

Consolidated Financial Results for FY2010 (February 1, 2010 through January 31, 2011)

March 7 2011

Company name	: Sekisui House, Ltd. (URL http://www.sekisuihouse.co.jp)
Listed exchanges	: Tokyo, Osaka, Nagoya
Stock code	: 1928
Representative	: Toshinori Abe, President and Representative Director
Inquiries	: Fumiaki Hirabayashi, Executive Officer, Head of Corporate Communications Department Tel +81 6 6440 3111
Date of general shareholders' meeting	: April 26, 2011
Date of scheduled payment of dividends	: April 27 2011
Date of scheduled filing of securities report	: April 27 2011

(Amounts are rounded down to the nearest million yen)

1. Consolidated Results for the FY2010 (February 1, 2010 through January 31, 2011)

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

	Net sales		Operating income		Ordinary income		Net income	
	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%
Year ended January 31, 2011	1,488,369	10.0	56,354	-	56,271	-	30,421	-
Year ended January 31, 2010	1,353,186	(10.6)	(38,754)	-	(38,758)	-	(29,277)	-

	Net income per share	Fully diluted net income per share	Return on equity	Ordinary income ratio to total assets	Operating income ratio to net sales
	¥	¥	%	%	%
Year ended January 31, 2011	45.02	45.00	4.2	4.2	3.8
Year ended January 31, 2010	(43.32)	-	(4.0)	(2.8)	(2.9)

(Reference) Equity in earnings of affiliates: Year ended Jan. 2011: ¥916 million Year ended Jan. 2010: ¥387 million

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	¥ millions	¥ millions	%	¥
As of January 31, 2011	1,341,308	738,029	54.9	1,090.67
As of January 31, 2010	1,353,946	716,295	52.9	1,059.18

(Reference) Shareholders' equity As of January 31, 2011: ¥736,962 million As of January 31, 2010: ¥715,737 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents as of end of period
	¥ millions	¥ millions	%	¥ millions
Year ended January 31, 2011	85,061	(20,989)	(60,132)	151,983
Year ended January 31, 2010	55,402	(26,472)	(6,969)	148,630

2. Cash Dividends

	Dividends per share (¥)					Total dividends (annual) (¥ millions)	Dividend payout ratio (Consolidated)	Dividends to net assets (Consolidated)
	1st quarter	2nd quarter	3rd quarter	Year-end	Annual			
Year ended January 31, 2010	-	10.00	-	0.00	10.00	6,759	-	0.9%
Year ended January 31, 2011	-	13.00	-	8.00	21.00	14,193	46.6	2.0%
Year ending January 31, 2012 (Forecast)	-	10.00	-	10.00	20.00	-	39.7	-

(Note) Breakdown of cash dividends for 2Q FY2010: Ordinary dividends: ¥8.00, 50th anniversary Commemorative dividends: ¥5.00

3. Consolidated Results Forecast for FY2012 (February 1, 2011 through January 31, 2012)

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

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%	¥
Six months ending July 31, 2011	734,000	(0.6)	28,000	6.1	28,000	8.6	14,000	2.8	20.72
Year ending January 31, 2012	1,510,000	1.5	63,000	11.8	63,000	12.0	34,000	11.8	50.32

4. Others

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

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

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

(ii) Changes other than (i): None

(Note) For more details, please see “Changes in Basic Important Matters for Preparation of Consolidated Financial Statements” in page 26.

(3) Number of shares outstanding (common stock)

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

As of Jan. 31, 2011: 676,885,078 shares

As of Jan. 31, 2010: 676,885,078 shares

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

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

As of Jan. 31, 2010: 1,137,664 shares

(Note) For number of shares for calculation of net income per share (consolidated), please see “Per share information” in page 36.

(Reference) Summary of non-consolidated financial results

1. Non-Consolidated Results for the FY2010 (February 1, 2010 through January 31, 2011)

(1) Non-Consolidated Financial Results

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

	Net sales		Operating income		Ordinary income		Net income	
	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%
Year ended January 31, 2011	1,025,341	12.6	35,167	-	40,542	-	25,027	-
Year ended January 31, 2010	910,353	(17.3)	(60,624)	-	(59,604)	-	(39,811)	-

	Net income per share	Fully diluted net income per share
	¥	¥
Year ended January 31, 2011	37.03	37.01
Year ended January 31, 2010	(58.90)	-

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	¥ millions	¥ millions	%	¥
As of January 31, 2011	1,173,639	638,247	54.4	943.89
As of January 31, 2010	1,205,075	622,261	51.6	920.26

(Reference) Shareholders' equity As of January 31, 2011: ¥ 637,954 million As of January 31, 2010: ¥ 622,029 million

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

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

For details of results forecast, please refer to “Outlook” in [1. Business Results (1) Analysis of Business Results (Forecast for FY2012)] in page 11.

Appendix 1: Results summary for the year ended January 31, 2011

¥ millions

Consolidated	FY2009	FY2010	YOY (%)	Forecast for FY2011	YOY (%)
Net sales	1,353,186	1,488,369	10.0	1,510,000	1.5
Gross profit	156,336	257,208	64.5	271,500	5.6
SG&A expenses	195,091	200,853	3.0	208,500	3.8
Operating income	(38,754)	56,354	—	63,000	11.8
Ordinary income	(38,758)	56,271	—	63,000	12.0
Extraordinary income	6	134	—	—	—
Extraordinary loss	7,668	2,592	(66.2)	3,300	27.3
Net income	(29,277)	30,421	—	34,000	11.8
Total orders	1,361,750	1,528,362	12.2	1,555,000	1.7
Accumulated orders	511,794	551,787	7.8	596,787	8.2

Key management indicators

Consolidated	FY2006	FY2007	FY2008	FY2009	FY2010
Net income per share (¥)	89.26	87.70	17.04	(43.32)	45.02
Net assets per share (¥)	1,125.75	1,139.63	1,115.20	1,059.18	1,090.67
Operating profit margin	6.99%	6.87%	4.88%	(2.86)%	3.79%
ROE	8.45%	7.69%	1.51%	(3.98)%	4.19%
ROA *1	9.61%	8.56%	5.60%	(2.69)%	4.34%

¥ millions

R & D expenditures	6,114	6,299	6,191	5,087	4,657
Capital expenditure (Consolidated)	26,691	54,413	57,432	82,145	32,690
Capital expenditure (Non-consolidated)	21,164	43,534	43,156	71,677	22,501
Depreciation expense (Consolidated)	12,231	14,157	15,392	16,579	16,383
Depreciation expense (Non-consolidated)	9,650	11,368	12,252	13,161	12,809

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

Appendix 2-1: Segment Breakdown for the year ended January 31, 2010

Consolidated (See page 34)

1. Orders

¥ millions

	FY2009	FY2010	YOY(%)
Built to Order Housing	611,551	710,103	16.1
Real Estate for Sale	233,713	253,947	8.7
Real Estate for Leasing	364,217	377,667	3.7
Other Business	152,266	186,644	22.6
Consolidated	1,361,750	1,528,362	12.2

2. Accumulated Orders

¥ millions

	FY2009	FY2010	YOY(%)
Built to Order Housing	360,877	373,593	3.5
Real Estate for Sale	51,242	75,706	47.7
Real Estate for Leasing	—	—	—
Other Business	99,674	102,487	2.8
Consolidated	511,794	551,787	7.8

3. Sales

¥ millions

	FY2009		FY2010		YOY(%)
	Amount	OP margin (%)	Amount	OP margin (%)	
Built to Order Housing	590,376	8.1	697,388	10.1	18.1
Real Estate for Sale	253,572	(28.8)	229,483	(1.4)	(9.5)
Real Estate for Leasing	364,217	3.9	377,667	3.7	3.7
Other Business	145,019	4.1	183,831	5.1	26.8
Consolidated	1,353,186	(2.9)	1,488,369	3.8	10.0

Segment Breakdowns of Sales and Operating Income

¥ million

s

		FY2009	FY2010	YOY(%)	FY2012 forecast	YOY(%)
Sales	Built to Order Housing	590,376	697,388	18.1%	-	-
	Real Estate for Sale	253,572	229,483	(9.5%)	-	-
	Real Estate for Leasing	364,217	377,667	3.7%	-	-
	Other Business	145,019	183,831	26.8%	-	-
Sales		1,353,186	1,488,369	10.0%	1,510,000	1.5%
Sales	Custom detached houses	-	455,239	-	467,500	2.7%
	Rental housing	-	277,659	-	257,500	(7.3%)
	Houses for sale	-	146,470	-	152,500	4.1%
	Condominiums	-	77,185	-	45,300	(41.3%)
New Segment	Urban redevelopment	-	22,208	-	35,000	57.6%
	Remodeling	-	91,443	-	101,000	10.5%
breakdown	Real estate management fees	-	361,988	-	371,200	2.5%
	Other businesses	-	56,173	-	80,000	42.4%

Operating income	Built to Order Housing	48,564	70,817	45.8%	-	-
	Real Estate for Sale	(73,103)	(3,165)	-	-	-
	Real Estate for Leasing	14,180	14,124	(0.4%)	-	-
	Other Business	6,218	9,454	52.0%	-	-
	Eliminations and back office	(34,615)	(34,876)	-	-	-
Operating income		(38,754)	56,354	-	63,000	11.8%
Operating income	Custom detached houses	-	45,772	-	49,000	7.1%
	Rental housing	-	26,195	-	24,600	(6.1%)
	Houses for sale	-	516	-	2,000	287.6%
	Condominiums	-	(1,009)	-	(4,000)	-
New Segment	Urban redevelopment	-	4,812	-	8,600	78.7%
	Remodeling	-	8,530	-	9,800	14.9%
Breakdown	Real estate management fees	-	12,429	-	13,100	5.40%
	Other businesses	-	(6,016)	-	(5,100)	-
	Eliminations and back office	-	(34,876)	-	(35,000)	-

(Note)

1. New segment breakdowns of FY2010 sales and operating income have not been audited by a public accounting firm.
2. The new segments are based on a management approach in accordance with the ASBJ Statement for Disclosures about Segments of an Enterprise and Related Information (Statement No.17 issued on March 21, 2008) and the Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (Guidance No.20 issued on March 21, 2008).

Appendix 2-2: Segment Breakdown for the year ended January 31, 2011

Non-consolidated (See page 34)

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

1. Orders

¥ millions

	FY2009		FY2010		YOY(%)
	Buildings	Amount	Buildings	Amount	
Built to Order Housing					
Detached houses					
Steel frame	9,699	298,661	10,381	343,302	14.9
Wood frame	2,946	98,088	3,682	124,827	27.3
Subtotal	12,645	396,750	14,063	468,129	18.0
Low rise apartments	4,253	218,359	4,496	242,988	11.3
Subtotal	16,898	615,110	18,559	711,118	15.6
Real Estate for Sale					
Detached houses					
Steel frame	3,135	86,393	2,441	68,342	(20.9)
Wood frame	597	16,882	555	15,608	(7.5)
Subtotal	3,732	103,275	2,996	83,950	(18.7)
Land	-	65,253	-	51,738	(20.7)
Subtotal	3,732	168,528	2,996	135,688	(19.5)
Condominiums - Buildings	-	25,193	-	37,103	47.3
Condominiums - Land	-	18,377	-	29,462	60.3
Subtotal	-	43,571	-	66,566	52.8
Urban redevelopment	-	-	-	18,441	-
Subtotal	3,732	212,099	2,996	220,696	4.1
Real Estate for Leasing	-	10,101	-	10,350	2.5
Other Business					
RC contracts	100	32,801	71	30,134	(8.1)
Exteriors	-	42,642	-	50,148	17.6
Other	-	5,019	-	5,672	13.0
Subtotal	100	80,462	71	85,955	6.8
Total	20,730	917,774	21,626	1,028,120	12.0

2. Accumulated Orders

¥ millions

	FY2009		FY2010		YOY(%)
	Buildings	Amount	Buildings	Amount	
Built to Order Housing					
Detached houses					
Steel frame	4,659	155,300	5,138	156,055 (-23,950)	0.5
Wood frame	1,576	54,962	2,188	65,405 (-10,312)	19.0
Subtotal	6,235	210,262	7,326	221,460 (-34,263)	5.3
Low rise apartments	3,006	154,509	3,338	154,752 (-28,778)	0.2
Subtotal	9,241	364,771	10,664	376,212 (-63,041)	3.1
Real Estate for Sale					
Detached houses					
Steel frame	661	18,498	694	17,324 (-2,997)	(6.3)
Wood frame	139	4,038	192	5,031 (-799)	24.6
Subtotal	800	22,536	886	22,355 (-3,796)	(0.8)
Land	-	8,223	-	7,936	(3.5)
Subtotal	800	30,759	886	30,291 (-3,796)	(1.5)
Condominiums - Buildings	-	9,020	-	3,684	(59.2)
Condominiums - Land	-	5,543	-	2,462	(55.6)
Subtotal	-	14,563	-	6,146	(57.8)
Urban redevelopment	-	-	-	13,200	-
Subtotal	800	45,322	886	49,637 (-3,796)	9.5
Real Estate for Leasing	-	-	-	-	-
Other Business					
RC contracts	298	80,602	271	63,966 (-7,000)	(20.6)
Exteriors	-	21,918	-	25,731 (-1,329)	17.4
Other	-	405	-	252 (-5)	(37.8)
Subtotal	298	102,926	271	89,949 (-8,335)	(12.6)
Total	10,339	513,020	11,821	515,799 (-75,173)	0.5

* In accordance with "Accounting Standards for Construction Contracts", when reporting net sales, the effect in the case of applying the percentage of completion basis is subtracted from the accumulated orders amount. The number in parentheses () is the amount of that effect.

3. Sales

¥ millions

	FY2009		FY2010		YOY(%)
	Units	Amount	Units	Amount	
	Buildings		Buildings		
Built to Order Housing					
Detached houses					
Steel frame	9,236	289,057	9,994	342,547	18.5
	9,182		9,902	(23,950)	
Wood frame	2,782	91,800	3,085	114,384	24.6
	2,773		3,070	(10,312)	
Subtotal	12,018	380,858	13,079	456,932	20.0
	11,955		12,972	(34,263)	
Low rise apartments	23,743	213,403	22,922	242,745	13.7
	4,171		4,164	(28,778)	
Subtotal	35,761	594,261	36,001	699,677	17.7
	16,126		17,136	(63,041)	
Real Estate for Sale					
Detached houses					
Steel frame	3,165	85,137	2,440	69,516	(18.3)
	3,098		2,408	(2,997)	
Wood frame	601	17,001	502	14,615	(14.0)
	600		502	(799)	
Subtotal	3,766	102,138	2,942	84,131	(17.6)
	3,698		2,910	(3,796)	
Land	-	68,575	-	52,025	(24.1)
Subtotal	3,766	170,714	2,942	136,156	(20.2)
	3,698		2,910	(3,796)	
Condominiums - Buildings	1,254	31,318	2,009	42,439	35.5
	21		29		
Condominiums - Land	-	21,013	-	32,543	54.9
Subtotal	1,524	52,331	2,009	74,983	43.3
	21		29		
Urban redevelopment	-	1,725	-	5,241	203.8
Subtotal	5,020	224,770	4,951	216,380	(3.7)
	3,719		2,939	(3,796)	
Real Estate for Leasing	-	10,101	-	10,350	2.5
Other Business					
RC contracts	1,731	33,606	2,365	46,770	39.2
	106		98	(7,000)	
Exteriors	-	42,755	-	46,335	8.4
				(1,329)	
Other	-	4,858	-	5,825	19.9
				(5)	
Subtotal	1,731	81,219	2,365	98,932	21.8
	106		98	(8,335)	
Total	42,512	910,353	43,317	1,025,341	12.6
	19,951		20,173	(75,173)	

* The figure in parentheses () is the amount of the effect in the case of applying the percentage of completion basis, in accordance with "Accounting Standards for Construction Contracts," when reporting net sales.

1. Business Results

(1) Analysis of Business Results

<Review of Business Performance>

Japan's economy has experienced a moderate recovery in corporate earnings, driven by increased exports fueled by economic growth in emerging countries and increased capital investments primarily in Asia. However, the economic outlook remains obscured by a downturn since the effects of government stimulus measures have dissipated, downward pressure on corporate earnings due to the strong yen and prolonged deflation.

However, the market benefited from government measures aimed at promoting homeownership and upgrades to existing homes. Specifically, tax incentives such as the largest tax cut on mortgage loans in history were implemented. Subsidies aimed at promoting more environmentally friendly housing were extended. The eco-point system was introduced for housing. And tax exemptions were expanded for monetary gifts *inter vivos* to family members buying a home. Along with moderate recoveries in consumer spending and employment environment, the effect of these measures was a recovery in the number of new housing starts including owner-occupied homes. Condominium sales in urban areas have also indicated a rebound.

Under such an environment, Sekisui House has aggressively pursued business initiatives set forth in our mid-term management plan, which include strengthening our core businesses, expanding our business portfolio and deploying our Green First Strategy as a driver of business growth in eco-friendly housing. We became the first homebuilder to sell more than an annual 10,000 detached homes equipped with solar power generation systems, and we lead the industry with the largest number of homes equipped with residential fuel cell systems. We commemorated our 50th anniversary of Sekisui House's foundation on August 1 this year. Under the catchphrase, "Come home to a Sekisui House", we announced reaching the milestone of two million houses sold to date and expressed our appreciation to Sekisui House owners through a far-reaching campaign utilizing mass media outlets including TV broadcasts and customer home visits. As part of our product strategy, we introduced 50th anniversary commemorative models that revamped the structural skeleton and introduced new elements. Those models included the steel-framed detached home Be Sai+e and the wood-framed Sha-Wood home The Gravis. We worked to increase orders and expand our market share through a sales promotion event (history's largest *Sumai no Sankan-bi*) that attracted the greatest customer traffic to date.

Our Smart Universal Design won the Good Design Award 2010 in the Living/Residential Facilities category. Smart Universal Design is our unique design for living space, which builds upon conventional aspects of safety, peace of mind and user-friendliness to pursue comfort and sensory appeal and make our homes easy to operate. In the Yokohama Minato Mirai 21 District, we began validation tests of the Smart Network Project aimed at forming and validating telecommunications standards that will help realize a small carbon footprint society. These validation tests, adopted by the Ministry of Internal Affairs and Communications for its Projects to Standardize and Promote Network Integration Control Systems, are jointly conducted by participating companies.

To expand our business portfolio, we participated in a joint acquisition of all shares in Joint REIT's asset management firm (Sekisui House acquired a 75% stake) with Spring Investment Co., Ltd. In June, the name of Joint Reit Investment Corporation was changed to Sekisui House SI Investment Corporation. This allowed us to make a full-fledged entry into the residential REIT business. Additionally, to expand business opportunities across all aspects of real estate, we have forged a business alliance with KOWA REAL ESTATE CO., LTD. that has a good track record in office leasing, with whom we will jointly pursue a wide variety of businesses, from development to leasing and more.

In Australia, we acquired the built-to-order homebuilding unit of AV Jennings, a company with a 70-plus year history, and agreed to a business and development alliance with the leading developer, Lend Lease Group. In the United States, we have agreed to participate in the joint development of residential and commercial complexes with leading real estate developer and homebuilder Miller and Smith on the One Loudoun Project in the suburbs of Washington D.C., and with

Newland Real Estate Group on the Cinco Ranch housing and commercial development project located in western Houston.

Under our Urban Redevelopment Business, we began construction in March at Osaka Station North District Phase 1 Development Area Project (Umeda Kita-Yard). In June, construction finished at Hommachi Garden City, home to The St. Regis Osaka, the hotel chain's first foray into Japan, and many retail stores. October was the grand opening.

Our business in general performed well, helped by a steady increase in orders driven by our Green First Strategy coupled with the effects of the government's measures, our 50th anniversary commemorative products and sales promotion events.

Net sales in FY2010 amounted to ¥1,488,369 million, (up 10% from the previous year). Operating income grew to ¥56,354 million, ordinary income to ¥56,271 million, and net income to ¥30,421 million.

<Overview of Business Segments>

Built to Order Housing Business

In our Built to Order Housing Business, we strengthened our sales force to actively implement our Green First Strategy, as a part of our mid-term management plan, and to further drive sales of the Green First brand. Green First models have accounted for approximately 70% of our order bookings, showing steady sales growth. We launched new products including 50th anniversary commemorative models for both our steel-framed housing and wood-framed Sha-Wood products to increase orders and grow our share in the detached housing market.

Based on a concept of the beauty of Japan's four seasons, the steel-framed Be Sai+e product showcases many new features, including a reinforced structural skeleton with stronger load-bearing walls, new *Gururin* heat insulation specifications and our slow-living proposal offering comfortable and open space. We installed a new manufacturing line in our Shizuoka Factory to build steel-framed structural systems such as the Be Sai+e. We increased automation to 95% from 60%, achieved a completely made to order production system. At the same time, we advanced production innovations that enable more design flexibility, deliver higher quality and lower costs on greater efficiencies.

The Gravis is positioned as a core product in the wood-framed Sha-Wood line and features a new iteration of our proprietary Sha-Wood S-MJ (super metal joint) system, including super columns with 250 mm module width to deliver superb load-bearing properties. We have launched these new products as Sha-Wood brand core products.

In our Sha-Maison low-rise apartments business, we aggressively promoted our eco-friendly apartment product Sha-Maison Ecostyle. We worked to increase orders by offering rental housing with strong value propositions to owners that also benefit their tenants, including our BEREIO × electric in major urban areas where there is strong demand for three-story apartments and our two-story apartments CURAVIE × electric and CURAVIE × SOLAR in smaller regional cities. In addition, we strove to increase apartment sales by introducing differentiated features such as the SHAIDD55, our original floor-sound insulation system that dampens sounds made by impact on the floor above. This feature serves not only as a differentiation point but also have won adoption in more than half of recent orders taken, acting as a driver of rental housing sales.

Our efforts resulted in a continued recovery in detached housing orders and signs of recovery for apartments primarily in major urban areas.

Sales in the Built to Order Housing Business increased to ¥697,388 million (up 18.1% from the previous fiscal year) and operating income to ¥70,817 million (up45.8%).

Real Estate for Sale Business

In the Built for Sale Housing Business, we held the sales promotion event *Machinami Sankan-bi* (visits to existing subdivisions with superb living environments) to stimulate sales. We leveraged our brand power to actively promote our Green First Strategy. This business line also benefited from mortgage tax breaks, leading to signs of a modest recovery in some geographical areas. Under such an environment, we strove to promote sales by developing communities that deliver highly value-added asset creation, which is where we can best exhibit a competitive edge.

In our Condominium Business, we promoted sales by emphasizing the property attractiveness, product concept and added value of condominiums currently available for sale. Sales have been strong on increased activity in the overall condominium market, especially in Tokyo. Our GRANDE MAISON OKURAYAMA TERRACE sold out on the first day.

Condominiums at Wentworth Point in the suburb of Sydney, Australia, a business we began two years ago, is progressing solidly with over 90% of units under contract.

In our Urban Redevelopment Business, We held the grand opening of Hommachi Garden City (Osaka) in October. Also construction is progressing steadily at our Garden City Shinagawa Gotenyama (Shinagawa, Tokyo) and Hommachi Minami Garden City (Osaka) projects.

Generally in this business, we continued our nationwide efforts to adjust inventories and improve asset turnover including detached houses for sale, but were unable to achieve a substantial improvement.

For the Real Estate for Sale Business, sales decreased to ¥229,483 million (down 9.5% from the previous fiscal year), and operating loss came to ¥3,165 million.

Real Estate for Leasing Business

In the Real Estate for Leasing Business, the number of units of Sha-Maison low-rise apartments for block leasing and management by Sekiwa Real Estate companies showed a steady increase. While occupancy rates stagnate nationwide, we pushed forward with marketing activities as an integrated group, actively proposing remodeling aimed at maintaining and enhancing owner's asset value and strengthened ties with exclusive agents of Sekiwa Real Estate companies. As a result, we were able to maintain high occupancy rates mainly in Tokyo, Osaka and other urban areas. Furthermore, we worked to grow earnings in the Real Estate for Leasing Business by introducing new supply based on pinpointed area marketing to propose Sha-Maison Town etc.

Meanwhile, we improved our MAST Club website aimed at tenants to make it more user friendly, and expanded services targeting tenants to promote tenant recruitment efforts, such as the introduction of rent guaranty services for new tenants through our group companies.

Sales in the Real Estate for Leasing Business grew to ¥377,667 million (up 3.7% from the previous fiscal year) and operating income decreased by 0.4% to ¥14,124 million.

Other Businesses

Our Remodeling Business as part of our Green First Strategy fared well as we actively marketed remodeling proposals aimed at energy conservation with the installation of photovoltaic power generation systems and high-efficiency hot water supply systems. Aside from environmental features, we proposed remodeling ideas to support comfort in living tailored to diversifying lifestyles. As a result, business fared well, helped by the effects of eco-points for housing.

Orders and inquiries for the *Sekiwa no Ki no Ie*, a second brand from the Sekiwa Construction Group, were strong due to housing designs tailored to regional characteristics and the trustworthiness of the Sekisui House Group.

For this segment, sales amounted to ¥183,831 million (up 26.8% from the previous year) and operating income to ¥9,454 million (up 52.0%).

<Outlook>

Japan's economy has experienced a moderate recovery in corporate earnings, resulting in recoveries in employment and personal incomes though downward pressure on corporate earnings remains due to the strong yen and raw material price hikes. Under such environment, we continue to promote our Green First Strategy, main driver of our business, and expect continued benefits from government measures including the housing eco-point system and tax breaks aimed at promoting homeownership.

For the fiscal year ending January 2012, we forecast consolidated earnings of ¥1,510 billion in sales (up 1.5% from FY2010), ¥63 billion in operating income (up 11.8%), ¥63 billion in ordinary income (up 12%), and ¥34 billion in net income (up 11.8%).

(2) Analysis on financial position

Total assets decreased by ¥12,637 million to ¥1,341,308 million at the end of the fiscal year under review, primarily owing to the increase in buildings for sale as construction work of urban redevelopment projects progressed, while land for sale in lots decreased. Liabilities decreased by ¥34,371 million to ¥603,279 million, mainly due to the increase in corporate bonds, despite of the decrease in long-term loans payable. Net assets increased by ¥21,733 million to ¥738,029 million, chiefly due to increase in retained earnings etc.

Net cash provided by operating activities increased by ¥85,061 million, primarily due to the increase in notes and accounts payable increased while inventories decreased.

Net cash provided by investing activities decreased by ¥20,989 million. This was mainly attributable to purchases of leasing properties and investment securities.

Net cash provided by financing activities decreased by ¥60,132 million, primarily owing to the repayment of long-term loans payable, while at the same time corporate bonds were issued.

Consequently, cash and cash equivalents at the end of the fiscal year under review amounted to ¥151,983 million, increasing by ¥3,352 million from the end of the previous fiscal year.

(Reference) Trend in cash flow pertinent indicators

	FY2006	FY2007	FY2008	FY2009	FY2010
Equity ratio (%)	62.4	57.1	54.3	52.9	54.9
Equity ratio based on market price (%)	93.8	59.1	37.5	42.7	40.3
Debt service coverage ratio (years)	0.3	-	6.8	4.7	2.5
Interest coverage ratio (times)	732.9	-	16.5	17.8	23.0

(Note) Equity ratio = equity / total assets

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

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

Interest coverage ratio = operating cash flow / interest paid

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

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

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

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

For the year ended January 2011, we paid an interim dividend of ¥8 and commemorative dividend of ¥5 to celebrate our 50th anniversary at the end of first half, and plan to pay out a year-end dividend of ¥8 (totaling ¥21: common dividend of ¥16 + commemorative dividend of ¥5) over the full year.

For the next fiscal year, we plan to pay out an interim dividend of ¥10 and a year-end dividend of ¥10, totaling ¥20 for the full year.

(4) Risk factors

This section contains an overview of the major business-related risks and other risks facing Sekisui House, Ltd. and its Group companies (the Group) that could have material bearing on the decisions of investors. These risks include potential risks for the future, which the Group deems to be risks as of the day when these financial statements are issued (March 1, 2010).

(1) Changes in operating environments

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

(2) Natural disasters, etc.

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

(3) Price rise of raw and other materials

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

(4) Assets held by the Group

Securities, real estate for sales, noncurrent assets, and other assets held by the Group can suffer impairment or loss from revaluation due to a decline in market value, etc. Such an occurrence could have a negative impact on the Group's business performance and financial position.

(5) Quality control

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

(6) General legal and regulatory risks

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

(7) Overseas business

The Group is engaged in housing-related business overseas. Unforeseeable changes in social and economic conditions, including trends in laws, regulations, and taxation systems in the respective countries could have a negative effect on the Group's business performance.

(8) Protection of privacy

Because of the nature of its business, the Group handles a large volume of customer data. The Group makes extra efforts

to protect such personal information. Leakage, etc. of such personal information would significantly damage the Group's reputation and credit, and thus could have a negative impact on the Group's business performance.

(9) Pension liabilities

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

(10) Computer viruses

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

(11) Preventive measures against takeover bids

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

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

At this point in time, we are not observing any concrete cases of such a purchase or its offer, and so do not plan to draw up in advance any anti-takeover measures, which will be taken once such a purchaser is identified. Nevertheless, we will always watch the movements of our stock carefully, and, once we have identified a party who intends to acquire a large interest in the company, we will immediately take any and all actions that we deem to be most appropriate, fulfilling the natural duties entrusted to us by our shareholders and investors.

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

2. Outline of the Sekisui House Group

The Sekisui House, Ltd. group consists of Sekisui House, Ltd., 106 subsidiaries, and 9 affiliates. Sekisui House group companies are involved in the contract design, construction, and letting of prefabricated houses. They also buy and sell, act as agents for, lease and manage real estate. The position of each company within the group is illustrated below.

The following four sections classify each business division as they are classified in the 'Segment Information' section.

(1) Built to Order Housing Business

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

(2) Real Estate for Sale Business

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

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

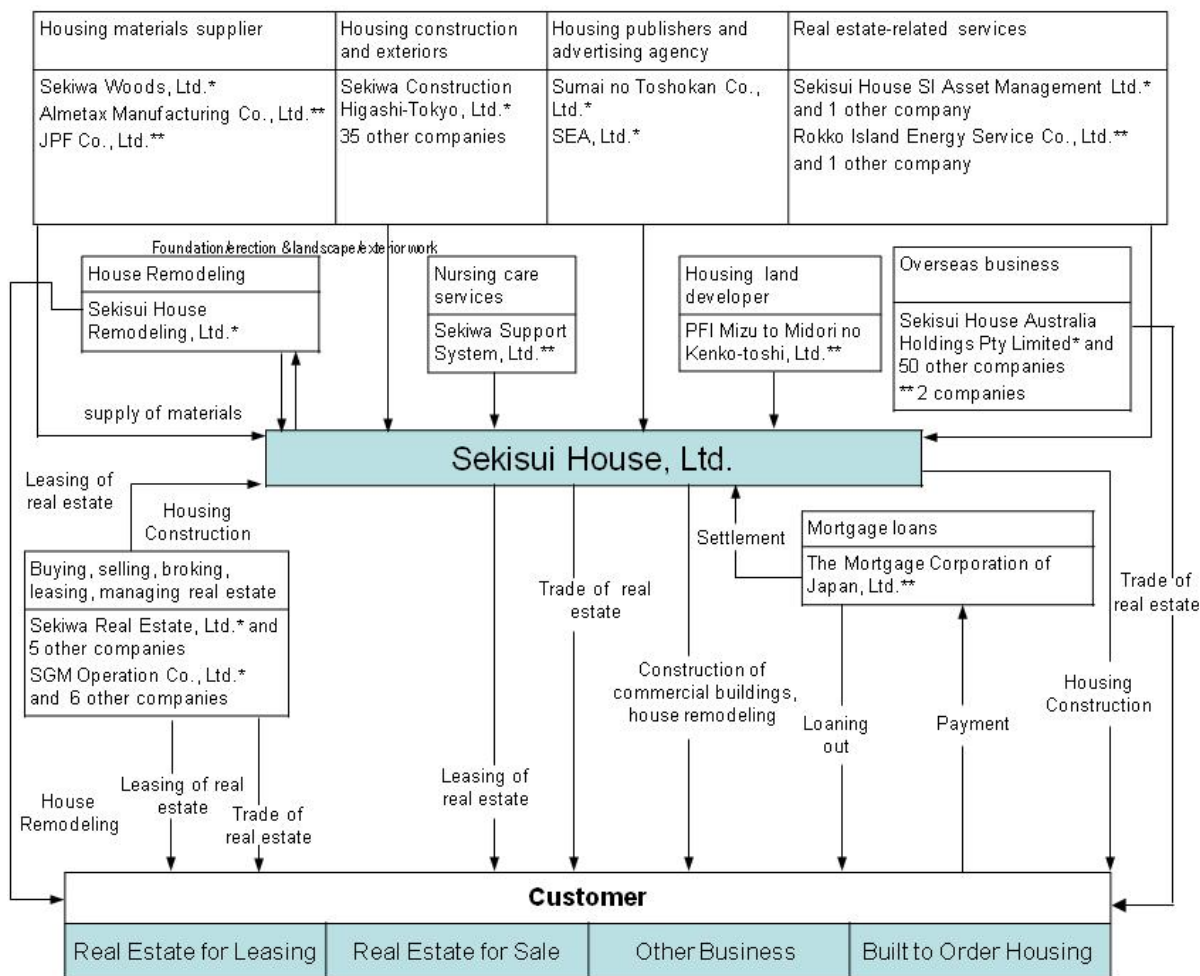
(3) Real Estate for Leasing Business

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

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

(4) Other Business

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



* Consolidated subsidiary

** Related company, accounted for by the equity method

(Major subsidiaries and affiliates)

Name	Capital	Main business	Voting rights	Transactions
(Consolidated subsidiaries)	¥ millions			
Sekiwa Real Estate, Ltd.	1,758	Real Estate for Leasing Real Estate for Sale	100.0%	Leasing and consigned management of Sekisui House customers' real estate, real estate brokerage, etc.
Sekiwa Real Estate Kansai, Ltd.	5,829	Same as above	100.0%	Same as above
Sekiwa Real Estate Chubu, Ltd.	1,368	Same as above	100.0%	Same as above
Sekiwa Real Estate Chugoku, Ltd.	379	Same as above	100.0%	Same as above
Sekiwa Real Estate Kyushu, Ltd.	263	Same as above	100.0%	Same as above
Sekiwa Real Estate Tohoku, Ltd.	200	Same as above	100.0%	Same as above
Sekisui House Remodeling, Ltd.	100	Other Business	100.0%	Contract remodeling
SGM Operation Co., Ltd.	418	Real Estate for Leasing	100.0%	Consignment of real estate management and sales of housing-related equipment
Sekisui House Umeda Operation Co., Ltd.	100	Same as above	100.0%	Consignment of real estate management
Sekiwa Wood, Ltd.	480	Built to Order Housing	100.0%	Sales of housing materials
Sekisui House SI Asset Management Ltd.	200	Other Business	75.0%	–
Sekisui House Australia Holdings Pty Limited	AU\$ 244,000,000	Real Estate for Sale	100.0%	–
North America Sekisui House, LLC	US\$ 50,700,000	Same as above	100.0%	–
93 other companies				
(Companies accounted by the equity method)				
Almetax Manufacturing Co., Ltd.*1	2,160	Manufacturing and sale of housing construction materials	33.99%	Sales of building materials
JPF Co., Ltd. *1	2,550	Same as above	21.99%	Same as above
7 Other companies				

Notes

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

3. Management Policy

(1) Basic management policy

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

(2) Business targets

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

(3) Medium and long-term business strategy

Since the Lehman Shock, global economies decelerated simultaneously, causing rapid deterioration in business performance, reductions in capital investments and a worsened employment environment. The effect on the real economy has been substantial. In response, the government of Japan has implemented a variety of domestic economic measures, albeit to limited effect. With a rapid appreciation of the Japanese Yen eroding exporters' profits and the government's declaration of deflation in response to price declines, there is little confidence in the outlook for the economy. This in turn fuels concerns about a turnaround in corporate earnings and weighs on personal income, forcing the housing market into significant retrenchment.

Aside from such a business environment, the market is diversifying more than ever before. To keep pace, the Company has prepared its mid-term management plan on January 20, 2010, with the aim to expand our business portfolio and leverage our cumulative sales base of two million homes as an asset in the pursuit of sustainable growth.

The market for built-to-order housing is in a recovery trend now that the effects of the Lehman Shock have dissipated. The situation, however, remains harsh. A driver of the recovery has been government policies focused on the shift from quantity to quality as well as tax advantages and expanded subsidies for environmentally-friendly measures. As a top runner in environmentally-friendly housing, Sekisui House will actively pursue business growth.

In the built-for-sale housing business, the decline in land prices has shown signs of moderating and Sekisui House will focus on its strength in creating community townscapes. However, we will move to shrink our land bank to manage assets more efficiently and reduce holding risk. Meanwhile, in the condominium business, price erosion is making it difficult to sell off inventory. Considering such a situation, we will take a more cautious stance by applying more rigid selection standards when preparing project plans. Meanwhile, in the built-for-sale housing business, more prominent disparities in income has led to expansion in the market for smaller homes. To respond to this trend, the Sekiwa Real Estate Group has set out to expand sales of its *MAST* brand, based on targeted area analysis.

The market for real estate for leasing has yet to see a recovery in owners' demand for investment. That said, the latent demand for managing rental housing as part of a portfolio of assets is deeply rooted, and we strive to grow orders by making strong value propositions and maintaining high occupancy rates at properties managed by Sekiwa Real Estate Group with its expertise.

In our development business, in light of the deterioration in real estate prices, we will revisit our conventional business approach of selling immediately upon completion of construction. Instead, we will strive to grow future returns by holding assets over the near- to mid-term and generating earnings from a stock of properties. At the same time, we will consider opportunities for M&A, alliances and building cooperative relationships to enhance our capabilities in development, leasing and exit strategies in our urban redevelopment business.

In our new overseas business, sales have already started in Australia, and we plan to roll out housing businesses in

Russia, China and other countries moving forward, as well.

The remodeling business is a growth market. Instead of limiting ourselves to remodeling of homes we built, we will grow the business by targeting other existing homes, leveraging the capabilities of Sekiwa Construction companies. By doing so, as a group we will have all bases covered, with Sekisui House Remodeling targeting owners of Sekisui House homes, Sekiwa Real Estate Group targeting large-scale remodeling projects and tenant turnover-related remodeling in rental properties, and the Sekiwa Construction Group targeting other existing properties.

In the built-to-order detached house business as well, more prominent disparities in income has lead to expansion in the market for smaller homes. To respond to this trend, the Sekiwa Construction Group has set out to expand share by introducing its second brand to the market.

(4) Issues that the Company Needs to Address

We expect homebuyers to show a renewed appetite to invest due to improved employment and personal incomes driven by moderate recoveries of corporate earnings, and continued government measures aimed at promoting homeownership. However, there remain downside risks to corporate profitability, such as political uncertainty and natural disasters overseas, resulting in raw material price hikes, continued upward pressure on the yen and deflation. Even under such circumstances, we continue to strive to generate stable profits by implementing the measures set forth in our mid-term business plan.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(¥ millions)

	As of January 31, 2010	As of January 31, 2011
Assets		
Current assets		
Cash and deposits	149,330	151,983
Notes receivable, accounts receivable from completed construction contracts	11,391	35,545
Short-term investment securities	1,274	5
Costs on uncompleted construction contracts	47,540	12,212
Buildings for sale	115,643	131,737
Land for sale in lots	357,321	329,487
Undeveloped land for sale	71,089	70,835
Other inventories	5,848	6,162
Deferred tax assets	65,787	52,640
Other	27,844	34,282
Allowance for doubtful accounts	(2,137)	(2,361)
Total current assets	850,933	822,530
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	234,463	241,411
Machinery, equipment and vehicles	60,055	59,822
Tools, furniture and fixtures	27,422	27,844
Land	189,361	193,249
Lease assets	223	401
Construction in progress	6,160	11,099
Accumulated depreciation	(175,455)	(181,696)
Total property, plant and equipment	342,233	352,131
Intangible assets		
Industrial property	29	27
Leasehold right	2,011	2,011
Software	5,936	6,130
Right of using facilities	150	186
Telephone subscription right	863	862
Other	79	590
Total intangible assets	9,070	9,809
Investments and other assets		
Investment securities	67,410	72,449
Long-term loans receivable	32,791	28,831
Deferred tax assets	17,274	18,650
Other	35,715	38,350
Allowance for doubtful accounts	(1,483)	(1,445)
Total investments and other assets	151,708	156,837
Total noncurrent assets	503,012	518,778
Total assets	1,353,946	1,341,308

(¥ millions)

	As of January 31, 2010	As of January 31, 2011
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts	135,658	104,631
Electronically recorded obligations-operating	-	45,083
Short-term loans payable	-	25
Current portion of long-term loans payable	172,901	27,454
Income taxes payable	4,810	9,038
Advances received on uncompleted construction contracts	90,425	75,539
Provision for bonuses	6,177	14,419
Provision for directors' bonuses	-	662
Provision for warranties for completed construction	2,390	2,762
Other	48,102	44,471
Total current liabilities	460,466	324,088
Noncurrent liabilities		
Bonds payable	59,986	129,990
Long-term loans payable	28,778	54,560
Long-term lease and guarantee deposited	54,439	52,592
Provision for retirement benefits	29,347	34,914
Provision for directors' retirement benefits	1,125	1,023
Other	3,507	6,109
Total noncurrent liabilities	177,184	279,190
Total liabilities	637,650	603,279
Net assets		
Shareholders' equity		
Capital stock	186,554	186,554
Capital surplus	237,522	237,522
Retained earnings	287,738	309,361
Treasury stock	(1,385)	(1,416)
Total shareholders' equity	710,429	732,021
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	3,152	2,813
Deferred gains or losses on hedges	4	11
Foreign currency translation adjustment	2,151	2,115
Total valuation and translation adjustments	5,308	4,940
Subscription rights to shares	232	292
Minority interests	325	774
Total net assets	716,295	738,029
Total liabilities and net assets	1,353,946	1,341,308

(2) Consolidated Statements of Income

(¥ millions)

	Feb. 1, 2009 – Jan. 31, 2010	Feb. 1, 2010 – Jan. 31, 2011
Net sales	1,353,186	1,488,369
Cost of sales	1,196,849	1,231,161
Gross profit	156,336	257,208
Selling, general and administrative expenses		
Selling expenses	43,182	43,434
General and administrative expenses	151,909	157,418
Total selling, general and administrative expenses	195,091	200,853
Operating income (loss)	(38,754)	56,354
Non-operating income		
Interest income	1,087	1,220
Dividends income	847	938
Insurance agency commission	1,162	1,193
Real estate rent	709	—
Equity in earnings of affiliates	387	916
Other	2,159	2,601
Total non-operating income	6,353	6,871
Non-operating expenses		
Interest expenses	2,965	2,638
Loss on cancel of model house leasing contracts	671	569
Other	2,721	3,746
Total non-operating expenses	6,357	6,954
Ordinary income (loss)	(38,758)	56,271
Extraordinary income		
Gain on sales of investment securities	6	134
Total extraordinary income	6	134
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	1,973	2,234
Loss on valuation of investment securities	873	231
Impairment loss	-	125
Cost of business structure improvement	4,821	-
Total extraordinary losses	7,668	2,592
Income (loss) before income taxes and minority interests	(46,421)	53,814
Income taxes-current	8,698	12,635
Income taxes-deferred	(25,869)	10,734
Total income taxes	(17,170)	23,370
Minority interests in income	26	22
Net income (loss)	(29,277)	30,421

(3) Consolidated Statements of Changes in Net Assets

(¥ millions)

	Feb. 1, 2009 – Jan. 31, 2010	Feb. 1, 2010 – Jan. 31, 2011
Shareholders' equity		
Capital stock		
Balance at the end of previous period	186,554	186,554
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of current period	186,554	186,554
Capital surplus		
Balance at the end of previous period	237,522	237,522
Changes of items during the period		
Retirement of treasury stock	-	-
Total changes of items during the period	-	-
Balance at the end of current period	237,522	237,522
Retained earnings		
Balance at the end of previous period	331,895	287,738
Changes of items during the period		
Dividends from surplus	(14,871)	(8,786)
Net income (loss)	(29,277)	30,421
Retirement of treasury stock	-	-
Disposal of treasury stock	(8)	(11)
Total changes of items during the period	(44,157)	21,623
Balance at the end of current period	287,738	309,361
Treasury stock		
Balance at the end of previous period	(1,355)	(1,385)
Changes of items during the period		
Purchase of treasury stock	(54)	(62)
Retirement of treasury stock	-	-
Disposal of treasury stock	23	31
Total changes of items during the period	(30)	(31)
Balance at the end of current period	(1,385)	(1,416)
Total shareholders' equity		
Balance at the end of previous period	754,616	710,429
Changes of items during the period		
Dividends from surplus	(14,871)	(8,786)
Net income (loss)	(29,277)	30,421
Purchase of treasury stock	(54)	(62)
Disposal of treasury stock	14	20
Total changes of items during the period	(44,187)	21,592
Balance at the end of current period	710,429	732,021

(¥ millions)

	Feb. 1, 2009 – Jan. 31, 2010	Feb. 1, 2010 – Jan. 31, 2011
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	(960)	3,152
Changes of items during the period		
Net changes of items other than shareholders' equity	4,112	(339)
Total changes of items during the period	4,112	(339)
Balance at the end of current period	3,152	2,813
Deferred gains or losses on hedges		
Balance at the end of previous period	(8)	4
Changes of items during the period		
Net changes of items other than shareholders' equity	13	7
Total changes of items during the period	13	7
Balance at the end of current period	4	11
Foreign currency translation adjustment		
Balance at the end of previous period	-	2,151
Changes of items during the period		
Net changes of items other than shareholders' equity	2,151	(36)
Total changes of items during the period	2,151	(36)
Balance at the end of current period	2,151	2,115
Total valuation and translation adjustments		
Balance at the end of previous period	(969)	5,308
Changes of items during the period		
Net changes of items other than shareholders' equity	6,277	(368)
Total changes of items during the period	6,277	(368)
Balance at the end of current period	5,308	4,940
Subscription rights to shares		
Balance at the end of previous period	158	232
Changes of items during the period		
Net changes of items other than shareholders' equity	73	60
Total changes of items during the period	73	60
Balance at the end of current period	232	292
Minority interests		
Balance at the end of previous period	323	325
Changes of items during the period		
Net changes of items other than shareholders' equity	1	448
Total changes of items during the period	1	448
Balance at the end of current period	325	774

(¥ millions)

	Feb. 1, 2009 – Jan. 31, 2010	Feb. 1, 2010 – Jan. 31, 2011
Total net assets		
Balance at the end of previous period	754,130	716,295
Changes of items during the period		
Dividends from surplus	(14,871)	(8,786)
Net income (loss)	(29,277)	30,421
Purchase of treasury stock	(54)	(62)
Disposal of treasury stock	14	20
Net changes of items other than shareholders' equity	6,353	140
Total changes of items during the period	(37,834)	21,733
Balance at the end of current period	716,295	738,029

(4) Consolidated Statements of Cash Flows

(¥ millions)

	Feb. 1, 2009 – Jan. 31, 2010	Feb. 1, 2010 – Jan. 31, 2011
Net cash provided by (used in) operating activities		
Income (loss) before income taxes and minority interests	(46,421)	53,814
Depreciation and amortization	16,579	16,383
Impairment loss	-	-
Increase (decrease) in provision for retirement benefits	7,785	5,567
Decrease (increase) in prepaid pension costs	4,893	-
Interest and dividends income	(1,934)	(2,159)
Interest expenses	2,965	2,638
Equity in (earnings) losses of affiliates	(387)	(916)
Loss on valuation of real estate for sale	-	-
Loss (gain) on valuation of investment securities	873	231
Decrease (increase) in notes and accounts receivable-trade	1,797	(24,002)
Decrease (increase) in inventories	85,962	42,029
Increase (decrease) in notes and accounts payable-trade	(13,331)	9,052
Increase (decrease) in advances received on uncompleted construction contracts	5,699	(14,908)
Other, net	(518)	5,784
Subtotal	63,962	93,513
Interest and dividends income received	1,988	2,194
Interest expenses paid	(3,106)	(3,701)
Income taxes paid	(12,590)	(9,857)
Income taxes refund	5,147	2,911
Net cash provided by (used in) operating activities	55,402	85,061
Net cash provided by (used in) investing activities		
Proceeds from sales of short-term investment securities	2,050	1,280
Purchase of property, plant and equipment	(21,630)	(21,936)
Proceeds from sales of property, plant and equipment	174	4,164
Purchase of investment securities	(2,650)	(4,066)
Proceeds from sales of investment securities	26	311
Payments of loans receivable	(4,819)	(967)
Collection of loans receivable	4,782	5,318
Other, net	(4,403)	(5,093)
Net cash provided by (used in) investing activities	(26,472)	(20,989)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term bonds payable	-	25
Proceeds from long-term loans payable	8,201	53,196
Repayment of long-term loans payable	(205)	(174,325)
Proceeds from sales from issuance of bonds	-	70,000
Cash dividends paid	(14,871)	(8,786)
Purchase of treasury stock	(53)	(62)
Other, net	(39)	(180)
Net cash provided by (used in) financing activities	(6,969)	(60,132)

(¥ millions)

	Feb. 1, 2009 – Jan. 31, 2010	Feb. 1, 2010 – Jan. 31, 2011
Effect of exchange rate change on cash and cash equivalents	2,151	(586)
Net increase (decrease) in cash and cash equivalents	24,112	3,352
Cash and cash equivalents at beginning of period	124,517	148,630
Cash and cash equivalents at end of period	148,630	151,983

(5) Matters Regarding Assumption of Going Concerns

Not applicable

(6) Basic Important Matters for Preparation of Consolidated Financial Statements

① Scope of Consolidation

Consolidated subsidiaries: 106, including Sekiwa Real Estate, Ltd., Sekiwa Real Estate Kansai, Ltd., Sekiwa Real Estate Chubu, Ltd., Sekiwa Real Estate Chugoku, Ltd., Sekiwa Real Estate Kyushu, Ltd., and Sekiwa Real Estate Tohoku, Ltd.

Changes in scope of consolidation: Newly included: 26 Excluded: 4

All 106 subsidiaries are consolidated.

② Scope of application of equity method

Affiliated companies accounted for by the equity method: 9 including Almetax Manufacturing Co., Ltd., JPF Co., Ltd., and others

Changes in scope of equity method: Newly included: 1

Investment in 9 affiliated companies is accounted for by the equity method.

③ Term-ends of consolidated subsidiaries

The fiscal year ends on March 31 for Sekisui House SI Asset Management, Ltd. and Sky Rail Service Co., Ltd., and on December 31 for Sekisui House Australia Holdings Pty Limited and 50 other consolidated subsidiaries. When preparing consolidated financial statements, the Company uses the financial statements of Sekisui House SI Asset Management, Ltd. and Sky Rail Service Co., Ltd., which have been compiled by provisionally settling their accounts as of January 31, and those of other consolidated subsidiaries as of their respective balance sheet dates. For material transactions before the date of fiscal year-end of consolidated group, necessary adjustments have been implemented.

④ Summary of significant accounting standards

(1) Basis and method for valuation for significant assets

(a) Short-term investment securities:

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

(ii) Other short-term investment securities:

- Stocks with market value: Based on closing market price on the last day of period (Valuation gains and losses resulting are calculated by the full net assets costing method; cost of disposal is calculated by the moving average method)

- Stocks with no available market value: At cost, based on the moving average method

(b) Derivatives: Market value method

(c) Inventories:

Inventories are valued at cost (cost method whereby the book value is written down to the net realizable value in cases where there has been a material decline in value).

(i) Costs on uncompleted construction contracts, buildings for sale, land for sale in lots, and undeveloped land for sale:

At cost based on individual cost method

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

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

(a) Property, plant and equipment (excluding lease assets):

The Company applies the straight-line method to buildings (excluding attached structures), and uses the declining-balance method for other property, plant and equipment.

(b) Intangible assets (excluding lease assets): Straight-line method

(c) Lease assets:

Leased assets for finance lease transactions other than those involving a transfer of title

The Company applies the straight-line method to such finance leases, where the useful lives of the assets are the terms of leases and the residual values of the assets are deemed zero. Finance lease transactions other than those involving a transfer of title that began prior to January 31, 2009 are accounted for using the same method as operating leases.

(3) Basis for accounting for significant allowances

(a) Allowance for doubtful accounts

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

(b) Provision for bonuses

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

(c) Provision for directors' bonuses

To prepare for bonus payments to directors and corporate auditors, the Company provides for the estimated amount.

(d) Provision for warranties for completed construction

Provisions for losses and guarantee expenses due to post-completion defects are recorded based on historical repair and other costs arising from completed structures and detached housing.

(e) Provision for retirement benefits

To prepare for future retirement payments to employees, the Company provides for estimated total retirement obligations and pension assets at the end of the consolidated fiscal year. To account for differences in actuarial calculations, the Company recognizes those differences through straight-line depreciation over 5 years, expensing them in the year following such recognition. Differences arising in respect of past service obligations are calculated over 5 years by the straight-line method and expensed in the year in which they arise.

(Change in accounting principles)

The Company has adopted Partial Amendments to Accounting Standard for Retirement Benefits (Part3) (ASBJ Statement No.19 issued on July 31, 2008) from the beginning of fiscal year ended January 31, 2011.

This change had no impact on profits of the Company's businesses.

(f) Provision for directors' retirement benefits

To allow for retirement payments to directors and corporate auditors, the Company provides the required amounts at the end of the current term based on internal regulations.

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

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

(5) Main hedge accounting methods

(a) Hedge accounting methods

The Company accounts for hedging activities under deferral hedge accounting. *Furiate-shori* (accounting method in which the current and forward rate difference is allocated by period length for the calculation at the accounting period) is applied to forward foreign exchange contracts which conform to the requirements of such hedge accounting.

(b) Hedging instruments and targets

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

(2)The Company hedges its borrowings with interest-rate swaps.

(c) Hedging policies

The Company uses derivatives transactions with the aim of avoiding losses from fluctuations in exchange. The use of exchange contracts does not exceed the amount of import transactions. The assumed principal balance subject to interest-swap transaction does not exceed the interest bearing debts outstanding.

(d) Methods of assessing hedge effectiveness

The Company assesses if the percentage changes of hedge targets and hedge instruments approximately range from 80% to 125%, where hedging transactions are considered to be effective, while it does not assess the effectiveness of

hedging where the main conditions match with regard to the relevant transactions and hedge targets, and where the cash flow is fixed.

(6) Accounting for consumption taxes

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

(7) Basis for accounting for income and expenses

(a) Accounting standard for recognition of income and expenses of completed works

(i) For the portion of works certain to be completed by the end of the current consolidated fiscal year

Percentage-of-completion method (estimate for level of completion based on the percentage of direct costs)

(ii) Other construction contracts

Completed-contract method

(Change in accounting principles)

With regard to the standard for the recognition of income resulting from contracted construction work, the Company previously adopted completed-contract method. However, the Accounting Standards for Construction Contracts (ASBJ Statement No.15 issued on December 27, 2007) and the Guidance on Application of Accounting Standards for Construction Contracts (ASBJ Guidance No.18 issued on December 27, 2007) have been applied to construction contracts from the beginning of fiscal year ended January 31, 2011. The Company has applied percentage-of-completion method (estimate for level of completion based on the percentage of direct costs) to construction contracts meeting the following criteria; construction had been started during the fiscal year under review (except for short-period work), of which the percentage of construction completion by the end of the fiscal year can be estimated reliably. For other construction contracts, the company has adopted completed-contract method.

Accordingly, “Net sales” increased by ¥72,989 million, while “Operating income”, “Ordinary income”, and “Net income before income taxes and minority interest” increased by ¥14,946 million respectively.

The impact on segment information is described in the relevant section.

(b) Basis for accounting for income from finance leases

The Company records net sales and cost of sales upon receipt of lease charges.

(8) Inclusion of interest paid in acquisition cost

In conformity with the accounting standards of relevant countries, overseas consolidated subsidiaries include interest paid with regard to borrowed funds for the real estate development business in acquisition cost. At end of period, interest expenses of ¥472 million, ¥674 million and ¥670 million are included in “Buildings for sale”, “Land for sale in lots” and “Undeveloped land for sale,” respectively.

⑤ Assessing the assets and liabilities of consolidated subsidiaries

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

⑥ Amortization of goodwill

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

⑦ Scope of amounts in consolidated statements of cash flows

The funds (cash and cash equivalents) in the consolidated statements of cash flows comprise cash and equivalents (except fixed term deposits exceeding 3 months) and short-term investments with redemption periods of less than 3 months that

are easily convertible into cash, with insignificant risk of losses from price fluctuations.

(7) Change in Presentation

Consolidated Statements of Income

“Real estate rent” under non-operating income was reclassified included under “Other” since the item is less important beginning with the fiscal year under review. “Real estate rent” account included in “Other” amounted to ¥201 million.

(8) Note to Consolidated Financial Statements
(Notes to Consolidated Balance Sheets)

	As of Jan. 31, 2010	As of Jan. 31, 2011
1. Collateralized assets	26,944	33,226
2. Liabilities guaranteed	82,602	109,331
3. Shareholdings in related companies included in investment securities	3,653	4,342
4. Interest bearing liabilities	261,666	212,030

(As of January 31, 2010)

¥60,998 million of real estate held for sale that appeared primarily under “Inventories” at the end of the previous fiscal year have been reclassified as “Buildings and Structures” and “Land” etc. Meanwhile, the Company’s dormitories and leasing properties of ¥262 million, which were reported under “Buildings and Structures” and “Land” etc. at the end of the previous fiscal year, have been reclassified under “Buildings for sale” and “Land for sale in lots”.

¥5,284 million of real estate held for sale that appeared under “Buildings for sale” and “Land for sale in lots” at the end of the previous fiscal year have been reclassified as “Buildings and Structures” and “Land” and others.

(Notes to Consolidated Statements of Income)

February 1, 2010 – January 31, 2011

(1) Impairment loss

During the period, impairment loss of the following group of assets was recorded.

Location	Usage	Type	Amount (¥ millions)
Omaezaki, Shizuoka Prefecture, among others	Real estate for leasing	Buildings and land	125

The Company and its subsidiaries recognize impairment loss by grouping investment properties by project and grouping other assets by operating unit, which allow us to manage gains and losses in a rational manner. As a result, for the group of assets for leasing, the book value was impaired down to the recoverable value, and this decrease was recorded as loss on asset impairment under “Extraordinary loss.” For these assets, the recoverable value is the net selling price. The net selling price is determined based on the net saleable value.

(Notes to Consolidated Statement of Changes in Net Assets)

February 1, 2009 – January 31, 2010

1. Matters related to shares outstanding

	Number of shares at end of previous period	Number of shares increased	Number of shares decreased	Number of shares at end of this year
Ordinary shares	676,885,078	-	-	676,885,078

(Reason(s) for changes)

The number of shares outstanding has remained unchanged.

2. Matters related to treasury stock

	Number of shares at end of previous period	Number of shares increased	Number of shares decreased	Number of shares at end of this period
Ordinary shares	1,089,368	66,767	18,471	1,137,664

(Reason(s) for changes)

Breakdown of the number of increased ordinary shares held in treasury

Increase due to repurchases of fractional shares 66,471 shares

Treasury stock acquired through equity-method subsidiaries and affiliates and attributable to the Company 296 shares

Breakdown of the number of decreased ordinary shares held in treasury

Decrease due to requests for additional purchases of fractional shares 15,471 shares

Decrease due to exercise of stock options 3,000 shares

3. Matters related to subscription rights to shares

Company name	Details	Class of shares to be issued upon exercise of subscription rights	Number of shares to be issued upon exercise of the subscription rights (thousand)				Balance at end of this period (¥ millions)
			Number of shares at end of previous period	Number of shares increased	Number of shares decreased	Number of shares at end of this period	
Reporting entity	Subscription rights as stock option	Ordinary share	-	-	-	-	232
Total			-	-	-	-	232

4. Matters related to dividends

(1) Dividends paid to shareholders

Resolve	Type	Cash dividends paid	Dividends (per share)	Standard date	Effective date
April 23, 2009 The General Shareholders' Meeting	Ordinary share	¥8,111 million	¥12.00	Jan. 31, 2009	Apr. 24, 2009
Sep. 1, 2009 The Meeting of the Board of Directors	Ordinary share	¥6,759 million	¥10.00	Jul. 31, 2009	Sep. 30, 2009

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

Not applicable

February 1, 2010 – January 31, 2011

1. Matters related to shares outstanding

	Number of shares at end of previous period	Number of shares increased	Number of shares decreased	Number of shares at end of this year
Ordinary shares	676,885,078	-	-	676,885,078

(Reason(s) for changes)

The number of shares outstanding has remained unchanged.

2. Matters related to treasury stock

	Number of shares at end of previous period	Number of shares increased	Number of shares decreased	Number of shares at end of this period
Ordinary shares	1,137,664	75,490	25,295	1,187,859

(Reason(s) for changes)

Breakdown of the number of increased ordinary shares held in treasury

Increase due to repurchases of fractional shares 75,299 shares

Treasury stock acquired through equity-method subsidiaries and affiliates and attributable to the Company 191 shares

Breakdown of the number of decreased ordinary shares held in treasury

Decrease due to requests for additional purchases of fractional shares 8,295 shares

Decrease due to exercise of stock options 17,000 shares

3. Matters related to subscription rights to shares

Company name	Details	Class of shares to be issued upon exercise of subscription rights	Number of shares to be issued upon exercise of the subscription rights (thousand)				Balance at end of this period (¥ millions)
			Number of shares at end of previous period	Number of shares increased	Number of shares decreased	Number of shares at end of this period	
Reporting entity	Subscription rights as stock option	Ordinary share	-	-	-	-	292
Total			-	-	-	-	292

4. Matters related to dividends

(1) Dividends paid to shareholders

Resolve	Type	Cash dividends paid	Dividends (per share)	Standard date	Effective date
Sep. 1, 2009 The Meeting of the Board of Directors	Ordinary share	¥8,786 million	¥13.00	Jul. 31, 2010	Sep. 30, 2010

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

Resolve	Type	Cash dividends paid	Dividends (per share)	Standard date	Effective date
April 26, 2011 The General Shareholders' Meeting	Ordinary share	¥5,406 million	¥8.00	Jan. 31, 2011	Apr. 27, 2011

(Notes to Consolidated Statements of Cash Flows)

February 1, 2009 through January 31, 2010		February 1, 2010 through January 31, 2011	
* 1	<p>Cash and cash equivalents at the end of fiscal year and relationship with amounts recorded in consolidated balance sheets</p> <p style="text-align: right;">(January 31, 2010)</p> <p>Cash and deposits ¥149,330 millions</p> <p>Time deposits with terms in excess of three months (700)</p> <hr/> <p>Cash and cash equivalents 148,630</p>	* 1	<p>Cash and cash equivalents at the end of fiscal year and relationship with amounts recorded in consolidated balance sheets</p> <p style="text-align: right;">(January 31, 2011)</p> <p>Cash and deposits ¥151,983 millions</p> <p>Time deposits with terms in excess of three months -</p> <hr/> <p>Cash and cash equivalents ¥151,983</p>
* 2	<p>Breakdown of assets and liabilities of newly consolidated companies</p> <p>Breakdown of assets and liabilities of newly consolidated companies at the time of beginning of consolidation, and stock acquisition price as well as payments for purchase of shares (net) are as follows:</p> <p>Current assets ¥4,363 millions</p> <p>Noncurrent assets 0</p> <p>Current liabilities (491)</p> <p>Noncurrent liabilities (2,430)</p> <hr/> <p>Acquisition price of newly consolidated subsidiaries 1,441</p> <hr/> <p>Cash and cash equivalents held by newly consolidated subsidiaries (8)</p> <hr/> <p>Net: Payment for acquisition of consolidated subsidiaries in line with change in scope of consolidation 1,432</p>	* 2	<p>Breakdown of increased assets and liabilities due to business transfer</p> <p>Breakdown of assets and liabilities at the time of business transfer and business transfer value and payments for transfer (net) are as follows:</p> <p>Current assets ¥1,835 millions</p> <p>Noncurrent assets 238</p> <p>Current liabilities (51)</p> <p>Noncurrent liabilities (286)</p> <hr/> <p>Acquisition price of newly consolidated subsidiaries 1,735</p> <hr/> <p>Cash and cash equivalents increased due to business transfer (0)</p> <hr/> <p>Net: Payment for business transfer 1,734</p>

(Matters Related to Retirement Benefits)

Previous consolidated fiscal year January 31, 2010	Current consolidated fiscal year January 31, 2011																																																																		
<p>1 Overview of retirement benefit system</p> <p>The Company and its domestic subsidiaries maintain a defined benefit framework comprising the employee pension fund system and lump-sum retirement payments, and a defined contribution framework comprising the defined contribution pension system.</p>	<p>1 Overview of retirement benefit system</p> <p>Same as left</p>																																																																		
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<p>assets</p> <p>(4) Years over which past service obligations amortized 5 years</p> <p>(Past service obligations allocated charge from the consolidated fiscal year in which they arise.)</p> <p>(5) Years over which actuarial calculation differences amortized 5 years</p> <p>(Actuarial calculations allocated charge from the subsequent consolidated next fiscal year.)</p>	<p>assets</p> <p>(4) Years over which past service obligations amortized Same as left</p> <p>(5) Years over which actuarial calculation differences amortized Same as left</p>
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(Segmental information)

(a) Segmental information by each business

February 1, 2009 to January 31, 2010

¥ millions

	Built to Order Housing	Real Estate for Sale	Real Estate for Leasing	Other Business	Total	Eliminations and back office	Consolidated
I. Sales & Operating income (loss)							
Sales							
(1)Sales to third parties	590,376	253,572	364,217	145,019	1,353,186	-	1,353,186
(2)Intragroup sales and transfers	8,384	223	1,837	5,935	16,381	(16,381)	-
Net sales	598,761	253,795	366,055	150,955	1,369,567	(16,381)	1,353,186
Operating expenses	550,197	326,899	351,874	144,736	1,373,707	18,233	1,391,941
Operating income	48,564	(73,103)	14,180	6,218	(4,139)	(34,615)	(38,754)
II. Assets, Depreciation and amortization, Impairment loss & Capital expenditures							
Total assets	140,042	614,067	339,886	22,576	1,116,572	237,374	1,353,946
Depreciation and amortization	7,354	799	5,330	362	13,847	2,731	16,579
Impairment loss	1,472	-	-	-	1,472	-	1,472
Capital expenditures	6,019	106	75,058	57	81,241	903	82,145

February 1, 2010 to January 31, 2011

¥ millions

	Built to Order Housing	Real Estate for Sale	Real Estate for Leasing	Other Business	Total	Eliminations and back office	Consolidated
I. Sales & Operating income (loss)							
Sales							
(1)Sales to third parties	697,388	229,483	377,667	183,831	1,488,369	-	1,488,369
(2)Intragroup sales and transfers	7,138	478	1,875	2,728	12,220	(12,220)	-
Net sales	704,526	229,962	379,542	186,559	1,500,590	(12,220)	1,488,369
Operating expenses	633,709	233,127	365,418	177,104	1,409,359	22,655	1,432,015
Operating income (loss)	70,817	(3,165)	14,124	9,454	91,230	(34,876)	56,354
II. Assets, Depreciation and amortization, Impairment loss & Capital expenditures							
Total assets	135,353	606,631	346,561	18,152	1,106,699	234,609	1,341,308
Depreciation and amortization	7,268	647	5,314	380	13,611	2,771	16,383
Impairment loss	-	-	125	-	125	-	125
Capital expenditures	9,905	80	19,012	1,545	30,543	2,146	32,690

Notes

1. Business classification

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

2. Main details of each business segment:

Built to Order Housing: Designing, constructing, and contracting for sale housing using the Company's prefabricated materials

Real Estate for Sale: Selling houses and real estate, designing, constructing, and contracting for sale housing on

estate land, conducting urban redevelopment projects and commercial buildings transactions
 Real Estate for Leasing: Renting and managing properties
 Other Business: Designing, constructing, and contracting for condominiums and commercial buildings and providing home remodeling, landscaping, and exterior construction

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

Year to January 31, 2010: ¥32,474 million Year to January 31, 2011: ¥32,770 million

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

Year to January 31, 2010: ¥237,376 million Year to January 31, 2011: ¥ 234,609 million

5. Changes in accounting principles

Year to January 31, 2010:

The Company has applied the "Accounting Standard for Measurement of Inventories" (ASBJ Statement No. 9, July 5, 2006) beginning with this accounting period. This change had no impact on the profits of any of the Company's businesses for this accounting period, with the exception of a ¥67,852 million decrease in operating income in the Real Estate for Sale Business.

Year to January 31, 2011:

As stated in the "Significant Matters Related to Preparation of Consolidated Financial Statements ④ Summary of significant accounting standards (7) Basis for accounting for income and expenses," the Company has applied the Accounting Standards for Construction Contracts (ASBJ Statement No.15 issued on December 27, 2007) and the Guidance on Application of Accounting Standards for Construction Contracts (ASBJ Guidance No.18 issued on December 27, 2007) beginning with this accounting period. As a result of this change, , "Net sales" increased by ¥62,574 million in the Built-to-Order Housing Business and ¥6,618 million in the Other Businesses, while "Operating income" increased by ¥13,240 million in the Built-to-Order Housing Business and ¥818 million in the Other Businesses. In the Real Estate for Sale Business, "Net sales" increased by ¥3,796 million, while "Operating losses" decreased by ¥887 million.

(b) Geographical segment information

In the years to January 31, 2010 and 2011, Japanese operations accounted for more than 90% of sales in all segments, so the Company has not presented geographical segment information.

(c) Overseas sales

In the previous fiscal year from February 1, 2009 to January 31, 2010, there were no applicable overseas sales. Since overseas sales in the fiscal year from February 1, 2010 to January 31, 2011 accounted for less than 10% of consolidated net sales, the Company has not presented overseas sales figures.

(Per share information)

	Feb. 1, 2009 – Jan. 31, 2010	Feb. 1, 2010 – Jan. 31, 2011
Net assets per share	¥ 1,059.18	¥ 1,090.67
Net income (loss) per share	(¥43.32)	¥ 45.02
Fully diluted net income per share	-	¥45.00

Fully diluted net income per share for the accounting period under review is not presented here because it is a negative value, although the Company does have residual securities.

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

¥ millions, except where noted	Previous fiscal year	Current fiscal year
Net assets recorded on balance sheet	716,295	738,029
Difference between net assets in consolidated balance sheet and net assets attributable to ordinary shares		
Subscription rights to shares	232	292
Minority interests	325	774
Net assets attributable to ordinary shares	715,737	736,962
Number of ordinary shares outstanding (1,000 shares)	676,885	676,885
Number of ordinary shares held in treasury (1,000 shares)	1,137	1,187
Number of ordinary shares used to calculate shareholders' equity per share (1,000 shares)	675,747	675,697

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

¥ millions, except where noted	Previous fiscal year	Current fiscal year
Net income per share		
Net income (loss) recorded on statement of income	(29,277)	30,421
Amount not attributable to ordinary shares	-	-
Net income (loss) attributable to ordinary shares	(29,277)	30,421
Average number of ordinary shares outstanding during period (1,000 shares)	675,771	675,721
Fully diluted net income per share		
Adjustment to net income	-	-
Number of ordinary shares increased (shares)		
Subscription rights to shares	274,256	361,550
Overview of residual securities not included in the calculation of fully diluted net income per share as they have no dilutive effect	-	-

[Significant Subsequent Event]

Not applicable

[Omission of disclosure]

Notes concerning lease and derivative transactions, transactions with related parties, tax effect accounting, financial products, marketable securities, stock options, business combinations, real estate for leasing etc. are omitted, as we believe that they hold no significant bearing in terms of the necessity of disclosure of financial reports.

5. Non-Consolidated Financial Statements

(1) Balance Sheets

(¥ millions)

	As of January 31, 2010	As of January 31, 2011
Assets		
Current assets		
Cash and deposits	100,025	100,777
Notes receivable-trade	140	161
Accounts receivable from completed construction contracts	7,081	31,796
Accounts receivable-real estate business	159	394
Short-term investment securities	895	—
Costs on uncompleted construction contracts	48,241	4,553
Buildings for sale	112,397	121,563
Land for sale in lots	338,450	299,648
Undeveloped land for sale	56,428	36,724
Semi-finished goods	2,502	2,714
Raw materials	1,926	2,045
Work in process	411	441
Supplies	604	478
Advance payments-trade	677	147
Prepaid expenses	4,072	2,327
Accounts receivable-other	12,297	13,960
Deferred tax assets	63,751	49,408
Other	7,447	9,075
Allowance for doubtful accounts	(1,797)	(2,057)
Total current assets	755,714	674,161
Noncurrent assets		
Property, plant and equipment		
Buildings	161,457	161,184
Accumulated depreciation	(77,603)	(82,126)
Buildings, net	83,853	79,058
Structures	13,552	13,337
Accumulated depreciation	(9,772)	(9,955)
Structures, net	3,780	3,381
Machinery and equipment	55,527	55,355
Accumulated depreciation	(45,682)	(44,524)
Machinery and equipment, net	9,845	10,830
Vehicles	834	804
Accumulated depreciation	(759)	(724)
Vehicles, net	75	79
Tools, furniture and fixtures	21,649	21,774
Accumulated depreciation	(18,725)	(19,103)
Tools, furniture and fixtures, net	2,924	2,671
Land	168,124	170,517

(¥ millions)

	As of January 31, 2010	As of January 31, 2011
Lease assets	94	144
Accumulated depreciation	(17)	(43)
Lease assets, net	77	101
Construction in progress	1,050	6,774
Total property, plant and equipment	269,730	273,415
Intangible assets		
Industrial property	19	19
Leasehold right	1,608	1,608
Software	5,500	5,750
Lease assets	75	66
Right of using facilities	11	11
Telephone subscription right	681	681
Total intangible assets	7,896	8,138
Investments and other assets		
Investment securities	63,599	67,773
Stocks of subsidiaries and affiliates	50,610	70,785
Long-term loans receivable	4,844	4,606
Long-term loans receivable from employees	23,725	21,273
Long-term loans receivable from subsidiaries and affiliates	1,514	26,322
Lease and guarantee deposits	12,106	11,395
Long-term prepaid expenses	617	634
Deferred tax assets	12,183	12,894
Other	3,550	3,390
Allowance for doubtful accounts	(1,021)	(1,152)
Total investments and other assets	171,733	217,924
Total noncurrent assets	449,360	499,477
Total assets	1,205,075	1,173,639
Liabilities		
Current liabilities		
Notes payable-trade	54,014	28,206
Electronically recorded obligations-operating	-	45,083
Accounts payable-trade	40,277	31,672
Accounts payable for construction contracts	33,717	37,329
Current portion of long-term loans payable	170,000	20,000
Lease obligations	42	56
Accounts payable-other	3,881	1,341
Accrued expenses	12,308	9,160
Income taxes payable	550	1,007
Accrued consumption taxes	4,777	4,611
Advances received on uncompleted construction contracts	60,437	41,444

	As of January 31, 2010	As of January 31, 2011
Advances received	2,608	2,778
Deposits received	77,552	79,610
Provision for bonuses	4,374	10,328
Provision for directors' bonuses	-	140
Provision for warranties for completed construction	2,389	2,761
Other	1	-
Total current liabilities	466,932	315,532
Noncurrent liabilities		
Bonds payable	59,986	129,990
Long-term loans payable	20,000	50,000
Lease obligations	119	121
Long-term lease and guarantee deposited	8,847	7,731
Long-term accounts payable-other	531	487
Long-term unearned revenue	48	20
Provision for retirement benefits	26,347	31,507
Total noncurrent liabilities	115,881	219,859
Total liabilities	582,813	535,391
Net assets		
Shareholders' equity		
Capital stock	186,554	186,554
Capital surplus		
Legal capital surplus	242,307	242,307
Total capital surpluses	242,307	242,307
Retained earnings		
Legal retained earnings	23,128	23,128
Other retained earnings		
Reserve for dividends	18,000	18,000
General reserve	186,800	138,800
Retained earnings brought forward	(36,724)	27,505
Total earned surpluses	191,203	207,433
Treasury stock	(1,216)	(1,247)
Total shareholders' equity	618,849	635,048
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	3,181	2,906
Deferred gains or losses on hedges	(1)	-
Total valuation and translation adjustments	3,180	2,906
Subscription rights to shares	232	292
Total net assets	622,261	638,247
Total liabilities and net assets	1,205,075	1,173,639

(2) Statements of Income

(¥ millions)

	Feb. 1, 2009 – Jan. 31, 2010	Feb. 1, 2010 – Jan. 31, 2011
Net sales of completed construction contracts	737,299	854,519
Cost of sales of completed construction contracts	593,873	682,936
Gross profit on completed construction contracts	143,425	171,582
Sales on real estate business	173,054	170,822
Cost of sales on real estate business	226,706	158,600
Gross profit (loss)-real estate business	(53,651)	12,221
Total net sales	910,353	1,025,341
Total cost of sales	820,579	841,537
Gross profit	89,774	183,804
Selling, general and administrative expenses		
Advertising expenses	16,844	18,582
Promotion expenses	17,228	15,027
Servicing fee	7,267	8,281
Provision of allowance for doubtful accounts	1,043	442
Directors' compensations	489	491
Employees' salaries and allowances	41,266	39,497
Employees' bonuses	8,177	8,843
Provision for bonuses	2,422	5,581
Provision for directors' bonuses	-	140
Retirement benefit expenses	11,219	9,154
Legal welfare expenses	6,717	7,191
Welfare expenses	3,396	3,176
Traveling and transportation expenses	5,812	5,598
Rent expenses	4,275	3,752
Heating and lighting expenses	1,307	1,208
Depreciation	5,619	5,727
Supplies expenses	2,014	2,195
Experiment and research expenses	427	328
Investigation expenses	301	246
Insurance expenses	169	156
Taxes and dues	4,631	4,013
Communication expenses	1,634	1,449
Entertainment expenses	1,090	1,159
Trademark fee	180	180
Miscellaneous expenses	6,860	6,209
Total selling, general and administrative expenses	150,398	148,636
Operating income (loss)	(60,624)	35,167

(¥ millions)

	Feb. 1, 2009 – Jan. 31, 2010	Feb. 1, 2010 – Jan. 31, 2011
Non-operating income		
Interest income	714	954
Dividends income	2,713	6,194
Insurance agency commission	1,162	1,191
Real estate rent	709	-
Other	1,626	2,345
Total non-operating income	6,926	10,686
Non-operating expenses		
Interest expenses	2,109	1,421
Interest on bonds	853	1,216
Loss on cancel of model house leasing contracts	671	569
Other	2,272	2,105
Total non-operating expenses	5,906	5,311
Ordinary income (loss)	(59,604)	40,542
Extraordinary income		
Gain on sales of investment securities	6	134
Total extraordinary income	6	134
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	1,764	2,146
Loss on valuation of investment securities	873	221
Cost of business structure improvement	4,821	-
Total extraordinary losses	7,459	2,368
Income (loss) before income taxes	(67,057)	38,308
Income taxes-current	528	597
Income taxes-deferred	(27,774)	12,684
Total income taxes	(27,246)	13,281
Net income (loss)	(39,811)	25,027

(3) Statements of Changes in Net Assets

(¥ millions)

	Feb. 1, 2009 – Jan. 31, 2010	Feb. 1, 2010 – Jan. 31, 2011
Shareholders' equity		
Capital stock		
Balance at the end of previous period	186,554	186,554
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of current period	186,554	186,554
Capital surplus		
Legal capital surplus		
Balance at the end of previous period	242,307	242,307
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of current period	242,307	242,307
Total capital surplus		
Balance at the end of previous period	242,307	242,307
Changes of items during the period		
Retirement of treasury stock	-	-
Total changes of items during the period	-	-
Balance at the end of current period	242,307	242,307
Retained earnings		
Legal retained earnings		
Balance at the end of previous period	23,128	23,128
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of current period	23,128	23,128
Other retained earnings		
Reserve for dividends		
Balance at the end of previous period	18,000	18,000
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of current period	18,000	18,000
General reserve		
Balance at the end of previous period	201,800	186,800
Changes of items during the period		
Reversal of general reserve	(15,000)	(48,000)

(¥ millions)

	Feb. 1, 2009 – Jan. 31, 2010	Feb. 1, 2010 – Jan. 31, 2011
Total changes of items during the period	(15,000)	(48,000)
Balance at the end of current period	186,800	138,800
Retained earnings brought forward		
Balance at the end of previous period	2,966	(36,724)
Changes of items during the period		
Dividends from surplus	(14,871)	(8,786)
Reversal of general reserve	15,000	48,000
Net income (loss)	(39,811)	25,027
Disposal of treasury stock	(8)	(11)
Total changes of items during the period	(39,691)	64,229
Balance at the end of current period	(36,724)	27,505
Total retained earnings		
Balance at the end of previous period	245,895	191,203
Changes of items during the period		
Dividends from surplus	(14,871)	(8,786)
Net income (loss)	(39,811)	25,027
Disposal of treasury stock	(8)	(11)
Total changes of items during the period	(54,691)	16,229
Balance at the end of current period	191,203	207,433
Treasury stock		
Balance at the end of previous period	(1,186)	(1,216)
Changes of items during the period		
Purchase of treasury stock	(53)	(62)
Disposal of treasury stock	23	31
Total changes of items during the period	(30)	(30)
Balance at the end of current period	(1,216)	(1,247)
Total shareholders' equity		
Balance at the end of previous period	673,571	618,849
Changes of items during the period		
Dividends from surplus	(14,871)	(8,786)
Net income (loss)	(39,811)	25,027
Purchase of treasury stock	(53)	(62)
Disposal of treasury stock	14	20
Total changes of items during the period	(54,721)	16,199
Balance at the end of current period	618,849	635,048

(¥ millions)

	Feb. 1, 2009 – Jan. 31, 2010	Feb. 1, 2010 – Jan. 31, 2011
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	(899)	3,181
Changes of items during the period		
Net changes of items other than shareholders' equity	4,081	(274)
Total changes of items during the period	4,081	(274)
Balance at the end of current period	3,181	2,906
Deferred gains or losses on hedges		
Balance at the end of previous period	(2)	(1)
Changes of items during the period		
Net changes of items other than shareholders' equity	1	1
Total changes of items during the period	1	1
Balance at the end of current period	(1)	-
Total valuation and translation adjustments		
Balance at the end of previous period	(902)	3,180
Changes of items during the period		
Net changes of items other than shareholders' equity	4,082	(273)
Total changes of items during the period	4,082	(273)
Balance at the end of current period	3,180	2,906
Subscription rights to shares		
Balance at the end of previous period	158	232
Changes of items during the period		
Net changes of items other than shareholders' equity	73	60
Total changes of items during the period	73	60
Balance at the end of current period	232	292
Total net assets		
Balance at the end of previous period	672,827	622,261
Changes of items during the period		
Dividends from surplus	(14,871)	(8,786)
Net income (loss)	(39,811)	25,027
Purchase of treasury stock	(53)	(62)
Disposal of treasury stock	14	20
Net changes of items other than shareholders' equity	4,156	(213)
Total changes of items during the period	(50,565)	15,985
Balance at the end of current period	622,261	638,247

(4) Matters Regarding Assumption of Going Concerns

Not applicable