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SEMI-ANNUAL
FINANCIAL
STATEMENTS
February-July 2002



SEKISUI HOUSE

Our Corporate Profile

Sekisui House, Ltd. is Japan's leading homebuilder, 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.



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Financial Highlights

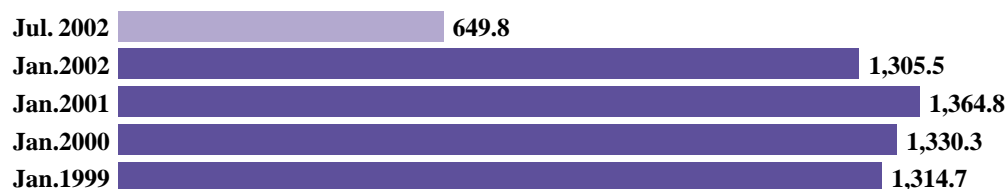
Sekisui House, Ltd. and Subsidiaries
As of July 31, 2002 and January 31, 2002

| | Millions of yen | | Thousands of U.S. dollars |
|--|-----------------|--------------------|---------------------------|
| | July 31 2002 | January 31 2002 | July 31 2002 |
| Net sales..... | ¥ 649,767 | ¥ 1,305,469 | \$ 5,412,470 |
| Operating income..... | 33,399 | 74,625 | 278,209 |
| Net income (loss)..... | 15,961 | (90,331) | 132,953 |
| Total assets..... | 1,270,876 | 1,303,821 | 10,586,222 |
| Shareholders' equity..... | 639,411 | 626,463 | 5,326,206 |
| | Yen | | U.S. dollars |
| | July 31 2002 | January 31 2002 | July 31 2002 |
| Per share: | | | |
| Net income (loss)..... | ¥ 22.50 | ¥ (125.11) | \$ 0.19 |
| Cash dividends applicable to the year..... | 18.00 | 18.00 | 0.15 |

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 ¥120.05 = U.S. \$1, effective at July 31, 2002.

Net sales

Billions of yen



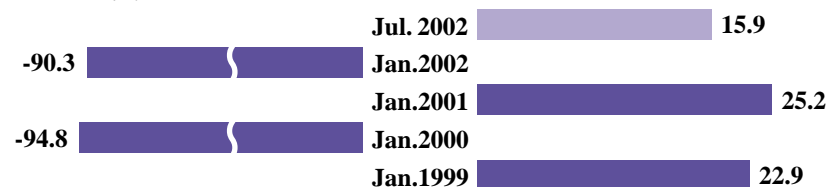
Operating income

Billions of yen



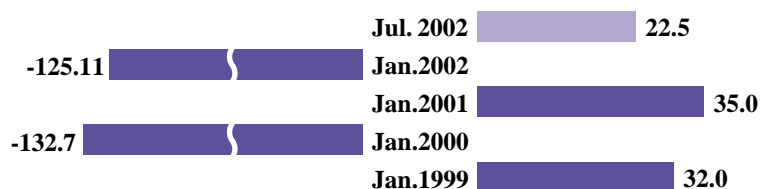
Net income

Billions of yen



Net income per share

Yen



A Message From The President

During the first half of the business term, certain economic indices showed improved figures and the Japanese government came to reveal a bright prospect for recovery of the economy. However, there remains substantial uncertainty about the future of the economy, due largely to a rapid rise in the value of the Yen and a drop in stock prices. The Japanese economy has been, in fact, sluggish, along with worsening employment conditions, the recovery of which is unforeseen at the moment, and lowering consumption trends.

In the housing market, the construction of rental houses, which used to be sluggish due to a general deterioration in owners' inclination to build after the burst of the bubble economy, increased at a favorable pace. Such an increase is attributable to the fact that, in addition to the existing countermeasure to reduce inheritance tax through incurring debts for the construction, the building of rental housing is recognized as a useful means of surplus asset management for owners in this age of low interest rates in markets, and with the planned commencement of a pay-off system. On the other hand, the construction of owned houses and built for sales houses did not recover, and severe conditions have continued to affect the market as a whole.

Under these circumstances, Sekisui House, Ltd. has given first and foremost priority to the expansion of orders received. To achieve this goal, we have not only encouraged sales staff and strengthened product developing capabilities, but also carried out united sales activities across the board. Furthermore, we have made efforts to embody the idea of sales activities with consultation, and improve a system that can offer more careful and gentle proposals to clients by installing the "Sumai-no Yumekojo," a display of houses and facilities enabling customers to learn about the living space and building materials, etc. by experience, in the major five factories and the "Nattoku Kobo Studio" in the Comprehensive Housing R&D Institute.

For the first half of the business term under review, our new products were "We's Dyne", employing a dyne concrete exterior wall panel of a bright color to the "Dyne" series of houses, a significant feature of which is an exterior design with depth. Also, "GIO-TRISTAGE II", a response to the demand of rebuilding houses in urban areas, was launched in order to strengthen the product lineups for three-story houses in April. Similarly, prior to these new products, we marketed a terrace-type rental house called "DIAS PALMO", which proved to be a popular building among clients in the rental house market. The recovery of the rental housing market has been remarkable, and thus we put its energies into the expansion of its market share in high-grade renting and leasing houses. These new products enjoy popularity with more orders received than the initial sales target, making large contributions to the business results hereafter of the Company possible.

In addition, as a measure to improve customer satisfaction ("CS"), our foundation, it increased the number of full-time sales staff to aggressively make plans and proposals for remodeling houses, and developed a variety of technologies to be used for remodeling thereby reinforcing the house remodeling promotion activities.

At the same time, we promoted a reduction in costs by revising selling expenses through integration and abolition of housing pavilions to stress efficiency, aimed at improving the strength of earning power.

For environmental actions, we commenced a zero-emission project over a half year earlier than the original schedule in all factories and accomplished it in May 2002. Various business activities to comply with environmental issues have been also implemented.

In terms of financing, the proposal for the acquisition of treasury stock in the maximum number of 70,000,000 shares was approved at the ordinary general meeting of shareholders held in April 2002. In addition, we introduced a new clearance system using the Internet in May 2002 with certain business partners, which has eliminated the need for the clearance through promissory note. As a result, we can expect to operate efficient asset management and reduce the total assets. Upon arrival of the maturity of the 3rd series unsecured convertible bonds, we redeemed ¥49.2 billion (\$409,829 thousands). Also, interest-bearing liabilities has been reduced at a steady pace.



In spite of these aggressive management activities, business results for the first half of the business term ended with a decrease, with an adverse effect caused by a decrease in the number of orders received of the previous business term. Consolidated net sales decreased by 1.5% to ¥649,767 million (\$5,412,470 thousands).

With respect to income, although profit ratio of the real estate business increased, gross profit ratio of net sales decreased due to the deteriorated efficiency of the production and construction division. This was due to the decline in the number of orders received for contract, the core of our business, during the previous business term. Consolidated operating income amounted to ¥33,399 million (\$278,209 thousands), a decrease of 14.5% compared with the previous business term. Consolidated net income, on the other hand, amounted to ¥15,961 million (\$132,953 thousands), owing to the amount resulting from tax effect adjustments.

For future management policies, we will promote the strengthening of its sales capabilities in order to raise customer satisfaction in the face of a shrinking housing market. Furthermore, we will, without falling into low price competition, devote itself to maintain the high-grade line thereby improving income, as well as put its energy into peripheral businesses, such as remodeling and exterior businesses.

We are pleased to add that we have decided to pay ¥9 (\$0.075) a share for the interim dividend, the same per-share amount as last year.

Isami Wada
CEO / President

Management's Discussion and Analysis

Results of Operations

Six months ended July 31, 2002 and Year ended January 31 2002 and 2001

| | Millions of yen (percentage change) | | |
|---------------------------|-------------------------------------|-------------------------|------------------|
| | July 31 2002 | Jan.31 2002 | Jan.31 2001 |
| Net sales..... | ¥ 649,767 | 1,305,469 (-4.3) | 1,364,801 (2.6) |
| Cost of sales..... | ¥ 519,443 | 1,035,277 (-3.3) | 1,071,009 (-0.1) |
| Operating income..... | ¥ 33,399 | 74,625(-22.3) | 96,086 (26.2) |
| Net income..... | ¥ 15,961 | -90,331 | 25,167 |
| | | Yen (percentage change) | |
| Net income per share..... | ¥ 22.50 | -125.11 | 35.03 |

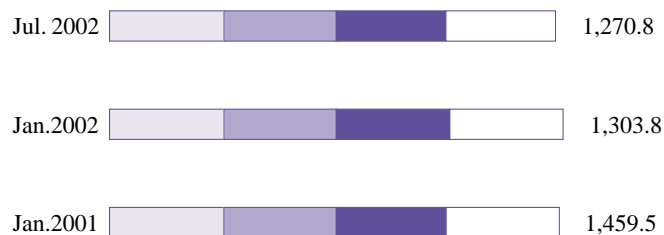
Financial Position

As of July 31, 2002 and January 31, 2002 and 2001

| | % of total assets | | |
|------------------------------------|-------------------|----------------|----------------|
| | July 31 2002 | Jan.31 2002 | Jan.31 2001 |
| Current assets..... | 59.8 | 61.1 | 65.2 |
| Inventories..... | 23.6 | 22.1 | 24.1 |
| Investments and other assets..... | 20.5 | 19.9 | 13.9 |
| Property, plant and equipment..... | 19.7 | 19.0 | 20.9 |
| Current liabilities..... | 31.8 | 29.1 | 27.1 |
| Long - term liabilities..... | 16.4 | 22.3 | 20.9 |
| Long - term debt..... | 5.5 | 12.3 | 15.6 |
| Total shareholders' equity..... | 50.3 | 48.0 | 50.8 |

Total Assets

Billions of yen



- Property, plant and equipment
- Investments and other assets
- Inventories
- Other current assets

Summary

Sekisui House, Ltd. and Subsidiaries

Six months ended July 31, 2002 and Year ended January 31 2002, 2001, 2000 and 1999

| | Millions of yen and Thousands of U.S. dollars | | | | | |
|---------------------------|---|-----------------|--------------------|--------------------|--------------------|--------------------|
| | July 31 2002 | July 31 2002 | January 31 2002 | January 31 2001 | January 31 2000 | January 31 1999 |
| Net sales..... | ¥ 649,767 | \$ 5,412,470 | 1,305,469 | 1,364,801 | 1,330,284 | 1,314,696 |
| Construction | ¥ 451,669 | \$ 3,762,341 | 981,558 | 1,081,057 | 1,088,228 | 1,072,813 |
| Real estate..... | ¥ 198,098 | \$ 1,650,129 | 323,911 | 283,744 | 242,056 | 241,883 |
| Operation income..... | ¥ 33,399 | \$ 278,209 | 74,625 | 96,086 | 76,138 | 59,250 |
| Net income..... | ¥ 15,961 | \$ 132,953 | -90,331 | 25,167 | -94,811 | 22,855 |
| Total assets..... | ¥ 1,270,876 | \$ 10,586,222 | 1,303,821 | 1,459,491 | 1,453,547 | 1,571,784 |
| Shareholders' equity..... | ¥ 639,411 | \$ 5,326,206 | 626,463 | 741,216 | 723,860 | 826,033 |

| | Yen and U.S. dollars | | | | | |
|---------------------------|----------------------|-----------------|--------------------|--------------------|--------------------|--------------------|
| | July 31 2002 | July 31 2002 | January 31 2002 | January 31 2001 | January 31 2000 | January 31 1999 |
| Amounts per share: | | | | | | |
| Net income Basic..... | ¥ 22.50 | \$ 0.19 | -125.11 | 35.03 | -132.65 | 31.99 |
| Diluted..... | 20.40 | 0.17 | - | 31.07 | - | 27.96 |
| Net assets..... | ¥ 901.52 | \$ 7.51 | 883.16 | 1,027.71 | 1,012.78 | 1,155.74 |
| Dividends | ¥ 18.00 | \$ 0.15 | 18.00 | 20.00 | 18.00 | 18.00 |

Consolidated Balance Sheets

Sekisui House, Ltd. and Subsidiaries
As of July 31, 2002 and January 31, 2002

| | Millions of yen | | Thousands of U.S. dollars |
|---|-----------------|--------------------|---------------------------|
| | July 31 2002 | January 31 2002 | July 31 2002 |
| Assets | | | |
| Current assets: | | | |
| Cash and cash equivalents..... | ¥ 182,009 | ¥ 229,139 | \$ 1,516,110 |
| Short-term investments | 53,668 | 14,323 | 447,047 |
| Notes and accounts receivable: | | | |
| Affiliates..... | - | 209 | - |
| Trade | 89,266 | 117,878 | 743,574 |
| Other | 15,890 | 17,025 | 132,361 |
| Less allowance for doubtful accounts..... | (1,657) | (2,672) | (13,803) |
| | 103,499 | 132,440 | 862,132 |
| Inventories..... | 300,284 | 287,555 | 2,501,324 |
| Deferred income taxes..... | 111,530 | 121,434 | 929,030 |
| Other current assets..... | 9,489 | 10,993 | 79,042 |
| Total current assets | 760,479 | 795,884 | 6,334,685 |
| Property, plant and equipment: | | | |
| Land..... | 115,997 | 112,671 | 966,239 |
| Buildings and structures..... | 191,696 | 188,627 | 1,596,801 |
| Machinery and equipment..... | 82,140 | 81,940 | 684,215 |
| Construction in progress | 762 | 500 | 6,347 |
| | 390,595 | 383,738 | 3,253,602 |
| Less accumulated depreciation | (140,181) | (135,822) | (1,167,688) |
| Property, plant and equipment, net | 250,414 | 247,916 | 2,085,914 |
| Investments and other assets: | | | |
| Long-term loans receivable..... | 61,961 | 65,467 | 516,126 |
| Less allowance for doubtful accounts..... | (1,471) | (1,197) | (12,253) |
| | 60,490 | 64,270 | 503,873 |
| Investments in securities | 110,980 | 108,548 | 924,448 |
| Investments in affiliates | 151 | 6,885 | 1,258 |
| Deferred income taxes..... | 32,522 | 33,584 | 270,904 |
| Other assets | 55,840 | 46,734 | 465,140 |
| Total investments and other assets | 259,983 | 260,021 | 2,165,623 |
| | ¥ 1,270,876 | ¥ 1,303,821 | \$ 10,586,222 |

| | Millions of yen | | Thousands of U.S. dollars |
|---|--------------------|--------------------|---------------------------|
| | July 31 2002 | January 31 2002 | July 31 2002 |
| Liabilities and shareholders' equity | | | |
| Current liabilities: | | | |
| Current portion of long-term debt..... | ¥ 102,822 | ¥ 62,604 | \$ 856,493 |
| Notes and accounts payable: | | | |
| Trade..... | 161,467 | 189,003 | 1,344,998 |
| Accrued income taxes..... | 4,063 | 2,783 | 33,844 |
| Advances received..... | 89,859 | 79,507 | 748,513 |
| Other current liabilities..... | 46,017 | 45,357 | 383,316 |
| Total current liabilities | 404,228 | 379,254 | 3,367,164 |
| Long-term debt, less current portion..... | 70,187 | 160,373 | 584,648 |
| Accrued retirement benefits for employees | 76,506 | 78,856 | 637,284 |
| Other liabilities..... | 61,307 | 51,433 | 510,679 |
| Total liabilities | 612,228 | 669,916 | 5,099,775 |
| Minority interests..... | 19,237 | 7,442 | 160,241 |
| Contingent liabilities (Note 3) | | | |
| Shareholders' equity : | | | |
| Common stock: | | | |
| Authorized - 1,978,281,000 shares | | | |
| Issued: | | | |
| July 31, 2002 - 709,385,078 shares..... | 186,554 | - | 1,553,969 |
| January 31, 2002 - 709,385,078 shares | - | 186,554 | - |
| Additional paid-in capital..... | 237,523 | 237,523 | 1,978,534 |
| Retained earnings..... | 212,023 | 202,616 | 1,766,122 |
| Net unrealized holding gain on securities..... | 3,677 | 83 | 30,629 |
| Translation adjustment | (250) | (271) | (2,082) |
| Less treasury stock, at cost..... | (116) | (42) | (966) |
| Total shareholders' equity | 639,411 | 626,463 | 5,326,206 |
| | ¥ 1,270,876 | ¥ 1,303,821 | \$10,586,222 |

See notes to consolidated financial statements

Consolidated Statements of Operations

Sekisui House, Ltd. and Subsidiaries
Six months ended July 31, 2002 and 2001

| | Millions of yen | | Thousands of U.S. dollars |
|--|-----------------|------------|---------------------------|
| | 2002 | 2001 | 2002 |
| Net sales | ¥ 649,767 | ¥ 659,571 | \$ 5,412,470 |
| Cost of sales | 519,443 | 520,604 | 4,326,889 |
| Gross profit | 130,324 | 138,967 | 1,085,581 |
| Selling, general and administrative expenses | 96,925 | 99,921 | 807,372 |
| Operating income | 33,399 | 39,046 | 278,209 |
| Other income (expenses): | | | |
| Interest and dividend income | 1,587 | 2,049 | 13,219 |
| Interest expense..... | (1,498) | (1,837) | (12,478) |
| Loss on revaluation of land held for sale | - | (12,455) | - |
| Loss on revaluation of securities..... | (193) | - | (1,608) |
| Amortization of net retirement benefit obligation at transition..... | - | (56,888) | - |
| Other, net..... | (2,088) | (4,533) | (17,392) |
| Income (loss) before income taxes and minority interests | 31,207 | (34,618) | 259,950 |
| Income taxes : | | | |
| Current..... | 3,798 | 8,970 | 31,637 |
| Deferred..... | 10,084 | (22,770) | 83,998 |
| | 13,882 | (13,800) | 115,635 |
| Income (loss) before minority interests | 17,325 | (20,818) | 144,315 |
| Minority interests in (earnings) losses of subsidiaries..... | (1,364) | 55 | (11,362) |
| Net income (loss) | ¥ 15,961 | ¥ (20,763) | \$ 132,953 |

See notes to consolidated financial statements

Consolidated Statements of Shareholders' Equity

Sekisui House, Ltd. and Subsidiaries

Six months ended July 31, 2002 and Year ended January 31, 2002

| | Thousands | Millions of yen | | | | | |
|--|---------------------------|-----------------|----------------------------|-------------------|---|------------------------|----------------|
| | Number of shares in issue | Common stock | Additional paid-in capital | Retained earnings | Net unrealized holding gain on securities | Translation adjustment | Treasury stock |
| Balance at January 31, 2001 | 721,235 | ¥186,058 | ¥241,145 | ¥ 314,576 | - | ¥(561) | ¥(2) |
| Decrease in retained earnings resulting from merger of consolidated subsidiaries and affiliates accounted for by the equity method..... | - | - | - | (6,656) | - | - | - |
| Net loss for the year | - | - | - | (90,331) | - | - | - |
| Purchases and retirement of treasury stock..... | (21,719) | - | (21,495) | - | - | - | - |
| New issue of common stock and increase in additional paid-in capital resulting from merger of consolidated subsidiaries and affiliates accounted for by the equity method..... | 9,862 | 492 | 17,870 | - | - | - | - |
| Conversion of convertible bonds | 7 | 4 | 3 | - | - | - | - |
| Cash dividends | - | - | - | (14,513) | - | - | - |
| Bonuses to directors and corporate auditors | - | - | - | (460) | - | - | - |
| Net unrealized holdings gain on securities..... | - | - | - | - | ¥ 83 | - | - |
| Translation adjustment | - | - | - | - | - | 290 | - |
| Increase in treasury stock..... | - | - | - | - | - | - | (40) |
| Balance at January 31, 2002 | 709,385 | ¥186,554 | ¥237,523 | ¥ 202,616 | ¥ 83 | ¥ (271) | ¥ (42) |
| Net income for the six months..... | - | - | - | 15,961 | - | - | - |
| Cash dividends | - | - | - | (6,384) | - | - | - |
| Bonuses to directors and corporate auditors | - | - | - | (175) | - | - | - |
| Net unrealized holding gain on securities | - | - | - | - | 3,594 | - | - |
| Increase in retained earnings resulting from exclusion of subsidiaries | - | - | - | 5 | - | - | - |
| Translation adjustment | - | - | - | - | - | 21 | - |
| Increase in treasury stock | - | - | - | - | - | - | (74) |
| Balance at July 31, 2002 | 709,385 | ¥186,554 | ¥237,523 | ¥212,023 | ¥3,677 | ¥ (250) | ¥(116) |

| | Thousands of U.S. dollars | | | | | | |
|---|---------------------------|----------------------------|--------------------|---|------------------------|----------------|--|
| | Common stock | Additional paid-in capital | Retained earnings | Net unrealized holding gain on securities | Translation adjustment | Treasury stock | |
| Balance at January 31, 2002 | \$1,553,969 | \$1,978,534 | \$1,687,763 | \$691 | \$(2,257) | \$(350) | |
| Net income for the six months..... | - | - | 132,953 | - | - | - | |
| Cash dividends | - | - | (53,178) | - | - | - | |
| Bonuses to directors and corporate auditors | - | - | (1,458) | - | - | - | |
| Net unrealized holding gain on securities | - | - | - | 29,938 | - | - | |
| Increase in retained earnings from exclusion of subsidiaries..... | - | - | 42 | - | - | - | |
| Translation adjustment | - | - | - | - | 175 | - | |
| Increase in treasury stock | - | - | - | - | - | (616) | |
| Balance at July 31, 2002 | \$1,553,969 | \$1,978,534 | \$1,766,122 | \$30,629 | \$(2,082) | \$(966) | |

See notes to consolidated financial statements

Consolidated Statements of Cash Flows

Sekisui House, Ltd. and Subsidiaries
Six months ended July 31, 2002 and 2001

| | Millions of yen | | Thousands of U.S. dollars |
|---|-----------------|------------|---------------------------|
| | 2002 | 2001 | 2002 |
| Cash flows from operating activities | | | |
| Income (loss) before income taxes and minority interests..... | ¥ 31,207 | ¥ (34,618) | \$ 259,950 |
| Adjustments for: | | | |
| Depreciation and amortization..... | 5,814 | 6,322 | 48,430 |
| Provision for retirement benefits..... | (4,007) | 51,833 | (33,378) |
| Equity in loss of affiliates..... | 3 | 160 | 25 |
| Interest and dividend income..... | (1,587) | (2,049) | (13,219) |
| Interest expense..... | 1,498 | 1,837 | 12,478 |
| Loss on revaluation of land held for sale..... | - | 12,455 | - |
| Loss on revaluation of securities..... | 193 | - | 1,608 |
| Decrease in notes and accounts receivable..... | 28,889 | 31,738 | 240,641 |
| Increase in inventories and advance payments..... | (9,229) | (9,385) | (76,876) |
| Decrease in notes and accounts payable..... | (26,341) | (13,691) | (219,417) |
| Increase in advances received..... | 6,800 | 5,222 | 56,643 |
| Other..... | 1,437 | 7,487 | 11,970 |
| Subtotal | 34,677 | 57,311 | 288,855 |
| Interest and dividends received..... | 1,789 | 2,191 | 14,902 |
| Interest paid..... | (1,597) | (1,888) | (13,303) |
| Income taxes paid..... | (2,595) | (2,978) | (21,616) |
| Net cash provided by operating activities | 32,274 | 54,636 | 268,838 |
| Cash flows from investing activities | | | |
| Proceeds from sales of short-term investments..... | 1,746 | 22,775 | 14,544 |
| Purchases of short-term investments..... | (53,110) | (38,954) | (442,399) |
| Proceeds from sales of property, plant and equipment..... | 1,472 | 857 | 12,262 |
| Purchases of property, plant and equipment..... | (5,193) | (4,395) | (43,257) |
| Proceeds from sales of investments in securities..... | 7,113 | 1,662 | 59,250 |
| Purchases of investments in securities..... | (3,600) | (458) | (29,988) |
| Decrease in loans receivable..... | 4,529 | 2,703 | 37,726 |
| Other..... | 11,776 | (102) | 98,093 |
| Net cash used in investing activities | (35,267) | (15,912) | (293,769) |
| Cash flows from financing activities | | | |
| Repayment of long-term debt..... | (49,968) | (40,132) | (416,227) |
| Cash dividends paid..... | (6,384) | (7,934) | (53,178) |
| Other..... | (452) | (401) | (3,765) |
| Net cash used in financing activities | (56,804) | (48,467) | (473,170) |
| Effect of exchange rate changes on cash and cash equivalents..... | 21 | 156 | 175 |
| Net decrease in cash and cash equivalents | (59,776) | (9,587) | (497,926) |
| Cash and cash equivalents at beginning of period..... | 229,139 | 311,022 | 1,908,696 |
| Increase in cash and cash equivalents resulting from initial consolidation of subsidiaries..... | 12,646 | - | 105,340 |
| Increase in cash and cash equivalents resulting from merger of affiliates accounted for by equity method..... | - | 9,955 | - |
| Cash and cash equivalents at end of period..... | ¥ 182,009 | ¥ 311,390 | \$ 1,516,110 |
| Supplemental schedule of noncash financing activities | | | |
| Conversion of convertible bonds..... | ¥ - | ¥ 2 | \$ - |

See notes to consolidated financial statements

Notes to Consolidated Financial Statements

Sekisui House, Ltd. and Subsidiaries
July 31, 2002 and 2001

1. Basis of Consolidated Financial Statements

Sekisui House, Ltd. (the "Company") and its domestic subsidiaries maintain their accounts and records in accordance with the provisions set forth in the Commercial Code of Japan and the Securities and Exchange Law of Japan and in conformity with accounting principles and practices generally accepted and applied in Japan, which may differ in certain material respects from accounting principles and practices generally accepted in countries and jurisdictions other than Japan. 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 are prepared based on the consolidated financial statements of the Company and its subsidiaries which were filed with the Director of the Kanto Local Finance Bureau as required by the Securities and Exchange Law.

The translation of Japanese yen amounts into U.S. dollars is included solely for the convenience of the reader at ¥120.05= U.S.\$1.00, the approximate rate of exchange in effect on July 31, 2002. This translation should not be construed as 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. Adoption of New Accounting Standards

(a) Accounting for Financial Instruments

Effective February 1, 2001, the Company and the domestic subsidiaries adopted "Accounting Standard for Financial Instruments" which was issued by the Business Accounting Deliberation Council of Japan. The new standard requires that securities be classified into three categories: trading securities, held-to-maturity debt securities and other securities. Under the new standard, trade securities, consisting of debt and marketable equity securities, are stated at fair value. Gain and loss, both realized and unrealized, are charged to income. Held-to-maturity debt securities are stated at their amortized cost. Marketable securities classified as other securities are carried at fair value with changes in unrealized holding gain or loss, net of the applicable income taxes, reported as a separate component of shareholders' equity. Non-marketable securities classified as other securities are carried at cost determined by the moving average method.

Under the Commercial Code of Japan, unrealized holding gain on other securities, net of related the taxes is not available for distribution as dividends or bonuses to directors and corporate auditors.

As of February 1, 2001, the Company and the domestic subsidiaries assessed their intent in holding marketable securities and investments in securities, classified their securities as "held-to-maturity debt securities" and "other securities", and accounted for the securities at July 31, 2001 in accordance with the standard referred to above. As a result, marketable securities of ¥3,827million, which had been included in marketable securities at January 31, 2001, were reclassified to investments in securities. The effect of the adoption of the new standard was to decrease loss before income taxes and minority interests, and net loss for the six months ended July 31, 2001 by ¥9,368 million and by ¥6,064 million, respectively.

(b) Accounting for Retirement Benefits

Effective February 1, 2001, the Company and the domestic subsidiaries adopted "Accounting Standard for Retirement Benefits" issued by the Business Accounting Deliberation Council of Japan. In accordance with the new standard, accrued retirement benefits have been 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. The net retirement benefit obligation at transition of ¥56,888million has been fully charged to income for the six months ended July 31, 2001. The effect of the adoption of this standard for retirement benefits was to increase loss before income taxes and minority interests, and net loss for the six months ended July 31, 2001 by ¥50,612 million and ¥29,507 million, respectively.

3. Contingent Liabilities

The Company and its subsidiaries had the contingent liabilities at July 31, 2002:

| | Millions of yen | Thousands of U.S. dollars |
|--|-----------------|---------------------------|
| Guarantees of housing loans to customers..... | ¥ 71,427 | \$ 594,977 |
| Guarantees of bank loans of third parties and other..... | 2,601 | 21,666 |
| | ¥ 74,028 | \$ 616,643 |

Corporate Data (As of July 31, 2002)

DIRECTORS AND CORPORATE AUDITORS

Chairman & Representative Director

Isao Okui

President & Representative Director (CEO)

Isami Wada

Executive Vice President & Director

Executive Vice President & Officer

Hideyuki Tonomura

Director · Senior Managing Executive Officer

Mikio Yamada

Shichiro Iwane

Hiroshi Itawaki

Director · Managing Executive Officer

Akira Morimoto

Tadashi Iwasaki

Chojiro Yamamoto

Yasuaki Yamamoto

Sumio Wada

Saburo Matsuyoshi

Standing Corporate Auditors

Hiroshi Tada

Yusei Kataoka

Corporate Auditors

Takaharu Dohi

Kazuhiko Mishina

Shigeru Muranaka

EXECUTIVE OFFICERS

Managing Executive Officer

Yoshiro Kubota

Tetsuhiro Kamae

Kunitada Suzuki

Masanori Noritomi

Masahiko Watanabe

Yuzo Matsumoto

Kenichi Moriuchi

Executive Officer

Kazuo Yoshimitsu

Kazuhisa Ami

Kenji Shimotsu

Yoshinori Takaoka

Junichi Terada

Fumiaki Hirabayashi

Yoshimasa Konishi

Toshiharu Arakawa

Shiro Inagaki

OUTLINE OF THE COMPANY

Established

August 1, 1960

Capital Stock Issued

¥186,554,196,729

Employees

15,360

Head Office

Tower East Umeda Sky Building

1-88 Oyodonaka 1-chome Kita-ku Osaka

531-0076 Japan

Phone: 81-6-6440-3111

Facsimile: 81-6-6440-3331

Factories

Shiga, Ibaraki, Shizuoka, Yamaguchi, Miyagi and Hyogo

Laboratory

Kyoto

Overseas Subsidiaries

SEKISUI DEUTSCHLAND BAU GmbH

Domestic Subsidiaries

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.

Kobe Rokko Island Co., Ltd.

Nishinomiya Marina City Development Co., Ltd.

Sekisui House Umeda Operation Co., Ltd.

SGM Operation Co., Ltd. and 90 other subsidiaries.

Stock Listing

Tokyo Stock Exchange

Osaka Securities Exchange

Nogoya Stock Exchange

Frankfurt Stock Exchange

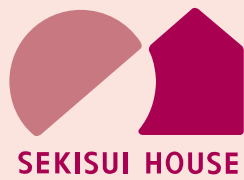
(Global Bearer Certificate)

Euronext Amsterdam

American Depositary Receipts

Depositary:

The Bank of New York



Tower East Umeda Sky Building
1-88 Oyodonaka 1-chome,
Kita-ku Osaka 531-0076 Japan
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<http://www.sekisuihouse.co.jp/>