Sekisui House, Ltd.

SUMMARY OF FINANCIAL STATEMENTS

February 1, 2002 – January 31, 2003

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

SUMMARY OF FINANCIAL STATEMENTS (Consolidated)
February 1, 2002 – January 31, 2003

Sekisui House, Ltd. **March 19, 2003**

Stock Code:	1928	Listed exchanges:	Tokyo, Osaka, Nagoya
http://www.sekisuihouse.co.jp		Telephone:	+816 6440 3111
President & Representative Director:	Isami Wada	Inquiries:	PR Department
Date of the meeting of the board of directors:	March 19, 2003		General manager Hidehiro Yamaguchi
U.S. GAAP Accounting Principles:	Not adopted		

1. Business Results

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

1) Consolidated Business Results

	Millions of yen			
	Feb. 1, 2002 – Jan. 31, 2003		Feb. 1, 2001 – Jan. 31, 2002	
		Change %		Change %
Net sales	1,300,237	(0.4)	1,305,468	(4.3)
Operating income	72,737	(2.5)	74,624	(22.3)
Recurring income	69,146	(5.4)	73,081	(17.4)
Net income	34,546	--	(90,331)	--
Net income per share (¥)	¥48.71		(¥125.11)	
Fully diluted net income per share (¥)	¥44.42		--	
Return on equity (%)	5.4%		(13.2%)	
Return on assets (%)	5.4%		5.3%	
Recurring income margin (%)	5.3%		5.6%	

(1) Gain from investments in subsidiaries and affiliates accounted for by the equity method:
Year ended January 31, 2003 7 million yen Year ended January 31, 2002 2 million yen
(2) Average number of outstanding shares (consolidated) during the period:
Year ended January 31, 2003 709,184,330 shares Year ended January 31, 2002 722,036,992 shares
(3) Changes to accounting principles None
(4) Percentages for net sales, operating income, recurring income, and net income represent year-on-year changes.

2) Consolidated Financial Position

	Millions of yen	
	Feb. 1, 2002 – Jan. 31, 2003	Feb. 1, 2001 – Jan. 31, 2002
Total Assets	1,258,979	1,303,821
Shareholders' Equity	645,702	626,462
Equity Ratio (%)	51.3%	48.0%
Shareholders' Equity Per Share (¥)	¥911.01	¥883.16

(1) Outstanding shares (consolidated) at the end of January 31, 2003 708,775,614 shares
(2) Outstanding shares (consolidated) at the end of January 31, 2002 709,340,545 shares

3) Consolidated Cash Flows

	Millions of yen	
	Feb. 1, 2002 – Jan. 31, 2003	Feb. 1, 2001 – Jan. 31, 2002
Net cash provided by operating activities	53,640	54,191
Net cash used in investing activities	(31,395)	(54,238)
Net cash used in financing activities	(76,713)	(92,081)
Cash and cash equivalents at end of period	187,381	229,138

4) Consolidated subsidiaries and affiliates accounted for by the equity method

Number of consolidated subsidiaries	97
Number of non-consolidated subsidiaries accounted for by the equity method	--
Number of affiliates accounted for by the equity method	2

5) Changes in the scope of consolidation and companies accounted for by the equity method

Consolidated subsidiaries	(Newly included)	1	(Excluded)	7
Companies accounted for by the equity method	(Newly included)	--	(Excluded)	1

2. Consolidated Results Forecast for the Year Ending Jan. 31, 2004

	Millions of yen			
	Net Sales	Recurring income	Net income	Net income per share (¥)
Interim	660,000	37,000	15,000	--
Full year	1,340,000	77,000	35,500	¥50.09

Appendix 1: Results Summary

Full year results summary for the year ended January 31, 2003

	Millions of yen					
Consolidated	Results for year to Jan. 2002	Previous forecast for year to Jan. 2003	Results for year to Jan. 2003	YOY Change (%)	Forecast for year to Jan. 2004	YOY Change (%)
Net sales	1,305,468	1,300,000	1,300,237	(0.4)	1,340,000	3.1
Gross profit	270,191	264,000	264,261	(2.2)	279,000	5.6
SG&A expenses	195,567	197,000	191,523	(2.1)	199,000	3.9
Operating income	74,624	67,000	72,737	(2.5)	80,000	10.0
Recurring income	73,081	65,000	69,146	(5.4)	77,000	11.4
Extraordinary income (loss)	(233,251)	(3,500)	(3,881)	-	(1,000)	-
Net income	(90,331)	35,000	34,546	-	35,500	2.8

	Millions of yen					
Non-consolidated	Results for year to Jan. 2002	Previous forecast for year to Jan. 2003	Results for year to Jan. 2003	YOY Change (%)	Forecast for year to Jan. 2004	YOY Change (%)
Net sales	1,118,898	1,050,000	1,052,558	(5.9)	1,080,000	2.6
Gross profit	237,405	224,300	221,549	(6.7)	234,000	5.6
SG&A expenses	171,299	168,000	162,985	(4.9)	167,500	2.8
Operating income	66,106	56,300	58,564	(11.4)	66,500	13.6
Recurring income	65,244	55,000	55,564	(14.8)	65,000	17.0
Extraordinary income (loss)	(221,207)	(2,000)	(2,080)	-	(1,000)	-
Net income	(91,918)	33,500	30,196	-	32,500	7.6
Total orders	1,018,313	1,250,000	1,122,518	10.2	1,200,000	6.9
Accumulated orders	580,586	780,586	650,547	12.1	770,547	18.4

Note: Total orders and accumulated orders is parent company data.

Key management indicators

Consolidated	Year to Jan. 1999	Year to Jan. 2000	Year to Jan. 2001	Year to Jan. 2002	Year to Jan. 2003
Net income per share (¥)	31.99	(132.65)	35.03	(125.11)	48.71
Shareholders' equity per share (¥)	1,115.74	1,012.78	1,027.71	883.16	911.01
Operating profit margin (%)	4.51%	5.72%	7.04%	5.72%	5.59%
ROE (%)	2.78%	(12.23)%	3.44%	(13.21)%	5.43%
ROA (%) *1	4.13%	5.40%	6.90%	5.65%	5.90%
Housing construction share*2	5.7%	5.2%	5.0%	5.2%	5.0%
Referred order rate*3	53.2%	56.6%	59.3%	62.2%	63.4%
Average house price (¥1,000)	29,225	29,815	30,620	30,724	29,605
Sekiwa Real Estate participation rate *4	57.3%	56.2%	59.9%	69.5%	72.8%
Occupancy rate of above rate	95.0%	95.9%	96.2%	95.7%	95.6%
Display home locations (end of period)	642	631	632	653	602

*1 ROA: Return on Assets = Operating profit + interest received / Total assets
*2 Sekisui House housing starts divided by total nationwide housing starts (calendar year)
*3 Referred buildings divided by total buildings
*4 Percentage of *Sha Maison* (rental housing) projects in which leasing and administration is contracted to Sekiwa Real Estate group companies

Appendix 2: Segment Breakdown

Consolidated

	Millions of yen								
	Results for year ended Jan. 2003			Results for year ended Jan. 2002			Forecast for year ending Jan. 2004		
	Net sales	Gross profit ratio	Operating margin	Net sales	Gross profit ratio	Operating margin	Net sales	Gross profit ratio	Operating margin
Prefabricated Housing Construction	740,947	25.8%	11.5%	821,451	25.5%	11.7%	785,000	26.4%	12.2%
Real Estate Sales	190,096	13.2%	2.8%	185,272	10.5%	0.0%	180,000	13.3%	2.1%
Real Estate Leasing	231,877	10.9%	4.2%	172,458	10.3%	3.6%	250,000	10.6%	4.1%
Other Business	142,670	18.2%	1.2%	132,432	12.9%	1.4%	130,000	19.0%	2.1%
Eliminations & back office	(5,353)	-	-	(6,146)	-	-	(5,000)	-	-
Consolidated	1,300,237	20.3%	5.6%	1,305,468	20.7%	5.7%	1,340,000	20.8%	6.0%

*As in previous years, completed projects and real estate operations are itemized separately in the segmental financial statements, but in order to assist comparison non-consolidated results are listed here for reference in the same categories as consolidated segmental results.

Non-consolidated*

Results for year ended Jan. 2003	Orders			Sales				GPR*	OM**	Accumulated orders		
	Value	%	Buildings	Value	%	Buildings	Units			Value	%	Units
Prefabricated houses	**794,866**	**70.8**	**27,163**	**737,727**	**70.1**	**23,999**	**50,893**	**24.7**	**11.0**	**495,724**	**76.2**	**17,395**
Steel framed	432,708		15,780	405,471		13,763	14,245			230,578		9,377
Wood frame	88,448		2,884	80,078		2,626	2,648			50,740		1,614
Low rise apartments	273,710		8,499	252,177		7,610	34,000			214,405		6,404
Real estate sales	**190,628**	**17.0**	**2,620**	**174,396**	**16.6**	**2,440**	**3,732**	**13.7**	**2.7**	**74,043**	**11.4**	**1,072**
Steel framed	66,708		2,465	61,949		2,294	2,294			24,493		941
Wood frame	4,695		155	3,577		118	118			3,506		131
Condominiums	40,659		-	33,583		28	1,320			19,789		-
Land	78,564		-	75,285		-	-			26,254		-
Real estate leasing	**10,545**	**0.9**	**-**	**10,545**	**1.0**	**-**	**-**	**1.7**	**(0.7)**	**-**		**-**
Other	**126,478**	**11.3**	**99**	**129,890**	**12.3**	**135**	**2,814**	**11.9**	**0.5**	**80,779**	**12.4**	**259**
RC contracts	29,156		99	46,328		135	2,814			46,948		259
Exteriors	56,500		-	46,665		-	-			27,878		-
Remodeling	40,821		-	36,896		-	-			5,953		-
Total	**1,122,518**	**100.0**	**29,882**	**1,052,558**	**100.0**	**26,574**	**57,439**	**21.0**	**5.6**	**650,547**	**100.0**	**18,726**

* GPR: Gross Profit Ratio; **OM: Operating Margin

Results for year ended Jan. 2002	Orders			Sales				GPR	OM	Accumulated orders		
	Value	%	Buildings	Value	%	Buildings	Units			Value	%	Units
Prefabricated houses	**707,052**	**69.4**	**23,371**	**817,406**	**73.1**	**26,411**	**54,468**	**24.9**	**11.5**	**438,584**	**75.5**	**14,231**
Steel framed	384,052		13,968	468,041		16,023	16,235			203,341		7,360
Wood frame	80,203		2,537	83,240		2,663	2,681			42,370		1,356
Low rise apartments	242,796		6,866	266,124		7,725	35,552			192,872		5,515
Real estate sales	**182,286**	**17.9**	**2,514**	**172,643**	**15.4**	**2,433**	**3,748**	**10.8**	**(0.0)**	**57,811**	**10.0**	**864**
Steel framed	67,204		2,389	65,119		2,296	2,296			19,734		770
Wood frame	4,252		125	3,957		109	109			2,388		94
Condominiums	35,015		-	36,716		28	1,343			12,713		–
Land	75,815		-	66,848		-	-			22,975		–
Real estate leasing	**11,103**	**1.1**	**-**	**11,103**	**1.0**	**-**	**-**	**(1.0)**	**(11.0)**	**-**		**–**
Other	**117,870**	**11.6**	**104**	**117,744**	**10.5**	**167**	**2,301**	**13.1**	**1.4**	**84,191**	**14.5**	**295**
RC contracts	38,248		104	38,159		167	2,301			64,120		295
Exteriors	50,758		-	50,758		-	-			18,043		–
Remodeling	28,863		-	28,826		-	-			2,028		–
Total	**1,018,313**	**100.0**	**25,989**	**1,118,898**	**100.0**	**29,011**	**60,517**	**21.2**	**5.9**	**580,586**	**100.0**	**15,390**

Forecast for year ending Jan. 2004	Orders			Sales				GPR	OM	Accumulated orders		
	Value	%	Buildings	Value	%	Buildings	Units			Value	%	Units
Prefabricated houses	**874,700**	**72.9**	**27,900**	**782,700**	**72.5**	**25,150**	**54,250**	**25.1**	**11.3**	**587,724**	**76.3**	**20,145**
Steel framed	480,700		15,950	431,200		14,500	15,050			280,078		10,827
Wood frame	96,000		3,050	81,000		2,600	2,650			65,740		2,064
Low rise apartments	298,000		8,900	270,500		8,050	36,550			241,905		7,254
Real estate sales	**174,700**	**14.5**	**2,530**	**164,700**	**15.2**	**2,526**	**3,600**	**13.6**	**2.3**	**84,043**	**10.9**	**1,102**
Steel framed	56,300		2,250	56,300		2,250	2,250			24,493		941
Wood frame	8,000		280	7,000		250	250			4,506		161
Condominiums	34,000		-	30,000		26	1,100			23,789		-
Land	76,400		-	71,400		-	-			31,254		-
Real estate leasing	**10,600**	**0.9**	**-**	**10,600**	**1.0**	**-**	**-**	**0.0**	**(2.6)**	**-**	**-**	**-**
Other	**140,000**	**11.7**	**90**	**122,000**	**11.3**	**100**	**2,250**	**12.7**	**1.4**	**98,779**	**12.8**	**249**
RC contracts	31,000		90	32,000		100	2,250			45,948		249
Exteriors	60,000		-	47,000		-	-			40,878		-
Remodeling	49,000		-	43,000		-	-			11,953		-
Total	**1,200,000**	**100.0**	**30,520**	**1,080,000**	**100.0**	**27,776**	**60,100**	**21.7**	**6.2**	**770,547**	**100.0**	**21,496**

Note: Orders are recorded in terms of the number of buildings contracted. For reference, the number of units is also recorded under net sales.

Appendix 3: (For reference)

Results if categorized under formerly used segments

Consolidated

Results for year ended Jan. 2003	*Millions of yen*		
	Net sales	Gross profit ratio	Operating margin
Construction	916,089	24.0%	10.0%
Real estate	385,642	11.6%	1.6%
Eliminations & back office	(1,495)	-	-
Consolidated	**1,300,237**	**20.3%**	**5.6%**

Non-consolidated

Results for year ended Jan. 2003	*Millions of yen*				
	Net sales	GPR	Operating margin	Orders	Accumulated orders
Construction	904,757	22.9%	9.8%	964,234	599,888
Real estate	147,801	9.7%	0.2%	158,284	50,658

Consolidated

Results for year ended Jan. 2002	*Millions of yen*		
	Net sales	Gross profit ratio	Operating margin
Construction	982,497	24.2%	10.3%
Real estate	323,910	10.1%	(0.3%)
Eliminations & back office	(939)	-	-
Consolidated	**1,305,468**	**20.7%**	**5.7%**

Non-consolidated

Results for year ended Jan. 2002	*Millions of yen*				
	Net sales	GPR	Operating margin	Orders	Accumulated orders
Construction	977,144	23.5%	10.3%	867,883	540,411
Real estate	141,754	5.6%	(4.5%)	150,429	40,175

APPENDIX 4: BREAKDOWN OF SALES BY TYPE OF BUILDING

	Feb.1, 2002 – Jan. 31, 2003	Feb.1, 2001 – Jan. 31, 2002	Difference (%)
Housing – Total			
Units	**57,439**	**60,517**	**(5.1)**
Buildings	**26,547**	**28,970**	**(8.4)**
Square meters	**4,659,357**	**5,044,190**	**(7.6)**
Value (millions of yen)	**949,171**	**1,032,467**	**(8.1)**
Detached Houses – Total			
Units	19,305	21,331	(9.5)
Buildings	18,801	21,101	(10.9)
Square meters	2,724,430	3,094,748	(12.0)
Value (millions of yen)	599,111	700,514	(14.5)
Detached Houses – Steel Frame			
Units	16,539	18,541	(10.8)
Buildings	16,057	18,329	(12.4)
Square meters	2,320,565	2,681,915	(13.5)
Value (millions of yen)	513,979	613,316	(16.2)
Detached Houses – Wood Frame			
Units	2,766	2,790	(0.9)
Buildings	2,744	2,772	(1.0)
Square meters	403,865	412,833	(2.2)
Value (millions of yen)	83,656	87,198	(4.1)
Multiple Dwelling Houses – Total			
Units	38,134	39,186	(2.7)
Buildings	7,746	7,869	(1.6)
Square meters	1,934,927	1,949,442	(0.7)
Value (millions of yen)	314,640	331,953	(5.2)
Multiple Dwelling – Apartments			
Units	34,000	35,552	(4.4)
Buildings	7,610	7,725	(1.5)
Square meters	1,633,021	1,659,213	(1.6)
Value (millions of yen)	252,178	266,306	(5.3)
Multiple Dwelling – Condominiums			
Units	4,134	3,634	13.8
Buildings	136	144	(5.6)
Square meters	301,906	290,229	4.0
Value (millions of yen)	62,462	65,647	(4.8)
Non-Housing –Total			
Buildings	27	41	(44.1)
Square meters	136,308	92,208	47.8
Value (millions of yen)	17,450	8,298	110.3
Remodeling			
Value (millions of yen)	38,896	-	-

An Outline of The Sekisui House Group

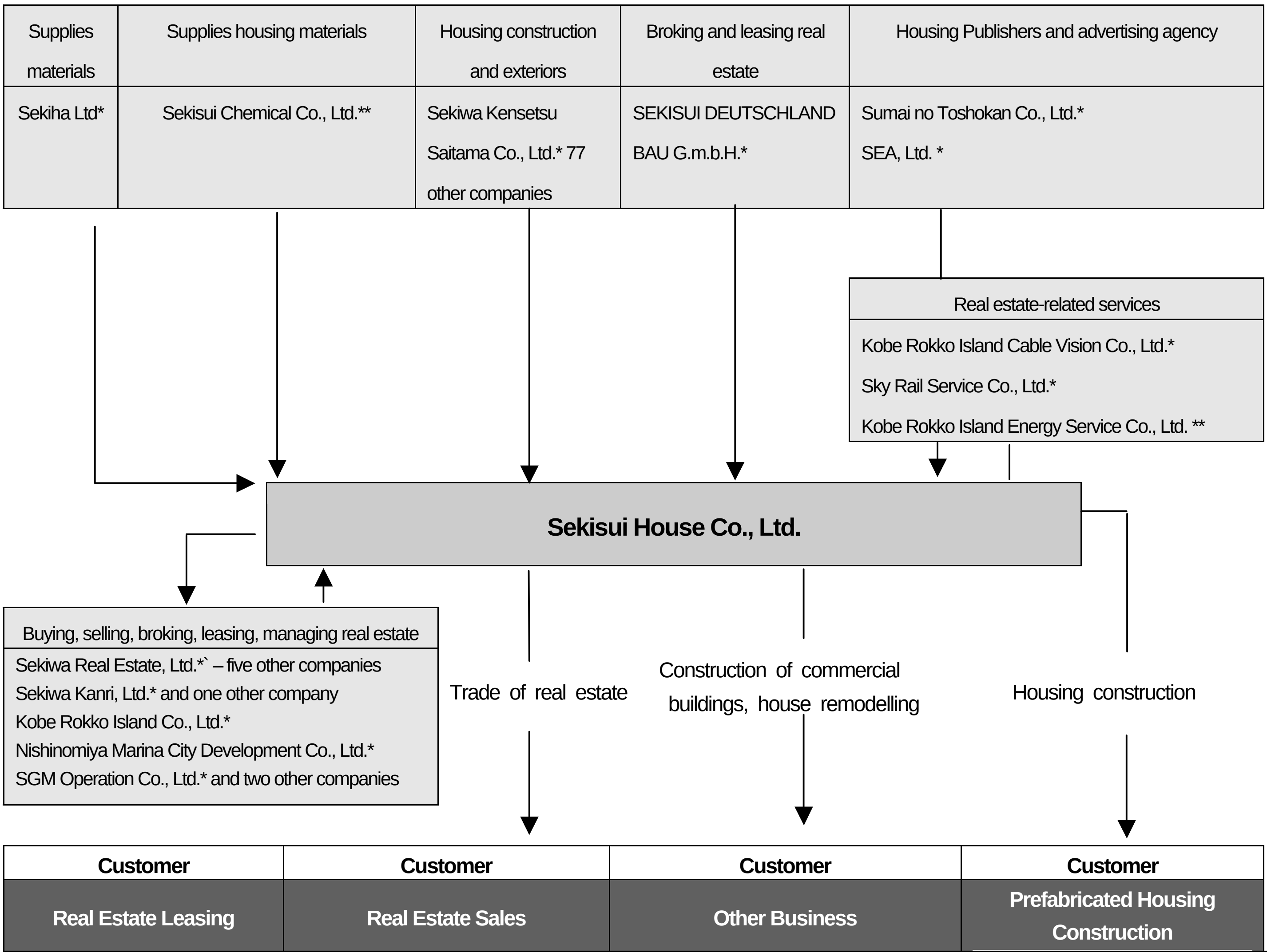
The Sekisui House, Ltd. group consists of 97 subsidiaries, 2 affiliates and 1 related company. Sekisui House group companies are involved in **the contract design,** construction, and letting of prefabricated houses. They also buy and sell, act as agents for, lease and manage real estate. The position of each company within the group is illustrated below. The following four sections classifiy each business division as they are classified in the '**Segment Information'** section. The classification method has been changed as of the beginning of this fiscal year. Details about these changes are listed in the **`Segment Information`** section.

(1) Prefabricated Housing Construction
This division constructs steel, wooden, and concrete houses and condominiums. The main affiliated companies of this division are Sekiha, Ltd、Sekiwa Kensetsu Saitama、Sekiwa Kensetsu Yokohama, and Sekiwa Kensetsu Osakakita.

(2) Real Estate Sales
This division sells land, detached houses, and condominiums.
The main affiliated 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 Tohoku, Ltd. ,and Sekiwa Real Estate Kyushu, Ltd.

(3) Real Estate Leasing
This division leases and manages detached houses, apartments, condominiums, commercial buildings, shops etc.
The main affiliated 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 Tohoku, Ltd., and Sekiwa Real Estate Kyushu, Ltd.

(4) Other Business
This division is involved in the design of condominiums and commercial buildings, the construction and contract remodeling of houses, and the design and construction of landscape gardens. The main affiliated companies of this division are Landtech Sekiwa Chiba, Ltd., Landtech Sekiwa Chubu, Ltd., Greentechno Sekiwa, Ltd., and Greentechno Sekiwa Chubu, Ltd.



*	Consolidated subsidiary
**	Related company, accounted for by the equity method
***	Other related company

Major Subsidiaries and Affiliates

Name	Capital	Main business	Percentage owned	Serving directors	Transactions
	Millions of yen				
Kobe Rokko Island Co., Ltd.	1,000	Real Estate Sales	61.8%	Directors 2 Executives 1 Employees 2	Co-development company for Rokko Island City project
Nishinomiya Marina City Development Co., Ltd.	400	Same as above	100.0%	Directors 4 Executives 2 Employees 1	Co-development company for Nishinomiya Marina City project
SGM Operation Co., Ltd.	418	Real Estate Leasing	100.0%	Directors 2 Executives 1 Transfer 3	Consignment of real estate management and sales of housing-related equipment
Sekiwa Real Estate, Ltd.	1,668	Real estate leasing & sales	59.7%	Directors 3 Transfer 11	Management and brokerage of real estate
Sekiwa Real Estate Tohoku, Ltd.	200	Same as above	55.1%	Directors 2 Executives 1 Transfer 6	Same as above
Sekiwa Real Estate Chubu, Ltd.	1,368	Same as above	42.9%	Directors 1 Executives 2 Transfer 6	Same as above
Sekiwa Real Estate Kansai, Ltd.	5,829	Same as above	41.5%	Directors 2 Transfer 13	Same as above
Sekiwa Real Estate Chugoku, Ltd.	379	Same as above	41.7%	Directors 2 Transfer 8 Employees 1	Same as above
Sekiwa Real Estate Kyushu, Ltd.	200	Same as above	50.2%	Directors 3 Transfer 7	Same as above
Sekiwa Kanri, Ltd.	120	Same as above	100.0%	Transfer 7	Consignment of real estate management and sales of housing-related equipment
Sekisui House Umeda Operation Co., Ltd.	100	Real Estate Leasing	100.0%	Directors 2 Employees 3	Consignment of real estate management
Sekiha, Ltd.	480	Prefabricated Housing Construction	100.0%	Directors 4 Employees 1	Buying and selling housing materials
Greentechno Sekiwa, Ltd.	100	Other business	100.0%	Directors 1 Employees 6	Exterior and gardening construction
Landtech Sekiwa Chubu, Ltd.	50	Same as above	100.0%	Directors 1 Executives 1 Employees 5	Foundation investigation and surveys
Sekiwa Construction Saitama, Ltd.	40	Prefabricated Housing Construction	100.0%	Directors 1 Transfer 3 Employees 7	Foundation and construction work

1. The main business of each company is recorded in line with the revised business categories of Sekisui House.
2. Figures in brackets in the Percentage owned column denote indirect ownership.
3. Percentage holdings in Sekiwa Real Estate Chubu, Ltd., Sekiwa Real Estate Kansai, Ltd., and Sekiwa Real Estate Chugoku, Ltd. are less than 50%, but as these businesses are essentially controlled by Sekisui House they are treated as subsidiaries.
4. Sekiwa Real Estate, Ltd., Sekiwa Real Estate Chubu, Ltd., Sekiwa Real Estate Kansai, Ltd., Sekiwa Real Estate Chugoku, Ltd., and Sekiwa Real Estate Kyushu, Ltd. issue annual Financial Statements. Sekiwa Real Estate, Ltd. is listed on the second section of the Tokyo Stock Exchange. Sekiwa Real Estate Chubu, Ltd. is listed on the second section of the Tokyo Stock Exchange and on the second section of the Nagoya Stock Exchange. Sekiwa Real Estate Chugoku, Ltd. is listed on the second sections of the Tokyo Stock Exchange and of the Osaka Securities Exchange. Sekiwa Real Estate Kansai, Ltd. is listed on the first section of the Osaka Securities Exchange. Sekiwa Real Estate Kyushu, Ltd. is listed on the JASDAQ market.

Management Policy & Results

1. Management Policy

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.

Profit distribution policy

Since the year ended January 1988 we have continued a policy of paying a stable dividend of 18 yen per share to shareholders. We have also on occasion paid special and commemorative dividends, after taking into consideration the overall condition and profitability of the company, and capital requirements for expansion. In addition we have at times bought back and cancelled shares in the company in order to improve capital efficiency and raise long- term returns to shareholders. With regard to dividend distribution in the future we have to be aware that our management indicators can be affected by law revisions and economic circumstances that are difficult to predict. As such, while considering our payout ratio we will aim for an appropriate and rational distribution of profits.

Policy on reduction of the share trading unit

While we recognize the importance of expanding our shareholder base by making it easier for individuals to participate as shareholders, we also recognize that Sekisui House shares maintain good liquidity. We intend to monitor factors such as trends among individual investors and the demands of the market, and will continue to weigh the cost and benefits of a reduction in our share trading unit.

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 Return on Net Assets. In terms of numerical targets, while raising profitability we aim to use cash in hand to repay all interest bearing debt, and to reduce total assets with a medium target of ¥1.0 trillion of total assets and through also raising asset turnover we target a Return on Assets of 10%.

Medium term business strategy

While pursuing our basic management policies we aim to further strengthen our sales and marketing. Further, while monitoring factors such as market size, profitability, and capital efficiency, we aim to expand related businesses such as remodeling and exteriors, and so grow our income.

2. Business Results and Financial Situation

The Japanese economy showed some signs of recovery in certain areas in the period under review, with measured increases in indicators such as exports and personal consumption. Overall economic conditions remained severe, however, with a deflationary environment and a continued sense of economic stagnation.

In calendar 2002 total new housing starts decreased for the second year running and the operating environment remained poor, reflecting the weak economy and worsening employment situation. The owner-occupier market was relatively strong in the Tokyo metropolitan area, driven by demand for condominiums and for construction at the high end of the market, but overall demand remained weak as the uncertain economic outlook affected demand for rebuilding or shifts up market by existing homeowners. Construction in the rental market exceeded last year, as ongoing low interest rates continued to drive demand particularly in major metropolitan areas. Vacancy rates lifted in the regions, however, and rent levels declined, and the increase in rental construction was not enough to offset the decline in owner-occupier demand or to lift the overall number of residential construction starts.

Under this challenging environment, we worked to further strengthen our sales capability. As one part of this we revised the compensation system of our sales staff, increasing the performance-based component, further clarifying our merit-based policy, and making other adjustments. We also took measures to stimulate sales activity in this period of low orders, introducing “sales booster months” involving all staff. As a result of this we twice set new monthly sales records. Our product strategy was to maintain our focus on the medium to high end of the market, and to ensure high levels of customer service we comprehensively pursued our consulting sales model. In order to increase profitability we also took rigorous measures to increase ‘cost-consciousness’ within our organization, working to improve our entire operational and management strength.

Looking at our key business strength of constructing detached dwellings, we continued to increase product quality, and also dedicated efforts to producing long life housing appropriate to this age of environmental concern. Another initiative, taken in support of our consulting sales model, was to combine the experience gained from the construction of more than 1.6 million homes with the results of research conducted since our company was founded, to establish proprietary universal design standards. This allowed us to raise the level of consulting provided at our sales sites, standardizing our concept of “Safety, peace of mind and ease-of-use for the benefit of all” and rounding out the services we are able to offer customers, such as improving our ability to interface with architect designs. Moreover, in the midst of increasing concerns for home security, we also standardized home security systems for all our detached homes, as part of our efforts to provide safe, appropriate dwellings that protect occupants and their assets not only from natural hazards but also from social hazards.

In our *Sha-Maison*, low-rise apartment rental business we have actively promoted a range of back up services to owners, such as block leasing arrangements through our Sekiwa Real Estate offices. Along with strengthening relationships between Group companies in this way, we are seeking to generate more business from customers with real estate assets to manage by offering beneficial, tax-effective management services appropriate to this age of low interest rates.

In our real estate businesses we have been focusing on managing asset holding costs in each business region, seeking to speed up the asset turnover cycle by selling land held for sale more rapidly. Condominium sales were strong, centered on the Tokyo metropolitan area, and through projects such as *Grand Maison Ebisu no Mori* we took active steps to meet demand from asset-bearing households for higher-end condominiums. In regional residential areas we worked to anticipate changing customer needs by introducing projects with advanced information systems, such as IT Town and Town Security System.

Meanwhile, as part of our efforts to provide customers with ideal living environments over the long term, we put further resources into our home remodeling operations, strengthening our sales department, expanding the range of renovation options available, and taking other measures to boost sales in this area. Furthermore, starting with our specialized subsidiary Greentecho Sekiwa Ltd., we also strengthened Group operations in our exteriors business, so that from planning and design through to construction we offer a uniformly high standard of service.

Looking at product strategy, we took further steps to differentiate our business at the medium to high end of the market, and continued to respond to the increasingly diverse and individual needs of customers by introducing attractive, high quality products to the marketplace.

New products introduced in the period under review included *We's Dyne* in April, a brightly toned steel-framed Dyne wall home of advanced design; *CENTRAGE PARESSO* in September, a highly individualized dwelling using designer tiles; and a new edition of our flagship product *IS STAGE* in November. We also introduced two new three-story homes: the *GiO-TRISTAGE II* in April, which makes maximal use of the available plot, and the *BEREO* in November. The *BEREO* is a three-story income-plus type building that caters to diverse customer needs, adaptable for full apartment rental, joint retail and rental, or home and income. We introduced *M`Bellburn`s* to our wood-frame Sha-wood product range in September, utilizing original ceramic outer wall panels, and with the release of *M'Gravis Stage*, a premium dwelling that creates a real presence in even the most exclusive neighborhoods, we are meeting customers needs in a polarizing market.

In the growing high-end rental market, we have added a maisonette-style terrace house *DIAS PALMO* to our *Sha Maison* range, making further progress with our product strategy that is founded on staying keenly aware of the diverse needs of tenants.

Continuing on from the previous period, capital expenditure in the period under review was focused on increasing efficiency and enhancing laborsaving in our manufacturing divisions, and at the same time we sought to increase operational efficiency through investing in information systems. With regard to cost reductions, the efficiency of display home sites has been worsening so we have been reviewing these locations closely, with a view to withdrawing from certain sites if appropriate. Through careful review of expenditure, including the allocation of advertising expenditure and such like, we were largely able to meet cost reduction targets for the period. Looking at finance, we repaid from our own funds the ¥62.1 billion outstanding of convertible bond issues 3 and 5, making progress on reducing total interest bearing debt.

As a result of the above measures to increase management efficiency and of proactive sales activities such as the sales booster months, non-consolidated total orders for the full year increased 10.2% over the previous year to ¥1,122.158 billion.

Consolidated net sales for the year were at almost the same level as the previous term, declining 0.4% to ¥1,300.237 billion. By segment, the Prefabricated Housing Construction was affected by a reduction in accumulated orders at the start of the period and weak orders in early spring, with the result that net sales decreased 9.8% year on year to ¥740.947 billion. Net sales in Real Estate Sales increased 2.6% year on year to ¥190.096 billion, boosted by relatively strong sales of built-for-sale houses, and revenue from office building sales. Net sales in Real Estate Leasing increased 34.5% to ¥231.877 billion, as revenue grew at our Sekiwa Real Estate businesses through an increase in *Sha-Maison* sub-lease projects, and revenue was also recorded from Sekiwa Real Estate Kansai, Ltd, which became a consolidated subsidiary from this period. In other businesses, net sales increased 7.7% to ¥142.670 billion on the back of increased revenue from our condominium property management operations and growth at our strengthened remodeling businesses.

Consolidated operating income decreased 2.5% year on year to ¥72.73 billion. Cost reductions were achieved at Sekiwa Construction subsidiaries, and profitability improved in Real Estate Sales and Real Estate Leasing, but this was offset by lower profitability from the decline in sales in Prefabricated Housing Construction. Consolidated recurring income decreased 5.4% year on year to ¥69.146 billion, and consolidated net income for the year was ¥34.546 billion (compared to a net loss recorded in the previous year due to appraisal losses on real estate held for sale and other items).

3. Outlook

We expect conditions to remain harsh and amid an economic environment where prospects of recovery seem distant there are concerns about individual`s appetite for investment and we expect a continuation of the wait-and-see attitude to housing investment, and intensified competition in the industry. Nevertheless there are promising areas developing, such as the demand for high quality housing – for example two-generation homes – expected to arise from tax revisions in the New Year, and we are taking active measures to make the most of these.

We are taking further steps to reduce costs and make more efficient use of assets, and as well as reinforcing our management structure we seek to strengthen our sales capabilities and continue to introduce attractive, high quality products. Furthermore, based on closer partnership with Group subsidiaries Sekiwa Real Estate and each Sekiwa construction company, we will endeavor to maximize synergies and improve business results.

We will also actively promote our related businesses such as remodeling and exteriors, and place even more emphasis on the customer service ethic that has been the foundation of our business. Strict attention to corporate ethics and compliance will continue to underlie all our business activities.

CONSOLIDATED BALANCE SHEETS

Millions of yen

	As of Jan. 31, 2003	As of Jan. 31, 2002	Difference
Assets	**1,258,979**	**1,303,821**	**(44,842)**
Current assets	**754,911**	**795,883**	**(40,972)**
Cash and deposits	186,881	240,943	
Notes and accounts receivable	95,180	118,070	
Marketable securities	51,180	2,518	
Inventories	293,608	287,554	
Deferred income taxes	99,048	121,434	
Other current assets	30,725	28,034	
Allowance for doubtful accounts	(1,714)	(2,672)	
Fixed assets	**504,068**	**507,937**	**(3,869)**
Tangible fixed assets	**255,432**	**247,915**	**7,517**
Buildings and structures	193,173	188,626	
Machinery and vehicles	54,622	55,317	
Tools and equipment	26,640	26,622	
Land	122,255	112,670	
Construction in progress	1,672	500	
Accumulated depreciation	(142,932)	(135,822)	
Intangible fixed assets	**10,065**	**10,252**	**(187)**
Lease rights	7,022	7,015	
Software	2,131	2,341	
Utility rights	55	61	
Telephone subscription rights	856	833	
Investments and other assets	**238,570**	**249,769**	**(11,199)**
Investment in securities	101,008	115,433	
Long-term loans receivable	54,385	65,466	
Deferred income taxes	37,057	33,583	
Other investments and other assets	47,760	36,482	
Less allowance for doubtful accounts	(1,640)	(1,196)	
Total Assets	**1,258,979**	**1,303,821**	**(44,842)**

	Millions of yen		
	As of Jan. 31, 2003	As of Jan. 31, 2002	Difference
Liabilities	**593,734**	**669,916**	**(76,182)**
Current liabilities	**387,136**	**379,254**	**7,882**
Notes and accounts payable	152,179	189,002	
Current portion of long-term debt and notes	90,000	62,603	
Corporate tax payable	4,902	2,783	
Advances received	83,660	79,507	
Reserve for bonuses	16,333	8,912	
Reserve for warranty on completed works	1,243	1,316	
Other current liabilities	38,816	35,127	
Long term liabilities	**206,597**	**290,661**	**(84,064)**
Bonds	40,000	40,000	
Convertible bonds	—	89,999	
Long-term debt	29,999	30,374	
Retirement benefits reserve	73,377	78,855	
Reserve for retirement benefits for retiring Directors and Corporate Auditors	1,464	1,091	
Deposits and guarantees	56,680	47,355	
Consolidated adjustment account	759	121	
Other long term liabilities	4,315	2,864	
Minority interests	**19,543**	**7,442**	**12,101**
Shareholders' Equity	**645,702**	**626,462**	**19,240**
Paid-in capital	186,554	186,554	
Capital surplus	237,522	237,522	
Retained earnings	224,229	202,615	
Unrealized holding loss on securities	(1,868)	83	
Foreign currency translation adjustment	(205)	(271)	
Total shareholders' equity	646,231	626,504	
Less treasury common stock, at cost	(529)	(42)	
Liabilities, Minority Interests, and Shareholders` Equity	**1,258,979**	**1,303,821**	**(44,842)**

For reference	*Millions of yen*	
	As of Jan. 31, 2003	As of Jan. 31, 2002
(1) Collateralized assets	28,236	31,262
(2) Guaranteed liabilities	64,026	81,081
(3) (Amount of) treasury stock	609,464 shares	44,533 shares
(4) Investments in affiliates included in investment securities	160	6,884
(5) Interest bearing liabilities	160,000	225,666
(6) Treasury stock cancelled		
- Reduction in number of issued shares	--	21,719,000 shares
- Reduction in capital surplus	--	21,495

CONSOLIDATED STATEMENTS OF INCOME

Millions of yen

	Feb. 1, 2002— Jan. 31, 2003	Feb. 1, 2001 – Jan. 31, 2002	Difference
Net sales	**1,300,237**	**1,305,468**	**(5,231)**
Cost of sales	1,035,976	1,035,276	700
Gross profit	264,261	270,191	(5,930)
Selling, general and administrative expenses	191,523	195,567	**(4,044)**
Operating income	72,737	74,624	(1,887)
Non-operating income	**5,621**	**7,139**	**(1,518)**
Interest received	2,903	3,454	
Equity in (income) earnings of affiliates	7	2	
Appraisal loss on derivatives	—	960	
Miscellaneous income	2,711	2,722	
Non-operating loss	**9,211**	**8,682**	**529**
Interest and discount paid	2,430	3,404	
Miscellaneous expense	6,781	5,278	
Recurring income	**69,146**	**73,081**	**(3,935)**
Extraordinary income	**—**	**753**	**(753)**
Proceeds from sales of investments in securities	—	753	
Extraordinary loss	**3,881**	**234,004**	**(230,123)**
Loss on evaluation of land held for sale	1,652	135,539	
Provision for retirement allowance with respect to change in accounting for employee retirement allowance	—	56,888	
Special contribution to pension fund	892	26,261	
Land disposal loss by change of a business plan	1,335	6,526	
Loss from sales or disposal fixed assets	—	5,350	
Other	1	3,438	
Income before income taxes, minority interests and equity in earnings	**65,264**	**(160,170)**	**225,434**
Current income taxes	6,854	4,553	2,301
Deferred income taxes	22,027	(70,106)	92,133
Minority interests in earnings of consolidated subsidiaries	1,836	(4,286)	6,122
Net（loss）Income	**34,546**	**(90,331)**	**124,877**

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

Millions of yen

	Feb. 1, 2002 – Jan. 31, 2003		Feb. 1, 2001 – Jan. 31, 2002		Difference
Capital surplus					
Capital surplus at beginning of period		237,522			
Increase in capital surplus		—			
Decrease in capital surplus		—			
Capital surplus at end of period		**237,522**			
Retained earnings					
Retained earnings at beginning of period		**202,615**		**314,576**	**(111,961)**
Increase in retained earnings					
From net income	34,546		-		
From reduction of subsidiaries.	10	34,556	-	-	34,556
Decrease in retained earnings					
From net loss			90,331		
From the merger of consolidated subsidiaries and affiliates accounted for by the equity method			6,655		
From dividends	12,767		14,513		
From bonuses to directors and corporate auditors	175	12,942	460	111,960	(99,018)
Retained Earnings at end of period		**224,229**		**202,615**	**21,614**

CONSOLIDATED STATEMENT OF CASH FLOW

	Millions of yen	
	Feb. 1, 2002–Jan. 31, 2003	Feb. 1, 2001– Jan. 31, 2002
Cash Flows From Operating Activities		
Loss before income taxes and minority interests	—	(160,170)
Income before income taxes and minority interests	65,264	—
Depreciation and amortization	11,882	13,085
Decrease in reserve for retirement allowances	—	(30,178)
Decrease (increase) in reserve for retirement allowances	(7,136)	78,855
Interest and dividend income	(2,903)	(3,454)
Interest expenses	2,430	3,404
Equity in earnings of affiliates	(7)	(2)
Loss on revaluation of real estate held for sale	2,179	135,539
Loss on revaluation of marketable securities	897	26,261
Increase in trade receivables	22,974	5,940
Decrease (increase) in inventories	(10,351)	1,051
Decrease in debt due to purchase	(34,012)	(21,868)
Increase (decrease) in amount received on construction contract	601	(921)
Other	6,060	11,313
Subtotal	**57,882**	**58,855**
Interest and dividend income	3,131	3,382
Interest expense	(2,560)	(3,371)
Amount paid for corporate tax etc.	(4,812)	(4,675)
Net Cash Provided by Operating Activities	**53,640**	**54,191**
Cash Flows From Investing Activities		
Purchases of marketable securities	(62,155)	(4,772)
Proceeds from sales of marketable securities	13,263	11,862
Acquisitions of property, plant and equipment	(10,339)	(8,798)
Proceeds from sales of property, plant and equipment	1,666	2,107
Purchase of investments in securities	(9,079)	(65,699)
Proceeds from sales of investments in securities	12,296	2,782
Payment of advances	(2,928)	(5,073)
Income from collected loan	14,891	11,601
Other	10,989	1,750
Net Cash Used in Investing Activities	**(31,395)**	**(54,238)**
Cash Flows From Financing Activities		
Repayment of long-term debt	(876)	(4,443)
Repayment of bonds	(62,100)	(51,193)
Cash dividend paid	(12,767)	(14,513)
Cash dividend paid for minority interests	(481)	(289)
Payments for purchase of treasury stock	—	(21,495)
Other	(487)	(146)
Net Cash Used in Financing Activities	**(76,713)**	**(92,081)**
Effect of change rate changes on cash and time deposit	**65**	**289**
Net decrease in cash and time deposits	**(54,403)**	**(91,838)**
Cash and time deposits at beginning of period	**229,138**	**311,022**
Increase in cash and time deposits resulting from initial consolidation of subsidiaries	**12,645**	**–**
Increase in cash and time deposit resulting from initial merger of subsidiaries	**–**	**9,954**
Cash and Time Deposits At End Of Period	**187,381**	**229,138**

Significant Consolidated Accounting Policies

1. Scope of Consolidation

Consolidated subsidiaries: 97, including Sekiwa Real Estate, Ltd., Sekiwa Real Estate Chubu, Ltd., Sekiwa Real Estate Chugoku, Ltd., and Sekiwa Real Estate Kyushu, Ltd.

Changes in scope of consolidation
Added: Sekiwa Real Estate Kansai, Ltd.
Removed: Seven companies, including Sekiwa Construction Hannan, Ltd.
All 97 subsidiaries are consolidated.

2. Application of equity method

Affiliated companies accounted for by the equity method
Two companies: Rokko Island Energy Services Co., Ltd., and Shin Nishinomiya Yacht Harbor, Corp.
Investment in both related companies is accounted for by the equity method.

3. Term-ends of consolidated subsidiaries

The fiscal year ends on March 31 for Sky Rail Service Co., Ltd. In producing the consolidated financial statements, the Company provisionally settles the accounts of that subsidiary as of January 31 and utilizes these accounts. The year-end of SEKISUI DEUTSCHLAND BAU GmbH is December 31 and the Company uses these statements, adjusted as required for significant transactions up till January 31, in producing its consolidated financial statements.

4. Summary of significant accounting policies

(1) Basis and method for valuation for significant assets

(1) Basis and method of valuation of securities

(a) Marketable securities:

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

(ii) Other marketable securities:

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

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

(b) Derivatives: Market value method

(c) Inventories:

(i) Expenditure on uncompleted construction, buildings for sale, land for sale, and uncompleted land held for sale: At cost based on individual cost method

(ii) Semi-finished goods, raw materials, unfinished products, and stored goods: At cost based on moving average method

(2) Depreciation and amortization methods used for main depreciable and amortizable assets:
The Company applies the straight-line method to buildings (excluding attached structures) and intangible fixed assets, and uses the declining-balance method for other tangible fixed assets (but straight-line depreciation for overseas consolidated subsidiaries)

(3) Basis for accounting for significant allowances

(a) Reserve 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) Reserve for bonuses

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

(c) Reserve for compensation payments on completed works

To provide for expenses arising after transferring buildings from defects and to cover compensation services costs, the Company provides based on 1/1,000th of housing business sales and 1/1,000th of the building portion of real estate business sales with guarantee obligations.

(d) Reserve for employee retirement

To prepare for future retirement payments to employees, the Company makes provisions in the amount accrued at the end of the relevant consolidated fiscal year based on the estimated total retirement obligations and pension assets. To account for differences in actuarial calculations, the Company recognizes those differences through straight-line depreciation over five 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.

(e) Reserve for directors' retirement bonuses

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

(f) Reserve for exhibition at Japan International Expo

To allow for expenses to be incurred at the Japan International Expo, the Company has provided an appropriate amount in the consolidated fiscal year.

(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. The assets, liabilities, revenues, and expenses of overseas subsidiaries are translated into yen at the rate of exchange in effect at the subsidiaries balance sheet dates, and translation differences are included in the foreign exchange translation adjustment account in shareholders' equity.

(5) Accounting for significant lease transactions

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

(6) Main hedge accounting methods

(a) Hedge accounting methods

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

(b) Hedging instruments and targets

(i) The Company hedges bonds that fund operations using interest rate swaps.

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

(c) Hedging policies

The Company uses derivatives transactions with the aim of avoiding losses from fluctuations in exchange and interest rates etc. The use of exchange contracts does not exceed the amount of import transactions. Furthermore, the notional principal of interest rate swap transactions is limited to the total of debt used to fund operations and interest-bearing debt.

(d) Methods of assessing hedge effectiveness

The Company compares cumulative cash flow variations for hedge targets and hedge methods with market fluctuations and assesses the effectiveness of hedges based on the amounts of variation in both cases. However, for forward exchange contract transactions the Company does not assess the effectiveness of hedging where the main conditions match with regard to the relevant transactions and hedge targets, and where the cash flow is fixed.

(7) Accounting for consumption taxes

The tax exclusion method is used to account for consumption taxes. Consumption taxes subject to deductions are expensed in the consolidated fiscal year in which they arise.

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. Amortizing the consolidated adjustments account

In principle, the Company amortizes consolidated adjustments evenly over five years from the fiscal year of occurrence. If the consolidation adjustment amount is small, the Company accounts for the whole amount in the fiscal year in which it arises.

7. Treatment of profit appropriations

The consolidated retained earnings statement is based on the appropriation of profit decided during the relevant fiscal year.

8. 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 three months) and short-term investments with redemption periods of less than three months that easily convertible into cash, with insignificant risk of losses from price fluctuations.

Notes to Consolidated Statements of Cash Flows

1. Cash and cash equivalents at year-end and relationship with amounts recorded in consolidated balance sheets

Millions of yen

	Year to January 31 2003	Year to January 31 2002
Cash and deposits	186,881	240,943
Fixed term deposits exceeding three months	—	(12,505)
Open-ended public and corporate bond investment trusts (marketable securities account)	499	700
Cash and cash equivalents	**187,381**	**229,138**

2. Details of main non-capital transactions

	Year to Jan. 2003	Year to Jan. 2002
(1) Conversion amounts of convertible bonds	¥ - million	¥6 million

(2) Increase in assets etc following merger in the year to Jan. 2002:

The following shows the main details of assets and liabilities remaining following the merger of Sekisui House Hokuriku and Sekisui House Yamanashi in fiscal 2002. The increases in capital and additional paid-in capital owing to the merger were ¥279 million and ¥10,928 million.

Millions of yen

Current assets	16,067
Fixed assets	1,827
Total assets	**17,894**
Current liabilities	5,863
Fixed liabilities	444
Total liabilities	**6,308**

3. Assets newly included in consolidation in the year to Jan. 2002

The main assets and liabilities of Sekiwa Real Estate Kansai as of the start of the year to Jan. 2003 were as follows:

Millions of yen

Current assets	17,891
Fixed assets	16,668
Total assets	**34,559**
Current liabilities	4,809
Long term liabilities	10,109
Total liabilities	**14,918**

5. Segmental information

Year to January 31, 2003

Millions of yen

	Prefabricated Housing Construction	Real Estate Sales	Real Estate Leasing	Other Business	Total	Eliminations and back office	Consolidated
Sales & Operating income							
Sales							
Sales to third parties	739,684	189,800	230,456	140,295	1,300,237	-	1,300,237
Inter-segment sales and transfers	1,262	295	1,421	2,374	5,353	(5,353)	-
Total	740,947	190,096	231,877	142,670	1,305,591	(5,353)	1,300,237
Operating expenses	655,925	184,830	222,109	140,974	1,203,839	23,660	1,227,499
Operating income	85,021	5,266	9,767	1,695	101,751	(29,013)	72,737
Assets, Depreciation expense & Capital invested							
Assets	228,590	328,481	267,757	31,083	855,913	403,066	1,258,979
Depreciation expense	5,456	455	3,611	381	9,903	1,979	11,882
Capital invested	5,114	53	13,279	192	18,640	662	19,302

Year to January 31, 2002

Millions of yen

	Housing construction	Real estate	Total	Eliminations and back office	Consolidated
Sales & Operating income					
Sales					
Sales to third parties	981,558	323,910	1,305,468	-	1,305,468
Inter-segment sales and transfers	939	-	939	(939)	-
Total	982,497	323,910	1,306,408	(939)	1,305,468
Operating expenses	880,947	324,923	1,205,871	24,972	1,230,844
Operating income	101,549	(1,012)	100,537	(25,912)	74,624
Assets, Depreciation expense & Capital invested					
Assets	288,404	569,476	857,881	445,939	1,303,821
Depreciation expense	6,662	4,414	11,077	2,007	13,085
Capital invested	10,387	3,405	13,792	2,210	16,003

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:

Prefabricated Housing Construction:	Designing, constructing, and contracting for sale housing using the Company's prefabricated materials
Real Estate Sales:	Selling houses and real estate and designing and constructing housing on estate land
Real Estate Leasing:	Renting and managing properties
Other Business:	Designing, constructing, and contracting for sale 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 Jan. 2003: 26,137 million yen   Year to Jan. 2002: 25,691 million yen

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

Year to Jan. 2003: 403, 108 million yen   Year to Jan. 2002: 446,022 million yen

5. Changes in business classification

To date, the Company has classified its operations into Housing Construction and Real Estate in keeping with standard industrial categorizations used in Japan. From the year ended Jan. 2002, however, management recategorized its operations into four segments in line with existing sales classifications and with reference to the types and nature of its businesses. The new categories are: Prefabricated Housing Construction, Real Estate Sales, Real Estate Leasing and Other Business.

These changes have clarified revenues and earnings units. To allow the Group (parent and subsidiaries) to more properly disclose information on internal conditions, management reclassified the Company's Housing Construction business into the Prefabricated Housing Construction business, which covers new construction using its prefabricated materials, and Other Business, which handles other construction. Management recategorized the real estate business into Real Estate Sales, which markets houses and real estate, and Real Estate Leasing, which rents and manages homes and commercial buildings.

In addition built-to-order housing, which essentially receives orders alongside land sales operations, was part of Prefabricated Housing Construction (fo rmerly known as Housing Construction) but is actually an integral part of the land sales business. From fiscal 2002, therefore, the company recategorized built-to-order housing sales within the Real Estate Sales business (previously, the Real Estate business). As a result, the Prefabricated Housing Construction business's sales declined 36,954 million yen, with operating income dropping 5,164 million yen, while the figures for the Real Estate Sales business rose by the same amounts. When restated according to the segment information approach used in the year to January 2003, information from the year to January 2002 is as follows:

Millions of yen

	Prefabricated Housing Construction	Real Estate Sales	Real Estate Leasing	Other Business	Total	Eliminations and back office	Consolidated
Sales & Operating income							
Sales							
Sales to third parties	820,726	185,272	171,013	128,457	1,305,468	-	1,305,468
Inter-segment sales and transfers	725	-	1,445	3,974	6,146	(6,146)	-
Total	821,451	185,272	172,458	132,432	1,311,614	(6,146)	1,305,468
Operating expenses	725,495	185,189	166,232	130,586	1,207,504	23,339	1,230,844
Operating income	95,956	82	6,226	1,845	104,109	(29,485)	74,624
Assets, Depreciation expense & Capital invested							
Assets	236,346	350,515	233,522	37,497	857,881	445,939	1,303,821
Depreciation expense	6,025	502	4,209	341	11,078	2,007	13,085
Capital invested	10,203	102	3,354	132	13,792	2,210	16,003

(2) Geographical segment information

In the years to January 2003 and 2002, Japanese operations accounted for more than 90% of sales in all segments, so the Company has not presented geographical segment information.

(3) Overseas sales

In the years to January 2003 and 2002, overseas sales accounted for less than 10% of sales in all segments, so the Company has not presented geographical information.

6. Lease transactions

Finance leases other than those deemed to transfer ownership

(1) Equivalent acquisition cost, accumulated depreciation and balance at end of period

Year to Jan. 2003

Millions of yen

	Acquisition cost equivalent	Accumulated depreciation equivalent	At year end
Buildings and structures	36,681	19,421	17,259
Tools and fixtures	8,526	6,016	2,509
Intangible fixed assets	3,421	2,075	1,346
Machinery and transportation equipment	120	63	56
Total	**48,748**	**27,576**	**21,172**

Year to Jan. 2002

Millions of yen

	Acquisition cost equivalent	Accumulated depreciation equivalent	At year end
Buildings and structures	40,107	20,144	19,962
Tools and fixtures	9,428	5,906	3,521
Intangible fixed assets	3,796	2,006	1,789
Machinery and transportation equipment	214	116	97
Total	**53,546**	**28,174**	**25,371**

(2) Outstanding equivalent amounts under lease commitments at year end

Millions of yen

	Year to Jan. 2003	Year to Jan. 2002
Within one year	7,876	7,355
More than one year	14,766	19,737
Total	**22,643**	**27,092**

(3) Lease fees, equivalent depreciation amounts and interest payments

Millions of yen

	Year to Jan. 2003	Year to Jan. 2002
Lease fees	9,560	8,665
Depreciation equivalent	8,970	8,346
Interest payments equivalent	495	437

(4) Method of calculating depreciation

Calculated by the straight-line method over the lease term of the lease asset assuming zero residual value

(5) Method of calculating interest payments

Calculated by the interest method, whereby the difference between total lease payment and acquisition cost equivalent is distributed in equal installments in each financial year.

Operating leases

Millions of yen

	Year to Jan. 2003	Year to Jan. 2002
Within one year	11	11
More than one year	62	72
Total	73	83

7. Securities

1. Marketable debt securities expected to be held to maturity

Millions of yen

	Type	As of January 31, 2003 Consolidated balance sheet amount	As of January 31, 2003 Market value	As of January 31, 2003 Difference	As of January 31, 2002 Consolidated balance sheet amount	As of January 31, 2002 Market value	As of January 31, 2002 Difference
Where market value exceeds amount in consolidated balance sheets	(1) National and regional government bonds	51,584	51,592	7	271	275	3
	(2) Corporate bonds	239	241	1	199	202	2
	(3) Others	—	—	—	130	130	0
	Subtotal	51,824	51,834	9	601	608	6
Where market value does not exceed amount in consolidated balance sheets	(1) National and regional government bonds	121	121	(0)	32	32	(0)
	(2) Others	100	90	(9)	1,699	1,689	(10)
	Subtotal	221	212	(9)	1,732	1,721	(11)
Total		**52,046**	**52,046**	**0**	**2,333**	**2,329**	**(4)**

2. Other marketable securities

Millions of yen

	Type	As of January 31, 2003 Acquisition cost	As of January 31, 2003 Consolidated balance sheet amount	As of January 31, 2003 Difference	As of January 31, 2002 Acquisition cost	As of January 31, 2002 Consolidated balance sheet amount	As of January 31, 2002 Difference
Where market value exceeds amount in consolidated balance sheets	(1) Equities	3,325	4,450	1,124	10,264	12,331	2,066
	(2) Bonds National and regional government bonds	52,570	55,055	2,484	-	-	-
	Subtotal	55,896	59,505	3,608	10,264	12,331	2,066
Where market value does not exceed amount in consolidated balance sheets	(1) Equities	27,253	20,384	(6,869)	19,236	18,287	(949)
	(2) Bonds Corporate bonds	26	25	(0)	52,938	51,910	(1,028)
	(3) Others	29	21	(7)	2,000	1,998	(2)
	Subtotal	27,309	20,431	(6,877)	74,174	72,195	(1,979)
Total		**83,205**	**79,936**	**(3,268)**	**84,439**	**84,527**	**87**

For fiscal 2003, the Company posted 869 million yen in losses on two equities holdings.

3. Other marketable securities sold in year to 2003 and 2002

Millions of yen

Category	Year to Jan. 2003	Year to Jan. 2002
Amount sold	309	2,383
Total gain on sales	4	768
Total loss on sales	3	16

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

Millions of yen

	Consolidated balance sheet amount as of January 31, 2003	Consolidated balance sheet amount as of January 31, 2002
(1) Bonds held to maturity		
Unlisted foreign government bonds	2,000	12,000
Unlisted bonds	500	—
(2) Other marketable securities		
Unlisted equities (excluding over-the-counter issues)	11,025	10,472
Preferred securities	5,999	999
Public & corporate bond investment trusts	499	700

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

Millions of yen

	As of January 31, 2003			
	Within one year	More than one year and less than five years	More than five years and less than 10 years	More than 10 years
Bonds National and regional government bonds	50,044	1,646	50,000	-
Corporate bonds	640	122	4	-
Others	—	100	2,000	-
Total	**50,684**	**1,868**	**52,004**	**-**

Millions of yen

	As of January 31, 2002			
	Within one year	More than one year and less than five years	More than five years and less than 10 years	More than 10 years
Bonds National and regional government bonds	115	194	50,000	—
Corporate bonds	—	200	—	—
Others	1,690	140	2,000	10,000
Total	**1,805**	**534**	**52,000**	**10,000**

8. Contract amounts, market values, and unrealized gains and losses on derivatives transactions

Interest rate related

Millions of yen

	As of January 31, 2003				As of January 31, 2002			
Transaction type	Contract amount	Portion exceeding one year	Market value	Unrealized gain (loss)	Contract amount	Portion exceeding one year	Market value	Unrealized gain (loss)
Swaps Receive fixed/pay floating	15,000	15,000	383	383	15,000	15,000	550	550
Receive floating/pay fixed	15,000	15,000	(5)	(5)	15,000	15,000	410	410
Total	**30,000**	**30,000**	**378**	**378**	**30,000**	**30,000**	**960**	**960**

Notes

1. Derivatives transactions for which hedge accounting is applied are excluded.

2. The market values of interest rate swaps are calculated based on prices disclosed by financial institutions.

9. Accounting treatment of retirement allowances

(1) Overview of Retirement allowance system

The Company and its domestic subsidiaries maintain a confirmed payment framework comprising the employee pension fund system, the approved retirement annuity system, and lump-sum retirement payments.

(2) Retirement payment obligations

		Millions of yen	
		As of Jan. 31, 2003	As of Jan. 31, 2002
1.	Retirement payment obligations	(249,089)	(239,600)
2.	Pension fund assets	148,147	141,863
3.	Unfunded pension obligations (1) + (2)	(100,941)	(97,736)
4.	Unrecognized actuarial difference	34,057	18,884
5.	Unrecognized past service liabilities	(6,487)	—
6.	Net amounts on consolidated balance sheets (3) + (4) + (5)	(73,371)	(78,852)
7.	Prepaid pension expenses	6	3
8.	Allowance for retirement payments	(73,377)	(78,855)

As of Jan. 31, 2003	As of Jan. 31, 2002
Notes: 1. Disclosure includes substitute portions of employee pension fund.	Notes: 1. Disclosure includes substitute portions of employee pension fund.
2. Some subsidiaries method to calculate retirement payment obligations.	2. Some subsidiaries are utilizing the simplified method to calculate retirement payment obligations.

(3) Retirement payment expenses

	Millions of yen	
	Year to Jan. 2003	Year to Jan. 2002
1. Service expense	11,527	11,680
2. Interest expense	6,489	6,140
3. Anticipated investment returns	(5,640)	(5,316)
4. Amount charged upon change in accounting standards	—	56,888
5. Amount charged in line with actuarial calculation differences	3,848	—
6. Charged for past service liabilities	(1,621)	—
Retirement payment expenses (1) + (2) + (3) + (4) + (5) + (6)	**14,602**	**69,392**

Year to Jan. 2003	Year to Jan. 2002
Notes: 1. Employee contributions to pension fund scheme deducted from service expenses.	Notes: 1. Employee contributions to pension fund scheme deducted from service expenses.
2. Retirement payment expenses for consolidated subsidiaries using simple method appropriated as service expense.	2. Retirement payment expenses for consolidated subsidiaries using simple method appropriated as service expense.

(4) Bases for calculating retirement payment obligations

	Year to Jan. 2003	Year to Jan. 2002
1. Periodical allocation of projected retirement payments	Fixed standard over period	Fixed standard over period
2. Discount rate	2.8%	2.8%
3. Anticipated rate of return on plan assets	4.0%	4.0%
4. Years over which past service obligations amortised	5 years	5 years
5. Years over which actuarial calculation differences amortised	5 years	5 years
6. Years over which differences from change in accounting standards amortised	—	1 year
	Notes: 1 Differences in actuarial calculations allocated using straight-line method over five years and charged from the subsequent consolidated fiscal years. 2 Past service liabilities allocated using straight-line method over five years and charged from the subsequent consolidated fiscal years.	Note: Differences in actuarial calculations allocated using straight-line method over five years and charged from the subsequent consolidated fiscal years.

10. Tax effect accounting

(1) Main breakdowns of deferred tax assets and liabilities

Millions of yen

	Year to Jan. 31, 2003	Year to Jan. 31, 2002
Current portion		
Deferred tax assets		
Appraisal losses on real estate held for sale	78,708	100,455
Losses carried forward for tax purposes	12,537	16,622
Amounts in excess of allowed limit on expenses chargeable to bonus payment reserve	5,550	371
Amounts in excess of allowed limit on expenses chargeable to bad debt reserve	438	860
Unpaid enterprise tax	376	200
Unrealized gain on inventory	321	176
Other	1,132	3,013
Total deferred tax assets	**99,064**	**121,700**
Deferred tax liabilities		
Corporate enterprise tax refunded	0	225
Other	15	41
Total deferred tax liabilities	**15**	**266**
Net deferred tax assets	**99,048**	**121,434**
Non-current portion		
Deferred tax assets		
Amounts in excess of allowed limit on expenses chargeable to retirement benefits allowance	27,049	29,241
Difference in appraisal value of other marketable securities	1,363	–
Reserve for directors' retirement bonuses	589	472
Unrealized gains on fixed assets	484	498
Losses carried forward for tax purposes	435	366
Other	7,190	3,111
Total deferred tax assets	**37,112**	**33,690**
Deferred tax liabilities		
Difference in appraisal value of other marketable securities	-	64
Adjustment of bad debt allowance after eliminating debts and credits	55	42
Total deferred tax liabilities	**55**	**106**
Total net deferred tax assets	**37,057**	**33,583**

11. Transactions with related parties

No relevant transactions.

12. Main affiliated companies' financial statements

(1) Sekiwa Real Estate,Ltd.

Balance Sheet
Millions of yen
As of Jan 31, 2003

Assets		Liabilities	
Current assets	**20,094**	**Current liabilities**	**8,894**
Cash and deposits	15,119	Accounts payable	488
Notes and accounts receivable	631	Advances received	5,618
Marketable securities	663	Tax payable	1,187
Inventories	2,521	Other current liabilities	1,599
Other current assets	1,205	**Fixed liabilities**	**14,915**
Less allowance for doubtful accounts	(47)	Custody deposit and guarantee	13,023
Fixed assets	**14,758**	Accrued retirement benefits	1,732
Tangible fixed assets	**6,473**	Other fixed liabilities	159
Buildings and structures	1,634	**Total liabilities**	**23,809**
Land	4,433		
Other	405	**Shareholders' Equity**	
Intangible fixed assets	**1,458**	Paid-in capital	1,668
Investments and other assets	**6,826**	Additional paid-in capital	730
Investment in securities	500	Retained earnings	9,048
Long-term loans receivable	986	**Net income**	**1,143**
Deposit and guarantee	4,733	Unrealized holding on securities	(18)
Other investments	946	Treasury stock	(385)
Less allowance for doubtful accounts	(341)	**Total shareholders' equity**	**11,043**
Total assets	**34,853**	**Total liabilities and shareholders equity**	**34,853**

Income Statement
Millions of yen
Feb. 1, 2002 – Jan. 31, 2003

Net sales	82,435
Cost of sales	78,816
Operating income	**3,618**
Non-operating income	99
Other expenses	78
Recurring income	**3,639**
Extraordinary loss	1,485
Income before taxes	**2,154**
Current income taxes	1,775
Deferred income taxes	(764)
Net income	**1,143**

(2) Sekiwa Real Estate Tohoku, Ltd.

Balance Sheet
Millions of yen
As of Jan. 31, 2003

Assets		Liabilities	
Current assets	**7,080**	**Current liabilities**	**1,938**
Cash and deposits	6,626	Advances received	1,368
Notes and accounts receivable	157	Deposits received	226
Inventories	254	Other current liabilities	344
Other current assets	82	**Fixed liabilities**	**4,207**
Less allowance for doubtful accounts	(40)	Custody deposit and guarantee	378
		Accrued retirement benefits	3,816
Fixed assets	**315**	Other fixed liabilities	11
Tangible fixed assets	**29**		
Other	29	**Total liabilities**	**6,146**
Intangible fixed assets	**32**		
		Shareholders' Equity	
Investments and other assets	**253**	Paid-in capital	200
Deposit and guarantee	33	Additional paid-in capital	-
Deferred tax assets	217	Retained earnings	1,050
Other investments	159	**Net income**	**323**
Less allowance for doubtful accounts	(156)	**Total shareholders' equity**	**1,250**
Total assets	**7,396**	**Total liabilities and shareholders equity**	**7,396**

Income Statement
Millions of yen
Feb. 1, 2002 – Jan. 31, 2003

Net sales	13,586
Cost of sales	13,015
Operating income	**570**
Non-operating income	11
Other expenses	3
Recurring income	**579**
Extraordinary loss	5
Income before taxes	**573**
Current income taxes	273
Deferred income taxes	(23)
Net income	**323**
Retained earnings brought forward from the preceding business term	1
Unappropriated retained earnings	325

(3) Sekiwa Real Estate Chubu, Ltd.

Balance Sheet *Millions of yen* — As of Jan. 31, 2003

Assets		Liabilities	
Current assets	**15,367**	**Current liabilities**	**6,622**
Cash and deposits	12,173	Accounts payable	392
Notes and accounts receivable	418	Advances received	4,962
Inventories	2,491	Other current liabilities	1,267
Other current assets	372	**Fixed liabilities**	**16,842**
Less allowance for doubtful accounts	(88)	Accrued retirement benefits	837
		Custody deposit and guarantee	15,933
Fixed assets	**16,361**	Other fixed liabilities	70
Tangible fixed assets	**14,165**	**Total liabilities**	**23,464**
Buildings and structures	6,877		
Land	7,212		
Other	74	**Shareholders' Equity**	
		Paid-in capital	1,368
Intangible fixed assets	**29**	Additional paid-in capital	1,679
Investments and other assets	**2,166**	Retained earnings	5,266
Long-term loans receivable	218	**Net income**	**735**
Deposit and guarantee	721		
Deferred tax assets	447	Unrealized holding loss on securities	(42)
Other investments	779	Treasury stock	(7)
		Total shareholders' equity	**8,263**
Total assets	**31,728**	**Total liabilities and shareholders equity**	**31,728**

Income Statement *Millions of yen* — Feb. 1, 2002 – Jan. 31, 2003

Net sales	65,584
Cost of sales	64,247
Operating income	**1,336**
Non-operating income	25
Other expenses	48
Recurring income	**1,312**
Extraordinary loss	-
Income before taxes	**1,312**
Current income taxes	595
Deferred income taxes	(18)
Net income	**735**
Retained earnings brought forward from the preceeding business term	110
Interim dividend payment	109
Retained earnings reserve fund	-
Unappropriated retained earnings	735

(4) Sekiwa Real Estate Kansai, Ltd.

Balance Sheet *Millions of yen* — As of Jan. 31, 2003

Assets		Liabilities	
Current assets	**19,130**	**Current liabilities**	**6,447**
Cash and deposits	13,017	Accounts payable	737
Notes and accounts receivable	469	Advances received	4,183
Inventories	4,262	Other current liabilities	1,527
Deferred tax assets	647	**Fixed liabilities**	**9,731**
Other current assets	824	Accrued retirement benefits	1,548
Less allowance for doubtful accounts	(91)	Custody deposit and guarantee	7,996
Fixed assets	**17,295**	Other fixed liabilities	186
Tangible fixed assets	**5,742**	**Total liabilities**	**16,179**
Buildings and structures	1,833		
Land	3,621		
		Shareholders' Equity	
Other	287	Paid-in capital	5,829
Intangible fixed assets	**23**	Additional paid-in capital	7,017
Investments and other assets	**11,529**	Retained earnings	7,421
Investment in securities	80	**Net income**	**916**
Long-term loans receivable	894		
Deposit and guarantee	9,448	Unrealized holding loss on securities	(6)
Deferred tax assets	751	Treasury stock	(15)
Other investments	354	**Total shareholders' equity**	**20,247**
Total assets	**36,426**	**Total liabilities and shareholders equity**	**36,426**

Income Statement *Millions of yen* — Feb. 1, 2002 – Jan. 31, 2003

Net sales	46,218
Cost of sales	44,395
Operating income	**1,822**
Non-operating income	47
Other expenses	13
Recurring income	**1,856**
Extraordinary loss	211
Income before taxes	**1,644**
Current income taxes	440
Deferred income taxes	288
Net income	**916**
Retained earnings brought forward from the preceeding business term	162
Unappropriated retained earnings	1,079

(5) Sekiwa Real Estate Chugoku, Ltd.

Balance Sheet *Millions of yen*				Income Statement *Millions of yen*	
As of Jan. 31, 2003				Feb. 1, 2002 – Jan. 31, 2003	
Assets		**Liabilities**			
Current assets	**6,245**	**Current liabilities**	**1,751**	Net sales	12,356
Cash and deposits	5,512	Advances received	818	Cost of sales	11,682
Notes and accounts receivable	83	Income taxes payable etc…	202	**Operating income**	**673**
Inventories	562	Other current liabilities	730	Non-operating income	11
Other current assets	102			Other expenses	6
Less allowance for doubtful accounts	(15)	**Fixed liabilities**	**3,820**	**Recurring income**	**678**
		Accrued retirement benefits	456	Extraordinary loss	11
Fixed assets	**1,612**	Custody deposit and guarantee	3,299	**Income before taxes**	**667**
Tangible fixed assets	**1,095**	Other fixed liabilities	63	Current income taxes	323
Buildings and structures	590	**Total liabilities**	**5,572**	Deferred income taxes	(36)
Land	413			**Net income**	**380**
Other	91			Retained earnings brought forward from the preceeding business term	5
		Shareholders' Equity			
Intangible fixed assets	**18**	Paid-in capital	379	Unappropriated retained earnings	385
Investments and other assets	**498**	Additional paid-in capital	177		
Investment in securities	49	Retained earnings	1,734		
Long-term loans receivable	115	**Net income**	**380**		
Deposit and guarantee	113	Unrealized holding loss on securities	(0)		
Deferred tax assets	220	Treasury stock	(4)		
		Total shareholders' equity	**2,286**		
Total assets	**7,858**	**Total liabilities and shareholders equity**	**7,858**		

(6) Sekiwa Real Estate Kyushu, Ltd.

Balance Sheet *Millions of yen*				Income Statement *Millions of yen*	
As of Jan. 31, 2003				Feb. 1, 2002 – Jan. 31, 2003	
Assets		**Liabilities**			
Current assets	**3,444**	**Current liabilities**	1,267	Net sales	12,628
Cash and deposits	1,753	Advances received	908	Cost of sales	12,137
Notes and accounts receivable	98	Income taxes payable etc…	146	**Operating income**	**491**
Inventories	1,416	Other current liabilities	211	Non-operating income	-
Other current assets	195	**Fixed liabilities**	**2,095**	Other expenses	36
Less allowance for doubtful accounts	(20)	Accrued retirement benefits	235	**Recurring income**	**455**
		Custody deposit and guarantee	1,838	Extraordinary loss	-
Fixed assets	**830**	Other fixed liabilities	22	**Income before taxes**	**455**
Tangible fixed assets	**568**			Current income taxes	227
Buildings and structures	231	**Total liabilities**	**3,363**	Deferred income taxes	(26)
Land	292			**Net income**	**254**
Other	44	**Shareholders' Equity**		Retained earnings brought forward from the preceeding business term	1
		Paid-in capital	200		
Intangible fixed assets	**4**	Additional paid-in capital	-	Unappropriated retained earnings	256
Investments and other assets	**257**	Retained earnings	711		
Deposit and guarantee	114	**Net income**	**254**		
Deferred tax assets	135				
Other investments	6	**Total shareholders' equity**	**911**		
Total assets	**4,274**	**Total liabilities and shareholders equity**	**4,274**		

SUMMARY OF FINANCIAL STATEMENTS (Non-consolidated)
February 1, 2002 – January 31, 2003

Sekisui House, Ltd. **March 19, 2003**

Stock code:	1928	URL:	http://www.sekisuihouse.co.jp
President & Representative Director:	Isami Wada	Inquiries:	PR Department
Telephone:	+816 6440 3111		General Manager Hidehiro Yamaguchi
Date of the meeting of the board of directors:			March 19, 2003
Date of the annual shareholder`s meeting:			April 25, 2003
Interim dividend system:			Adopted
Stock trading unit adopted:			1,000 shares per unit

1. Business Results

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

1) Non-consolidated Business Results

Millions of yen

	Feb. 1, 2002 – Jan. 31, 2003		Feb. 1, 2001 – Jan. 31, 2002	
		Change (%)		Change (%)
Net sales	1,052,558	(5.9)	1,118,898	(5.5)
Operating income	58,564	(11.4)	66,106	(22.6)
Recurring income	55,564	(14.9)	65,244	(16.6)
Net income	30,196	-	(91,918)	-
Net income per share (¥)	¥42.58		(¥127.30)	
Fully diluted net income per share (¥)	¥38.93		-	
Return on equity (%)	5.0%		(14.1%)	
Return on assets (%)	4.8%		5.2%	
Recurring income margin (%)	5.3%		5.8%	

(1) Average number of outstanding shares (consolidated) during the period:

Year ended January 31, 2003 709,184,330 shares Year ended January 31, 2002 722,036,992 shares

(2) Changes to accounting principles None

(3) Percentages for net sales, operating income, recurring income, and net income represent year-on-year changes.

2) Dividends

	Dividend per share			Total dividend payments *(Millions of yen)*	Payout ratio	Total dividend / shareholders` equity
	Full-year	First-half	Second-half			
Year to Jan. 31, 2003	¥18.00	¥9.00	¥9.00	12,762	42.3%	2.1%
Year to Jan. 31, 2002	¥18.00	¥9.00	¥9.00	12,963	-	2.2%

3) Non-consolidated financial position

Millions of yen

	Feb. 1, 2002 – Jan. 31, 2003	Feb. 1, 2001 – Jan. 31, 2002
Total Assets	1,115,880	1,197,795
Shareholders' Equity	612,641	597,626
Equity Ratio (%)	54.9%	49.9%
Shareholders' Equity Per Share (¥)	¥864.37	¥842.51

Number of shares outstanding at end of:	January 31, 2003	708,775,614 shares	At end of Jan. 31, 2002	709,340,545 shares
Number of treasury stocks at end of	January 31, 2003	609,464 shares	At end of Jan. 31, 2002	44,533 shares

2. Non-Consolidated Results Forecast During the Year Ending Jan. 31, 2004

Millions of yen

	Net Sales	Recurring income	Net income	Dividend per share		
				First-half	Second-half	Full-year
Interim	535,000	31,000	14,000	¥9.00	-	-
Full year	1,080,000	65,000	32,500	-	¥9.00	¥18.00

NON-CONSOLIDATED BALANCE SHEETS

Millions of yen

	As of Jan. 31, 2003	As of Jan. 31, 2002	Difference
Assets	**1,115,880**	**1,197,795**	**(81,915)**
Current assets	**652,498**	**715,582**	**(63,084)**
Cash on hand and deposits with banks	119,125	192,135	
Notes receivable-trade	160	415	
Accounts receivable-construction	89,025	110,092	
Accounts receivable-real estate	4,161	5,934	
Securities	50,016	1,599	
Prepaid expenses for construction in progress	60,056	60,078	
Buildings for sale	30,930	36,284	
Land for sale	161,196	160,102	
Land for sale in process	19,717	14,131	
Other inventory	3,719	3,515	
Advance payments	907	1,062	
Prepaid expenses	5,495	4,596	
Accounts receivable-other	19,799	16,540	
Deferred income taxes	86,263	106,354	
Other current assets	3,290	5,146	
Allowance for doubtful accounts	(1,367)	(2,409)	
Fixed Assets	**463,382**	**482,213**	**(18,831)**
Tangible fixed assets	**212,557**	**210,445**	**2,112**
Buldings	91,505	95,485	
Structures	4,820	5,123	
Machinery and equipment	11,538	13,075	
Vehicles and delivery equipment	129	201	
Tools, furniture and fixtures	3,784	4,035	
Land	99,401	92,088	
Constructions in progress	1,377	434	
Intangible fixed assets	**8,273**	**8,698**	**(425)**
Ground lease	5,869	5,860	
Software	1,678	2,107	
Utility rights	35	42	
Telephone rights	688	687	
Investments	**242,552**	**263,069**	**(20,517)**
Investment securities	94,925	99,478	
Investment in subsidiaries and partnership	15,835	16,385	
Long-term loans receivable	88,338	103,054	
Long-term prepaid expenses	874	1,083	
Deposit and guaranty	14,434	14,635	
Long-term deferred income taxes	40,128	41,513	
Other investments	15,115	14,001	
Reserve for losses from investments in subsidiaries	(682)	(682)	
Allowance for doubtful accounts	(26,418)	(26,401)	
Total Assets	**1,115,880**	**1,197,795**	**(81,915)**

Millions of yen

	As of Jan. 31, 2003	As of Jan. 31, 2002	Difference
Liabilities	**503,239**	**600,169**	**(96,930)**
Current Liabilities	**363,292**	**363,870**	**(578)**
Notes payable-trade	63,765	117,552	
Accounts payable-trade	36,509	18,502	
Accounts payable-construction	48,965	51,496	
Current portion of convertible bonds	89,999	62,100	
Current portion of long-term loans	1	503	
Accounts payable-other	5,192	2,129	
Accrued expenses	9,505	8,400	
Corporate tax payable	459	467	
Consumption tax payable	6,153	6,492	
Advances received-construction	63,097	64,323	
Advance received-other	5,781	3,521	
Reserve for bonuses	13,493	6,810	
Reserve for warranty on completed works	966	1,040	
Other current liabilities	19,402	20,529	
Long term liabilitites	**139,946**	**236,298**	**(96,352)**
Straight bonds	40,000	40,000	
Convertible bonds	—	89,999	
Long-term loans payable	20,003	20,006	
Deposits and guaranty received	9,974	11,164	
Accrued pension and severance costs	66,840	73,528	
Reserve for retirement benefits for retiring Directors and Corporate Auditors	852	837	
Reserve for Japan Expo expenses	35	—	
Other fixed liabilities	2,241	762	
Shareholders' Equity	**612,641**	**597,626**	**15,015**
Paid-in capital	**186,554**	**186,554**	
Additional paid-in capital	**237,522**	**237,522**	
Retained earnings	**190,930**	**173,501**	**17,429**
Legal reserve	23,128	23,128	
Reserve for housing warranty	—	12,500	
Reserve for dividends	—	15,000	
General reserve	136,300	213,300	
Unappropriated retained earnings	31,502	(90,426)	
Net income (net loss)	**30,196**	**(91,918)**	
Net unrealized gain on securities	**(1,836)**	**89**	**(1,925)**
Less treasury stock, at cost	**(529)**	**(42)**	**(487)**
Total	**1,115,880**	**1,197,795**	**(81,915)**

NON-CONSOLIDATED STATEMENTS OF INCOME

	Feb. 1, 2002 – Jan. 31, 2003		Feb. 1, 2001 – Jan. 31, 2002		Comparison	
	Millions of yen	*(%)*	*Millions of yen*	*(%)*	*Millions of yen*	*(%)*
Net sales	**1,052,558**	**100.0**	**1,118,898**	**100.0**	**(66,340)**	**(5.9)**
Construction	904,757	86.0	977,144	87.3		
Real estate	147,801	14.0	141,754	12.7		
Cost of sales	**831,009**	**79.0**	**881,492**	**78.8**	**(50,483)**	**(5.7)**
Construction	697,562		747,733			
Real estate	133,446		133,758			
Gross profit on sales	**221,549**	**21.0**	**237,405**	**21.2**	**(15,856)**	**(6.7)**
Total gross profit from construction	207,194		229,410			
Total gross profit from sales of real estate	14,354		7,995			
Selling, general and administrative expenses	162,985	15.4	171,299	15.3	(8,314)	(4.9)
Operating income	58,564	5.6	66,106	5.9	(7,542)	(11.4)
Non-operating income	**5,405**	**0.5**	**7,412**	**0.7**	**(2,007)**	**(27.1)**
Interest received	3,720		4,438			
Appraisal gain on derivatives	—		960			
Other income	1,684		2,014			
Non-operating loss	**8,404**	**0.8**	**8,275**	**0.8**	**129**	**1.6**
Interest and discounts paid	200		379			
Interest on bonds	2,226		3,013			
Other expenses	5,978		4,881			
Recurring income	**55,564**	**5.3**	**65,244**	**5.8**	**(9,680)**	**(14.9)**
Extraordinary income	—		753	0.1	(753)	(100.0)
Gain on sales of investment securities	—		753			
Extraordinary loss	**2,080**	**0.2**	**221,960**	**19.8**	**(219,880)**	**(99.1)**
Loss on revaluation of real estate held for sale	—		107,025			
Additional provision for retirement benefits	—		52,822			
Loss from devaluation of investment securities	892		25,812			
Provision for allowance for doubtful accounts	—		25,970			
Bad debt	—		1,329			
Loss from sales or retirement fixed assets	1,185		6,193			
Other	1		2,806			
Income before taxes	**53,484**	**5.1**	**(155,963)**	**(13.9)**	**209,447**	**-**
Income taxes (except enterprise tax)	434	0.0	424	0.1	10	2.4
Deferred income taxes	22,854	2.2	(64,468)	(5.8)	87,322	-
Net income (loss)	**30,196**	**2.9**	**(91,918)**	**(8.2)**	**122,114**	**-**
Retained earning brought forward from the preceding business term	7,689		8,729			
Interim dividends	6,383		6,579			
Reserve for legal reserve	—		657			
Unappropriated retained earnings	**31,502**		**(90,426)**			

Summary of Significant Accounting Policies

(1) Basis and method of valuation of marketable securities:

- (i) Debt securities expected to be held to maturity: Amortized cost (straight-line) method
- (ii) Shares held in subsidiaries or affiliated companies: Moving average method
- (iii) Other marketable securities:
  - • Stocks with market value:

    Based on closing market price on the last day of period (Valuation gains and losses resulting are calculated by the full capital 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

(2) Basis and method of valuation of derivatives: Market value method

(3) Basis and method of valuation of inventories:

- (i) Expenditure on uncompleted construction, buildings for sale, land for sale, and uncompleted land held for sale: At cost based on individual cost method
- (ii) Other inventory: At cost based on moving average method.

(4) Depreciation of fixed assets:

- (i) Tangible fixed assets: The Company applies the straight-line method to buildings (excluding attached structures), and to other tangible assets applies the declining balance method. Expected life of assets is calculated to standards in accordance with corporate tax regulations.
- (ii) Intangible fixed assets: The Company applies the straight-line method to intangible fixed assets. Expected life of assets is calculated to standards in accordance with corporate tax regulations, except for company-use software, which is straight-line depreciated over its expected useful life of five years.

(5) Basis for converting 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.

(6) Basis for accounting for allowances:

- (i) 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.
- (ii) Allowance for appraisal losses on investment in related companies:

  Potential losses on investment in related companies are prepared for by recording their value after taking into consideration the composition of the assets.
- (iii) Allowance for bonuses:

  To prepare for bonus payments to employees, the Company provides for the estimated appropriate amount in that financial period.
- (iv) Allowance for compensation payments on completed projects:

  To provide for expenses arising after transferring buildings from defects and to cover compensation services costs, the Company provides based on 1/1,000th of housing business sales with guarantee obligations and 1/1,000th of the building portion of real estate business sales.
- (v) Allowance for employee retirement

  To prepare for future retirement payments to employees, the Company makes provisions in the amount accrued at the end of the relevant consolidated fiscal year based on the estimated total retirement obligations and pension assets. To account for differences in actuarial calculations, the Company recognizes those differences through straight-line depreciation over five 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.

(vi) Allowance for directors' retirement bonuses

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

(7) Accounting for lease transaction:

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

(8) Main hedge accounting methods:

(i) Hedge accounting methods:

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

(ii) Hedging instruments and targets

- The Company hedges bonds that fund operations using interest rate swaps.
- The Company hedges foreign currency cash debts and forward transactions with exchange contracts.

(iii) Hedging policies

The Company uses derivatives transactions with the aim of avoiding losses from fluctuations in exchange and interest rates etc. The use of exchange contracts does not exceed the amount of import transactions. Furthermore, the notional principal of interest rate swap transactions is limited to the total of debt used to fund operations and interest-bearing debt.

(iv) Methods of assessing hedge effectiveness

The Company compares cumulative cash flow variations for hedge targets and hedge methods with market fluctuations and assesses the effectiveness of hedges based on the amounts of variation in both cases. However, for forward exchange contract transactions the Company does not assess the effectiveness of hedging where the main conditions match with regard to the relevant transactions and hedge targets, and where the cash flow is fixed.

(9) Accounting for consumption taxes

The tax exclusion method is used to account for consumption taxes. Consumption taxes subject to deductions are expensed in the consolidated fiscal year in which they arise.

Notes to Balance Sheet and Income Statement (Non-consolidated)

1. Notes to non-consolidated balance sheet

Millions of yen

	As of Jan. 31, 2003	As of Jan. 31, 2002
Accumulated depreciation of fixed assets	128,229	122,704
Collateralized assets	27,893	30,583
Liabilities guaranteed	61,857	78,957
Interest bearing liabilities	150,004	215,006
Treasury stock	609,464 shares	44,533 shares
Treasury stock cancelled: Reduction in issued shares	—shares	21,719,000 shares
Reduction in capital reserve	—	21,495

2. Notes to non-consolidated income statement

Millions of yen

	Year to Jan. 31, 2003	Year to Jan. 31, 2002
Depreciation	9,951	11,186

3. Leasing transactions

Finance leases without transfer of ownership

(i) Lease acquisition cost equivalent, accumulated depreciation equivalent & end of period equivalent value

Millions of yen

Year to Jan. 31, 2003	Acquisition cost equivalent	Accumulated depreciation equivalent	End of period equivalent value
Buildings	36,675	19,418	17,257
Vehicles & transport equipment	25	6	19
Machinery & equipment	7,743	5,574	2,169
Software	1,974	1,233	741
Total	**46,420**	**26,232**	**20,187**

Millions of yen

Year to Jan. 31, 2002	Acquisition cost equivalent	Accumulated depreciation equivalent	End of period equivalent value
Buildings	40,107	20,144	19,962
Vehicles& transport equipment	8	3	4
Machinery & equipment	8,428	5,267	3,160
Software	1,839	822	1,017
Total	**50,383**	**26,237**	**24,146**

(ii) Outstanding amounts under lease commitments at end of period

Millions of yen

	As of Jan. 31, 2003	As of Jan. 31, 2002
Within one year	7,494	6,891
More than one year	14,131	18,947
Total	**21,626**	**25,838**

(iii) Lease payments, depreciation equivalents and interest payment equivalents

Millions of yen

	Year to Jan. 31, 2003	Year to Jan. 31, 2002
Lease fees	9,076	8,087
Depreciation equivalent	8,515	8,060
Interest payments equivalent	468	418

(iv) Accounting treatment of depreciation equivalents

Residual amounts are reduced to zero using the straight-line method, using the lease term as the useful life

(v) Accounting treatment of interest payment equivalents

The difference between the total lease expenses and its acquisition cost is treated as the interest cost equivalent. Allocation of cost to each accounting period is by the interest method.

Operating leases

Millions of yen

Outstanding lease commitments:	As of Jan. 31, 2003	As of Jan. 31, 2002
Within one year	11	11
More than one year	62	72
Total	**73**	**83**

4. Deferred income taxes

1. Significant components of deferred tax assets and liabilities

Millions of yen

	As of January 31, 2003	As of January 31, 2002
Current portion		
Deferred tax assets		
Appraisal losses on real estate for sale	67,761	88,545
Tax losses carried forward	12,537	16,622
Amounts in excess of allowed limit on expenses chargeable to bonus payment reserve	4,676	—
Amounts in excess of allowed limit on expenses chargeable to allowance for bad debts	370	792
Other	918	644
Total deferred tax assets	**86,263**	**106,605**
Deferred tax liabilities		
Enterprise tax refund	—	223
Approved losses on unpaid enterprise tax	—	14
Other	—	13
Total deferred tax liabilities	**—**	**250**
Net deferred tax assets	**86,263**	**106,354**
Non-current portion		
Deferred tax assets		
Amounts in excess of allowed limit on expenses chargeable to retirement allowance reserve	24,525	27,212
Appraisal reserve for investments in affiliates	284	284
Special retirement allowance reserve for directors	336	349
Amounts in excess of allowed limit on expenses chargeable to allowance for bad debts	10,858	10,854
Net appraisal gains on other marketable securities	1,313	—
Other	2,810	2,877
Total deferred tax assets	**40,128**	**41,578**
Deferred tax liabilities		
Net appraisal gains on other marketable securities	—	64
Total deferred tax liabilities	—	**64**
Net deferred tax assets	**40,128**	**41,513**

3. Planned appropriation of earnings

Millions of yen

	Year ended Jan. 31, 2003	Year ended Jan. 31, 2002
Unappropriated earnings (losses) for the period	31,502	(90,426)
Appropriation from Housing quality assurance reserve	—	12,500
Appropriation from Accumulated dividend reserve	—	15,000
Appropriation from Contingency reserve	—	77,000
Total	**31,502**	**14,073**
Planned utilization is as follows:		
Profit reserve	—	—
Dividend to shareholders	6,378 Ordinary dividend = 9 yen	6,384 Ordinary dividend = 9 yen
Directors' bonus	148 Directors' portion = 135 Auditors' portion = 13	—
Accumulated dividend reserve	13,000	—
Contingency reserve	5,000	—
Total appropriations	**24,526**	**6,384**
Retained earnings for the period	**6,975**	**7,689**

4. Marketable securities

Shares of subsidiaries and affiliates where a market price is available

Millions of yen

	As of Jan. 31, 2003			As of Jan. 31, 2002		
	Balance sheet amount	Market value	Difference	Balance sheet amount	Market value	Difference
Subsidiaries	3,872	12,526	8,653	1,390	10,154	8,764
Affiliates	—	—	—	1,991	2,584	592