certain financial institutions. The status of these lines of credit at January 31, 2009 was as follows:

	Millions of yen	Thousands of U.S. dollars
	2009	**2009**
Lines of credit	**¥ 50,000**	**$ 558,347**
Credit utilized	**—**	**—**
Available credit	**¥ 50,000**	**$ 558,347**

9. Mortgaged and Pledged Assets

The following assets, recorded at net book value at January 31, 2009 and 2008, were either mortgaged or pledged for guarantees of third party bank loan, guarantee deposits received and other current liabilities, and totaled ¥3,117 million ($34,807 thousand) and ¥2,519 million, respectively.

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Cash and cash equivalents	**¥ 759**	¥ —	**$ 8,476**
Inventories	**3,371**	3,541	**37,644**
Land	**192**	192	**2,144**
Buildings and structures	**661**	692	**7,381**
Investments in affiliates	**14**	2	**156**
	¥ 4,997	¥ 4,427	**$ 55,801**

10. Income Taxes

The Company and its domestic subsidiaries are subject to several taxes based on income which, in the aggregate, resulted in a statutory tax rate of approximately 40.4% for the years ended January 31, 2009 and 2008. The overseas subsidiary is subject to the income taxes of the country in which it operates.

The effective tax rates reflected in the accompanying consolidated statements of income for the years ended January 31, 2009 and 2008 differ from the above statutory tax rate for the following reasons:

	2009	2008
Statutory tax rate	**40.4%**	40.4%
Non-deductible entertainment expenses	**6.4**	1.6
Non-taxable dividend income	**(0.8)**	(0.2)
Inhabitants' per capita taxes	**2.2**	0.6
Valuation allowance	**11.8**	2.8
Other	**(1.8)**	(0.4)
Effective tax rates	**58.2%**	44.8%

The significant components of the Group's deferred tax assets (liabilities) at January 31, 2009 and 2008 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Loss on revaluation of real estate held for sale	**¥ 41,433**	¥ 37,446	**$ 462,680**
Accrued retirement benefits for employees	**9,066**	8,403	**101,239**
Loss on impairment of fixed assets	**4,459**	7,348	**49,793**
Allowance for employees bonuses	**5,011**	6,909	**55,958**
Loss on revaluation of investments in securities	**3,977**	—	**44,411**
Net unrealized holding gain (loss) on securities	**610**	(7,384)	**6,812**
Other	**4,508**	5,869	**50,341**
Less valuation allowance	**(11,185)**	(8,152)	**(124,902)**
Total deferred tax assets	**¥ 57,879**	¥ 50,438	**$ 646,332**

11. Shareholders' Equity

The Corporation Law of Japan (the "Law"), which superseded most of the provisions of the Commercial Code of Japan (the "Code") , went into effect on May 1, 2006. The Law provides that an amount equal to 10% of the amount to be disbursed as distributions of capital surplus (other than the capital reserve) and retained earnings (other than the legal reserve) be transferred to the capital reserve and the legal reserve, respectively, until the sum of the capital reserve and the legal reserve equals 25% of the capital stock account. Such distributions can be made at any time by resolution of the shareholders, or by the Board of Directors if certain conditions are met.

The Company's legal reserve included in retained earnings at January 31, 2009 and 2008 amounted to ¥23,129 million ($258,280 thousand)

and ¥23,129 million, respectively.

Under the Law, upon the issuance and sale of new shares of common stock, the entire amount of the proceeds is required to be accounted for as common stock, although a company may, by resolution of the Board of Directors, account for an amount not exceeding one-half of the proceeds of the sale of new shares as additional paid-in capital.

Stock-based compensation plan

In accordance with the Law, on June 6, 2008, the Company granted certain stock options (the 2008 plan) to directors and executive officers of the Company based on the approval of a resolution by the Board of Directors at a meeting held on May 15, 2008. Under the terms of this plan, 108,000 shares of common stock have been reserved at an exercise price of ¥1 per share. The options became exercisable on June 7, 2008 and are scheduled to expire on June 6, 2028.

In accordance with the Law, on June 7, 2007, the Company granted certain stock options (the 2007 plan) to directors and executive officers of the Company based on the approval of a resolution by the Board of Directors at a meeting held on May 17, 2007. Under the terms of this plan, 55,000 shares of common stock have been reserved at an exercise price of ¥1 per share. The options became exercisable on June 8, 2007 and are scheduled to expire on June 7, 2027.

In accordance with the Code, a stock option plan (the 2006 plan) for directors and executive officers of the Company was approved at the annual general meeting of the shareholders held on April 27, 2006. Under the terms of this plan, 48,000 shares of common stock have been reserved at an exercise price of ¥1 per share. The options became exercisable on April 28, 2006 and are scheduled to expire on April 27, 2026.

Information regarding the Company's stock option plans is summarized as follows:

	The 2008 plan	The 2007 plan	The 2006 plan
Number of stock options:			
Outstanding at February 1, 2008	–	55,000	47,000
Granted	108,000	–	–
Cancelled	–	–	–
Exercised	–	1,000	1,000
Outstanding at January 31, 2009	108,000	54,000	46,000
Fair value of stock options as of the grant date	¥ 876	¥ 1,571	–

Treasury stock

Movements in treasury stock during the years ended January 31, 2009 and 2008 are summarized as follows:

	Number of shares 2009			
	January 31, 2008	Increase	Decrease	January 31, 2009
Treasury stock	33,196,226	606,335	32,713,193	1,089,368

	2008			
	January 31, 2007	Increase	Decrease	January 31, 2008
Treasury stock	484,974	32,732,321	21,069	33,196,226

12. Research and Development Cost

Research and development cost charged to income amounted to ¥6,191 million ($69,135 thousand) and ¥6,299 million for the years ended January 31, 2009 and 2008, respectively.

13. Accrued Retirement Benefits

The following table sets forth the funded and accrued status of the pension plans, and the amounts recognized in the accompanying consolidated balance sheets at January 31, 2009 and 2008 for the Group's defined benefit pension plans:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Retirement benefit obligation at end of year	**¥(213,784)**	¥(208,395)	**$(2,387,314)**
Fair value of plan assets at end of year	**135,289**	180,072	**1,510,765**
Unfunded retirement benefit obligation	**(78,495)**	(28,323)	**(876,549)**
Unrecognized actuarial loss	**61,827**	15,635	**690,419**
Unrecognized prior service cost	**–**	(501)	**–**
Net retirement benefit obligation	**(16,668)**	(13,189)	**(186,130)**
Prepaid pension cost	**4,893**	6,918	**54,640**
Accrued retirement benefits	**¥ (21,561)**	¥ (20,107)	**$ (240,770)**

The components of net retirement benefit expenses for the years ended January 31, 2009 and 2008 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Service cost	**¥ 13,200**	¥ 11,070	**$ 147,404**
Interest cost	**5,069**	4,785	**56,605**
Expected return on plan assets	**(6,961)**	(7,606)	**(77,733)**
Amortization:			
Actuarial loss (gain)	**2,690**	(1,230)	**30,039**
Prior service cost	**(501)**	(3,009)	**(5,595)**
Retirement benefit obligation at transition	**77**	–	**860**
Other	**15**	–	**168**
Retirement benefit expenses	**¥ 13,589**	¥ 4,010	**$ 151,748**

The assumptions used in accounting for the defined benefit pension plans for the years ended January 31, 2009 and 2008 were as follows:

	2009	2008
Discount rate	**2.5%**	2.5%
Expected rate of return on plan assets	**4.0%**	4.0%

14. Contingent Liabilities

The Group had the following contingent liabilities at January 31, 2009:

	Millions of yen	Thousands of U.S. dollars
Guarantees of housing loans to customers	**¥ 73,645**	**$822,390**
Guarantees of bank loans of a third party	**816**	**9,112**
	¥ 74,461	**$831,502**

15. Leases

The following *pro forma* amounts represent the acquisition costs, accumulated depreciation and net book value of property leased to the Group at January 31, 2009 and 2008, which would have been reflected in the accompanying consolidated balance sheets if finance leases other than those which transfer the ownership of the leased property (currently accounted for as operating leases) were capitalized:

	Millions of yen					
	2009			2008		
	Acquisition costs	Accumulated depreciation	Net book value	Acquisition costs	Accumulated depreciation	Net book value
Buildings and structures	**¥ 27,820**	**¥ 22,572**	**¥ 5,248**	¥ 33,857	¥ 24,186	¥ 9,671
Machinery and equipment	**7,633**	**5,640**	**1,993**	8,423	6,184	2,239
Intangible assets	**1,374**	**934**	**440**	1,779	1,058	721
	¥ 36,827	**¥ 29,146**	**¥ 7,681**	¥ 44,059	¥ 31,428	¥ 12,631

	Thousands of U.S. dollars		
	2009		
	Acquisition costs	Accumulated depreciation	Net book value
Buildings and structures	**$310,664**	**$252,060**	**$ 58,604**
Machinery and equipment	**85,238**	**62,982**	**22,256**
Intangible assets	**15,343**	**10,430**	**4,913**
	$411,245	**$325,472**	**$ 85,773**

Future minimum lease payments subsequent to January 31, 2009 for finance leases other than those which transfer the ownership of the leased property are summarized as follows:

Year ending January 31,	Millions of yen	Thousands of U.S. dollars
2010	¥ 4,187	$ 46,756
2011 and thereafter	4,069	45,438
	¥ 8,256	$ 92,194

Lease payments relating to finance leases accounted for as operating leases and depreciation/amortization and interest expense, which have not reflected in the consolidated statements of income for the years ended January 31, 2009 and 2008 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Lease payments	**¥ 5,638**	¥ 6,591	**$ 62,959**
Depreciation/amortization	**5,155**	6,147	**57,566**
Interest expense	**251**	332	**2,803**

Depreciation and amortization is calculated by the straight-line method over the respective lease terms assuming a nil residual value.

No loss on impairment of leased assets was recorded for the years ended January 31, 2009 and 2008.

Future minimum lease payments subsequent to January 31, 2009 under operating leases are summarized as follows:

Year ending January 31,	Millions of yen	Thousands of U.S. dollars
2010	¥ 8	$ 89
2011 and thereafter	8	89
	¥ 16	$ 178

16. Derivatives and Hedging Activities

Derivative financial instruments are utilized by the Company to reduce the risk arising from foreign exchange rate fluctuation. The Company has established a control environment which includes policies and procedures for risk assessment and for the approval, reporting and monitoring of transactions involving derivative financial instruments. The Company does not enter into derivatives transactions for speculative trading purposes.

The Company is exposed to certain market risk arising from its forward foreign exchange contracts. The Company is also exposed to the risk of credit loss in the event of non-performance by the counterparties to currency-related derivatives transactions; however, the Company does not anticipate non-performance by any of these counterparties all of whom are financial institutions with high credit ratings.

Derivatives positions are carried at fair value with any changes in unrealized gain or loss charged or credited to income, except for those which meet the criteria for deferral hedge accounting under which unrealized gain or loss is deferred as an asset or a liability.

17. Amounts per Share

	Yen		U.S. dollars
	2009	2008	**2009**
Net income:			
Basic	**¥ 17.04**	¥ 87.70	**$ 0.19**
Diluted	**17.03**	87.68	**0.19**
Net assets	**1,115.20**	1,139.63	**12.45**
Cash dividends	**24.00**	24.00	**0.27**

Basic net income per share has been computed based on the net income available for distribution to shareholders of common stock and the weighted-average number of shares of common stock outstanding during the year.

Diluted net income per share is computed based on the net income available for distribution to the shareholders and the weighted-average number of shares of common stock outstanding during each year after giving effect to the dilutive potential of shares of common stock to be issued upon the exercise of stock options.

Amounts per share of net assets have been computed based on the net assets available for distribution to the shareholders and the number of shares of common stock outstanding at the year end.

Cash dividends per share of the Company represent the cash dividends declared as applicable to the respective years together with the interim cash dividends paid.

Financial data for the computation of basic net income per share for the years ended January 31, 2009 and 2008 in the table above is summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Information on basic net income per share:			
Net income	**¥ 11,517**	¥ 60,352	**$ 128,610**
Adjusted net income available to common stockholders	**¥ 11,517**	¥ 60,352	**$ 128,610**

	Thousands of shares	
	2009	2008
Weighted-average number of shares of common stock outstanding during the year	**676,039**	688,197

Financial data for the computation of net assets per share at January 31, 2009 and 2008 in the above table is summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Total net assets	**¥ 754,130**	¥ 770,963	**$ 8,421,329**
Deductions from total net assets:			
Stock subscription rights	**158**	67	**1,764**
Minority interests	**324**	292	**3,618**
Total net assets available to common stockholders	**¥ 753,648**	¥ 770,604	**$ 8,415,947**

	Thousands of shares	
	2009	2008
Number of shares of common stock used in the calculation of net assets per share	**675,795**	676,188

18. Loss on Revaluation of Real Estate Held for Sale

Real estate held for sale at January 31, 2009 and 2008, the market value of which has declined significantly from its carrying value, has been written down to its fair market value.

19. Loss Resulting from Changes in Business Plan

The Company updated its business plan during the year ended January 31, 2009. As a result, the grace period for payment of the special land holding tax was no longer in effect, and the Company was obliged to pay such tax and related interest. The Company accounted for these obligations as loss resulting from changes in business plan in the consolidated statement of income for the year ended January 31, 2009.

20. Segment Information

The Group is primarily engaged in the construction, purchase, administration and sale of residential properties; the design, contracting, execution, and supervision of construction projects; real estate brokerage, and landscaping.

In the built-to-order housing segment, the Company prefabricates, builds to order and sells steel frames, wooden frames, and concrete houses and low-rise apartment buildings on land owned by customers. The real estate for sale segment includes sales of land, built-for-sale houses, and also the portion of built-to-order sales where the Company also sold the land, and sales of condominiums. In the real estate for leasing segment, the Company leases, subleases and manages detached houses, low-rise apartment buildings, condominiums, commercial buildings, shops, and so forth. The other segment is involved in contracts for the design of condominiums and commercial buildings, the construction and remodeling of houses, and landscape and garden design and construction.

Business segment information of the Group for the years ended January 31, 2009 and 2008 is outlined as follows:

	Millions of yen						
	2009						
	Built-to-order housing	Real estate for sale	Real estate for leasing	Other	Total	Eliminations and other	Consolidated
Sales to third parties	¥ 682,862	¥ 317,279	¥ 357,075	¥ 156,956	¥1,514,172	−	¥1,514,172
Intragroup sales and transfers	9,411	14	2,558	3,939	15,922	¥ (15,922)	−
Net sales	692,273	317,293	359,633	160,895	1,530,094	(15,922)	1,514,172
Operating expenses	633,551	284,016	340,950	158,044	1,416,561	23,651	1,440,212
Operating income	¥ 58,722	¥ 33,277	¥ 18,683	¥ 2,851	¥ 113,533	¥ (39,573)	¥ 73,960
Total assets	¥ 147,777	¥ 737,291	¥ 264,746	¥ 19,384	¥1,169,198	¥ 218,039	¥1,387,237
Depreciation and amortization	¥ 7,219	¥ 762	¥ 4,682	¥ 389	¥ 13,052	¥ 2,340	¥ 15,392
Loss on impairment of fixed assets	¥ −	¥ −	¥ 158	¥ −	¥ 158	¥ 822	¥ 980
Capital expenditures	¥ 9,468	¥ 303	¥ 45,832	¥ 51	¥ 55,654	¥ 1,778	¥ 57,432

	Millions of yen						
	2008						
	Built-to-order housing	Real estate for sale	Real estate for leasing	Other	Total	Eliminations and other	Consolidated
Sales to third parties	¥ 704,507	¥ 403,083	¥ 334,531	¥ 155,686	¥1,597,807	−	¥1,597,807
Intragroup sales and transfers	10,590	−	1,697	4,437	16,724	¥ (16,724)	−
Net sales	715,097	403,083	336,228	160,123	1,614,531	(16,724)	1,597,807
Operating expenses	641,535	345,373	320,946	156,219	1,464,073	24,006	1,488,079
Operating income	¥ 73,562	¥ 57,710	¥ 15,282	¥ 3,904	¥ 150,458	¥ (40,730)	¥ 109,728
Total assets	¥ 194,031	¥ 723,748	¥ 227,963	¥ 33,428	¥1,179,170	¥ 170,271	¥1,349,441
Depreciation and amortization	¥ 6,559	¥ 980	¥ 4,102	¥ 389	¥ 12,030	¥ 2,127	¥ 14,157
Capital expenditures	¥ 14,364	¥ 163	¥ 36,690	¥ 108	¥ 51,325	¥ 3,088	¥ 54,413

	Thousands of U.S. dollars						
	2009						
	Built-to-order housing	Real estate for sale	Real estate for leasing	Other	Total	Eliminations and other	Consolidated
Sales to third parties	$ 7,625,483	$ 3,543,038	$ 3,987,437	$ 1,752,719	$16,908,677	−	$16,908,677
Intragroup sales and transfers	105,092	156	28,565	43,987	177,800	$ (177,800)	−
Net sales	7,730,575	3,543,194	4,016,002	1,796,706	17,086,477	(177,800)	16,908,677
Operating expenses	7,074,830	3,171,591	3,807,370	1,764,869	15,818,660	264,110	16,082,770
Operating income	$ 655,745	$ 371,603	$ 208,632	$ 31,837	$ 1,267,817	$ (441,910)	$ 825,907
Total assets	$ 1,650,218	$ 8,233,288	$ 2,956,404	$ 216,460	$13,056,370	$2,434,830	$15,491,200
Depreciation and amortization	$ 80,614	$ 8,509	$ 52,284	$ 4,344	$ 145,751	$ 26,131	$ 171,882
Loss on impairment of fixed assets	$ −	$ −	$ 1,764	$ −	$ 1,764	$ 9,179	$ 10,943
Capital expenditures	$ 105,729	$ 3,384	$ 511,803	$ 570	$ 621,486	$ 19,855	$ 641,341

As more than 90% of the consolidated net sales for the years ended January 31, 2009 and 2008 were made in Japan, the disclosure of geographical segment information and overseas sales information has been omitted.

21. Subsequent Event

The following appropriation of retained earnings of the Company, which has not been reflected in the accompanying consolidated financial statements for the year ended January 31, 2009, was approved at a shareholders' meeting held on April 23, 2009:

	Millions of yen	Thousands of U.S. dollars
Year-end cash dividends of ¥12.00 ($0.13) per share	¥8,111	$90,575

Report of Independent Auditors

The Board of Directors
Sekisui House, Ltd.

We have audited the accompanying consolidated balance sheets of Sekisui House, Ltd. and subsidiaries as of January 31, 2009 and 2008, and the related consolidated statements of income, changes in net assets, and cash flows for the years then ended, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Sekisui House, Ltd. and subsidiaries at January 31, 2009 and 2008, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended January 31, 2009 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1.

April 23, 2009

Ernst & Young ShinNihon LLC

Ernst & Young Shin Nihon & Co.
Auditors

Corporate Data

Corporate Officers

(As of April 23, 2009)

Chairman, Representative Director & CEO
Isami Wada

President, Representative Director & COO
Toshinori Abe

Directors
Katsuhiko Machida
Akira Morimoto
Sumio Wada
Shiro Inagaki
Yoshiro Kubota
Yuzo Matsumoto
Fumiaki Hirabayashi
Takashi Uchida
Junichi Terada
Tetsuo Iku
Kenji Hatanaka

Standing Corporate Auditors
Hiroshi Itawaki
Tadashi Iwasaki

Corporate Auditors
Takaharu Dohi
Teruyuki Saegusa
Eiji Mansho

Senior Managing Officers
Akira Morimoto
Sumio Wada
Shiro Inagaki
Yoshiro Kubota

Managing Officers
Yuzo Matsumoto
Fumiaki Hirabayashi
Takashi Uchida
Junichi Terada
Tetsuo Iku
Kenji Hatanaka
Daiji Kuroki
Shinichi Yamada
Akihisa Terasaki
Kengo Yoshida

Executive Officers
Kenji Imamura
Mitsugu Iijima
Katsuaki Shimoda
Hidehiro Yamaguchi
Yoshikazu Takatsuka
Tsutomu Motomura
Naoki Ishii
Takanobu Ishioka
Shinichi Doi
Masaaki Oikawa
Atsuyuki Miyamoto
Yoshimoto Nakamura
Fumiyasu Suguro

OUTLINE OF THE COMPANY

(As of January 31, 2009)

Established
August 1, 1960

Capital Stock Issued
¥186,554 million

Employees
16,215 (As of April 1, 2009)

Head Office
Tower East Umeda Sky Building
1-88 Oyodonaka 1-chome Kita-ku Osaka
531-0076 Japan
Phone: 81-6-6440-3111
Facsimile: 81-6-6440-3369

Factories
Shiga, Ibaraki, Shizuoka, Yamaguchi, Miyagi and Hyogo

Laboratory
Kyoto

Domestic Subsidiaries and Affiliates
Sekiwa Real Estate Sapporo, Ltd.
Sekiwa Real Estate Tohoku, Ltd.
Sekiwa Real Estate, Ltd.
Sekiwa Real Estate Chubu, Ltd.
Sekiwa Real Estate Kansai, Ltd.
Sekiwa Real Estate Chugoku, Ltd.
Sekiwa Real Estate Kyushu, Ltd.
Sekiwa Real Estate KRM, Ltd.
Sekisui House Umeda Operation Co., Ltd.
SGM Operation Co., Ltd. etc
All 69 subsidiaries and 7 affiliates

Stock Listing
Tokyo Stock Exchange
Osaka Securities Exchange
Nagoya Stock Exchange

American Depositary Receipts

Symbol:	SKHSY
CUSIP:	816078307
Ratio:	1:1
Exchange:	OTC (Over-the-Counter)
Depositary:	The Bank of New York Mellon 101 Barclay Street New York, NY 10286 U.S.A Tel: +1(201)680-6825 U.S toll free: (888)269-2377 (888-BNY-ADRS) http://www.adrbnymellon.com

SEKISUI HOUSE

Tower East Umeda Sky Building
1-88 Oyodonaka 1-chome,
Kita-ku Osaka 531-0076 Japan
Phone:81-6-6440-3111
Facsimile:81-6-6440-3369
http://www.sekisuihouse.co.jp/