

Presentation of Accounts for Fiscal Year 2007

(Fiscal Year Ended March 31, 2008)

Naotake Okubo, President
Sekisui Chemical Co. Ltd.
28 April, 2008



FY2007 General Overview

The core business depending on domestic demand had a tough time under the influence of highly-priced raw materials and the decreased housing starts

Strategic business & the exploitation of overseas frontiers have made steady progress

The basis for growth has been smoothly formed by means of the structural reform and the manpower shifting

■ High Performance Plastics Company

1. We have steadily made strategic moves for further growth in the 3 strategic business areas
2. The reinforcement of the profit-earning establishment had made progress

3 Strategic Businesses:

FY2007 Sales 123% of PY

Interlayer film: Raw material plant in Europe and Film plant in US have started commercial productions.

■ Urban Infrastructure & Environmental Products Company

1. General PVC products have been facing with hard time both in quantity and price
2. The exploitation of overseas frontiers has made steady progress

Overseas Business:

FY2007 Sales 162% of PY

Allen Extruders Co. (Sheeting business)
Heitcamp.Inc (Pipe restoration business) acquisition

■ Housing Company

1. Despite the slackness in housing order-taking in the first half of the year, we have established the efficient management structure in Tokyo, Nagoya and Osaka areas.
2. Progress has been made in the profit-earning competence of Living Environment business and also in the development of the basis for growth

FY2007

Housing order-taking in no. of structures:
FH 93% • SH 100% (of PY)

FY2008 Refurbishing business:
Manpower increased by 100 persons from PY

Outlook for the Market

- Stagnation of domestic demand, structural shrinkage of demand
- Stagnation in USA, Slowdown in Europe, Growth in Asia

Business Risk

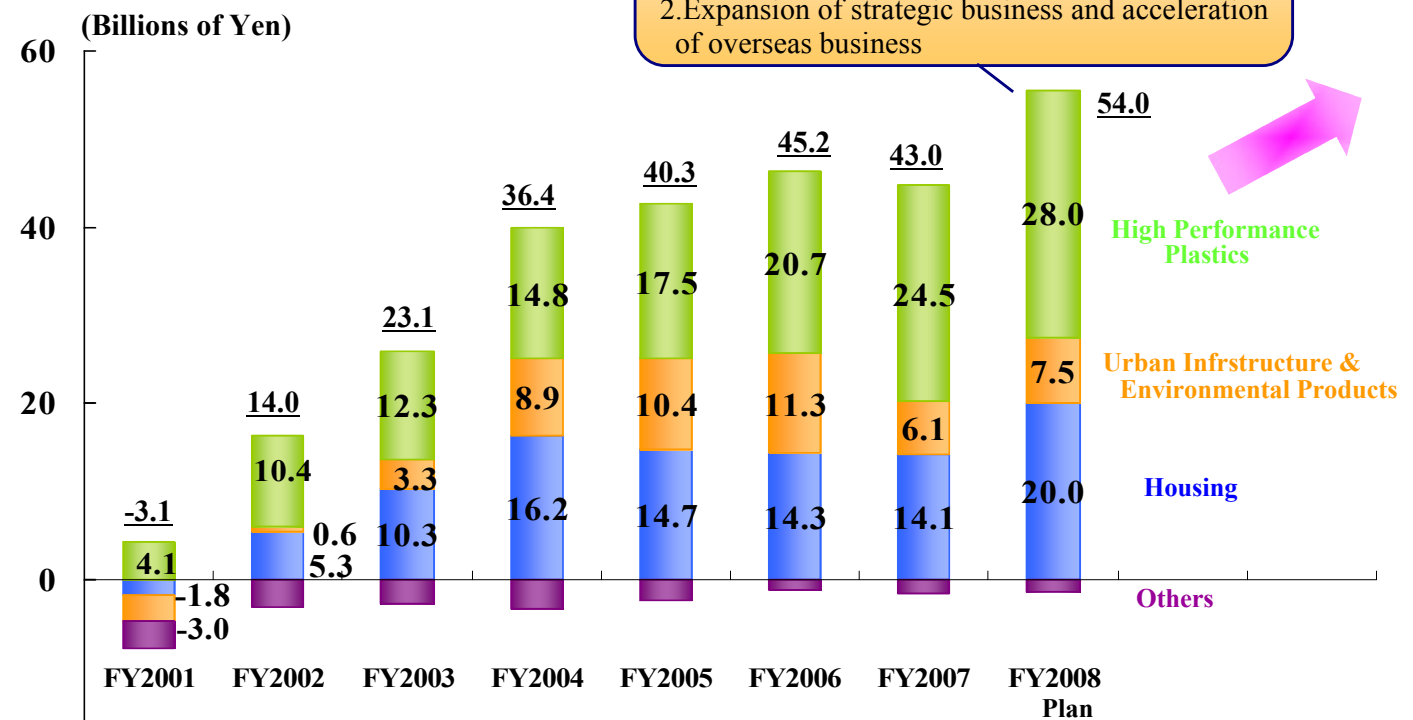
- Continuing trend of high raw material price
- Continuing trend of rising yen and declining dollar

Business Field		FY2008 Outlook for Demand	Business Chance
Global	Automotive Related Field	<ul style="list-style-type: none"> ● Globally growing at 3% p.a. in average ● Expanding mainly in emerging markets 	➢ Increasing need for the environment conscious technology (Weight saving, Heat-load reduction)
	IT & Electronic Related Materials Field	<ul style="list-style-type: none"> ● Keeping the excellent situation for the materials of liquid crystal panels 	➢ Expansion of operation in main users
	Infrastructure Field	<ul style="list-style-type: none"> ● Active demand for infrastructure development in emerging countries ● Increasing demand for the renewal of infrastructure in advanced countries 	➢ The problem of global water-environment becomes more serious
Domestic	PVC Pipes & Building Materials Field	<ul style="list-style-type: none"> ● Recovery in housing starts ● Continuing trend of diminution in public investment 	➢ Field of regeneration & renewal Needs are increasing in the countermeasures for rain water & quake proofing etc.
	Housing Field	<ul style="list-style-type: none"> ● Recovery in housing starts ● Unchanged mind for spending 	<ul style="list-style-type: none"> ➢ Needs are increasing for highly-durable housing (200-Year Housing Vision) ➢ Expanding the "Stock Business"

Operating Income Trends by Business Segment

FY2008 Coming back to Growth Orbit

1. Reconstruction of the core business dependent on domestic demand
2. Expansion of strategic business and acceleration of overseas business



Restructuring for the Highly-profitable Constitution of the Core Business Based on Domestic Demand

※Core business based on domestic demand
 =Housing business + UIEP Domestic business

- Shifting managerial resources to the growth area
- Intensive pursuance of efficient management
- Shifting the increased portion of raw material price to the selling price of products

Housing Company

1. Structuring the highly profitable "Stock Business" model
 - Structuring the circulation business model :
New construction → Refurbishing and Re-using
2. Promoting the differentiation with high-performance housing
3. Changing to the community-based business system
 - Starting the operation combined with production & sales (in Kyushu area, from Oct. '08)

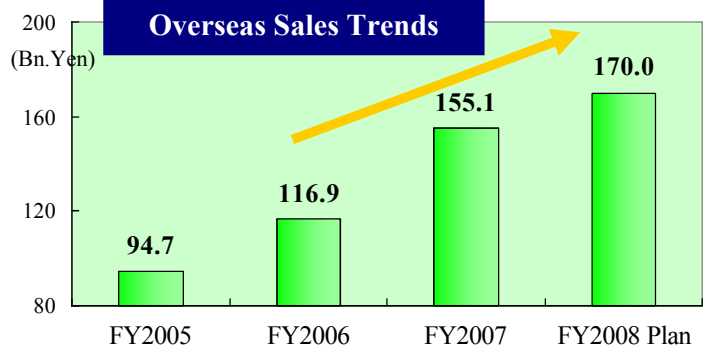
UIEP Company / Domestic Business

1. Shifting completely the high raw material price to the selling price of products
2. Capturing the growth area with the high-value added new products
3. Reviewing the sales and production system etc.

Accelerating the Shifting of Management Resources to Growth Field and Growth Business

Accelerating Deployment toward Strategic Business & Overseas Frontier

- Reinforcing overseas bases
- Further exploitation of overseas frontiers



High Performance Plastics Company

1. Reinforcing the bases of film and raw material production for interlayer film business
2. Full-scale overseas expansion in medical field
 - Start of Sekisui Medical Co. (April '08)
3. Considering the development into the Middle East and East European markets

UIEP Company Overseas Business

1. Expansion of Piping-line Restoration business
 - Expanding & accelerating the business in US and advancing into Europe
2. Expanding the infrastructure business in emerging countries
3. Expanding the industrial materials and pipes / sheeting business

Accelerating the Expansion by Positive Utilization of Strategic Investments such as M&A

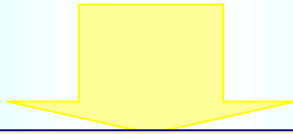
Reformation of Corporate Governance

Quickly responding to changes and accurately embrace business opportunities

Quick response to new business opportunities

Structuring the system for catching up with competitors

Accurate response to the increasing risks



■ Separation of Board of Directors from the conduct of affairs, and the functional enhancement

- Powering-up board of directors
- Introduction of the operating officer system

Evolution in CSR

Realizing the uplift of corporate value through CSR activity

Uplifting corporate value by activating various human resources

Achieving the target of the Environmental Top Runner Plan



Complete utilization of "Customers' Feedback" and the activity of "Manufacturing Development Innovation"

Financial Results for FY2007

Naofumi Negishi, CFO

Number of Consolidated Companies

	End March.2008	End March. 2007	Difference
Consolidated companies	130	147	+4 Newly consolidated subsidiaries +1 Separated -2 Excluded -20 Integration
Companies in Equity Method	8	8	

Influence of Changes in the Number of Consolidated Companies

(Billions of Yen)

Net Sales	+21.8	Daiichi Pure Chemicals +11.9 Watanabe Sansho +4.7, Allen +3.5
Operating Income	+1.0	Daiichi Pure Chemicals +0.5 Allen +0.4

Summary of Profit and Loss

(Billions of Yen)

	FY 2007	FY 2006	Difference
Net Sales	958.7	926.2	32.5
Gross Income of Sales	272.8	269.7	3.1
Gross Income Rate	28.5%	29.1%	-0.6%
Selling, Gen. & Admin. Expenses	229.8	224.5	5.3
Operating Income	43.0	45.2	-2.2
Investment Income by Equity Method	0.6	1.4	-0.8
Other Non-operating Income & Expenses	-5.0	0.3	-5.4
Recurring Income	38.5	46.9	-8.4
Extraordinary Income	23.6	-	23.6
Extraordinary Expenses	17.2	1.8	9.1
Income before Income Taxes	45.0	38.9	6.1
Corporate Income Tax etc.	19.9	12.7	7.3
Income for Minority Shareholders	0.7	0.6	0.1
Net Income	24.3	25.5	-1.2
Dividend per Share (Yen)	15	14	1

* Excluding the influence from newly consolidated subsidiaries

Net Sales and Operating Income by Company

(Billions of Yen)

Year	FY2007 Actual		FY2006 Actual		Difference	
	Net Sales	Ope. Inc.	Net Sales	Ope. Inc.	Net Sales	Ope. Inc.
Housing	420.0	14.1	430.5	14.3	-10.5	-0.2
UIEP *	233.8	6.1	226.5	11.3	7.3	-5.2
HPP *	280.5	24.5	245.5	20.7	35.0	3.8
Others	48.5	-1.4	49.7	-0.9	-1.1	-0.5
Eliminated or Not Attributed	-24.1	-0.3	-25.9	-0.3	1.9	-0.0
Total	958.7	43.0	926.2	45.2	32.5	-2.2

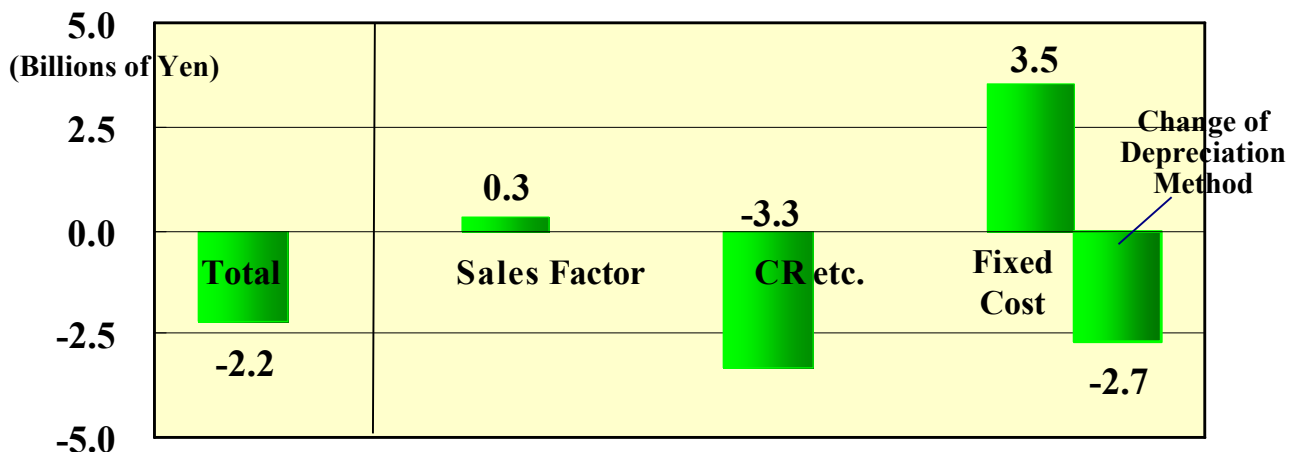
*UIEP: Urban Infrastructure & Environmental Products Company
 *HPP: High Performance Plastics Company

Net Sales and Operating Income of Total Company for FY2007

(Billions of Yen)

	FY2007		FY2006		Difference	
	Net Sales	Ope. Inc.	Net Sales	Ope. Inc.	Net Sales	Ope. Inc.
Total Company	958.7	43.0	926.2	45.2	-32.5	-2.2
					<i>* -10.7</i>	<i>*-3.2</i>

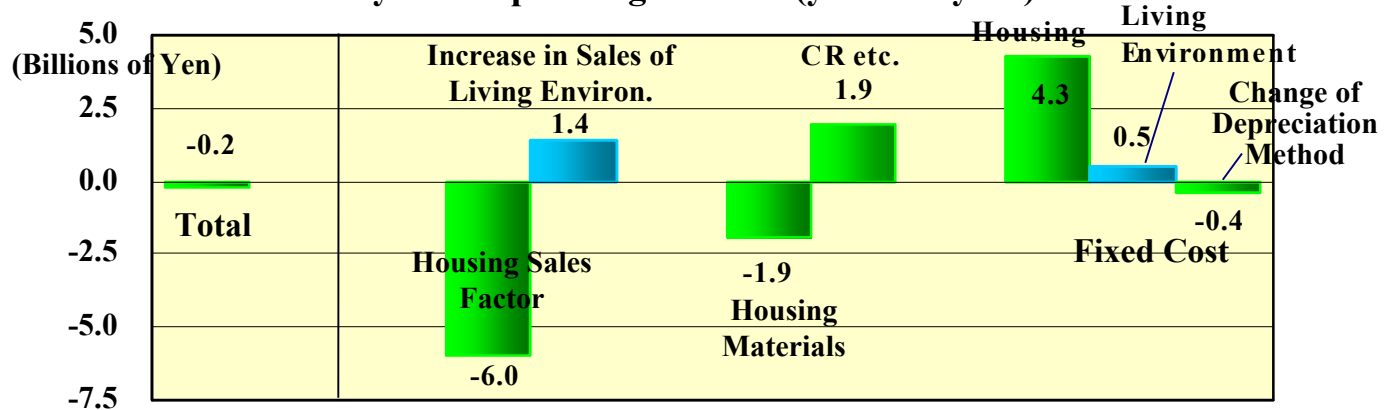
* Excluding the influence from Newly consolidated subsidiaries

Analysis of Operating Income (year-on-year)


(Billions of Yen)

Housing	FY2007		FY2006		Difference	
	Net Sales	Op. Inc.	Net Sales	Op. Inc.	Net Sales	Op. Inc.
House Sales	326.7	11.1	339.7	13.3	-13.1	-2.2
Living Environment [Fami-S only]	93.3 [63.5]	3.0 [2.1]	90.7 [61.8]	1.0 [0.7]	2.6 [1.8]	2.0 [1.4]
Total	420.0	14.1	430.5	14.3	-10.5	-0.2

Analysis of Operating Income (year-on-year)

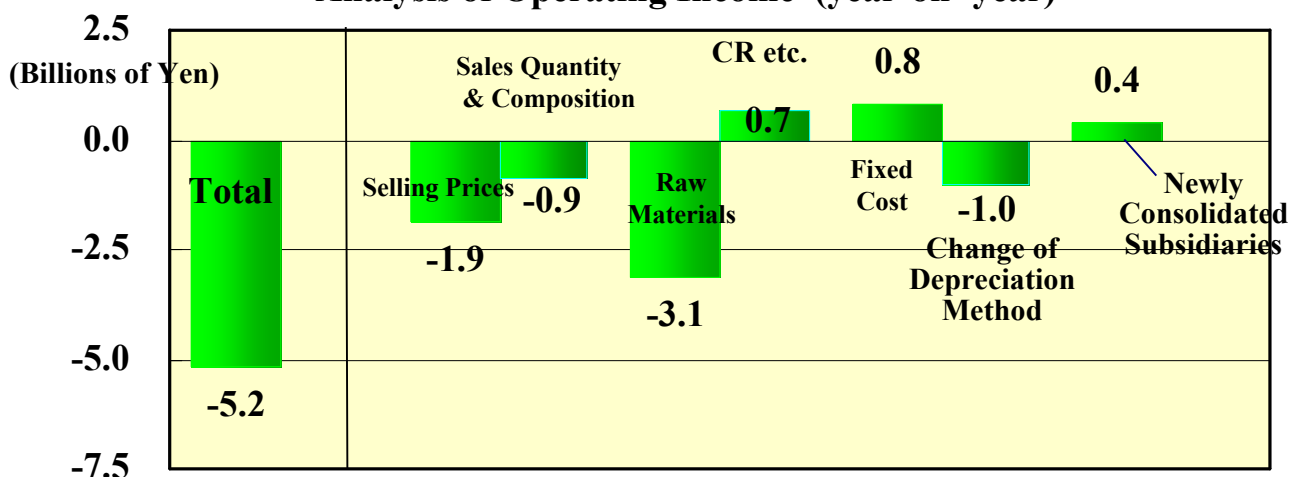


(Billions of Yen)

UIEP	FY2007		FY2006		Difference	
	Net Sales	Op. Inc.	Net Sales	Op. Inc.	Net Sales	Op. Inc.
	233.8	6.1	226.5	11.3	7.3	-5.2
					*-0.8	*-5.6

* Excluding the influence from Newly consolidated subsidiaries

Analysis of Operating Income (year-on-year)



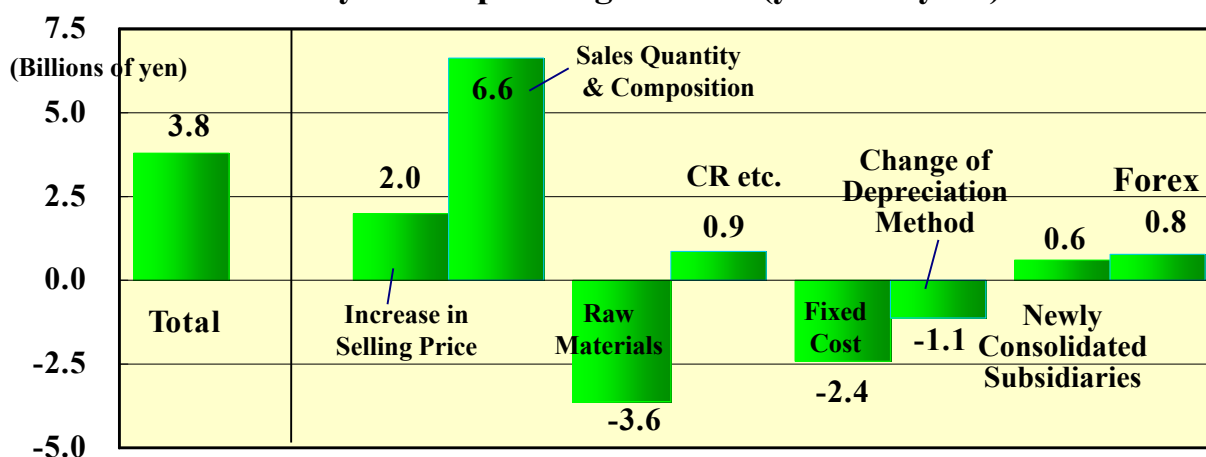
SEKISUI Net Sales and Operating Income by Company for FY2007

(Billions of Yen)

	FY2007		FY2006		Difference	
	Net Sales	Ope. Inc.	Net Sales	Ope. Inc.	Net Sales	Ope. Inc.
HPP	280.5	24.5	245.5	20.7	35.0 *21.4	3.8 *3.2

* Excluding the influence from Newly consolidated subsidiaries

Analysis of Operating Income (year-on-year)



SEKISUI Financial Results for FY 2007

Non-operating Income & Expense

(Billions of Yen)

	FY 2007	FY 2006	Difference	Remarks on Main Difference
Investment Income by Equity Method	0.6	1.4	-0.8	
Financial Income and Expenses	1.8	1.6	0.2	Received 0.6 [Sekisui House 0.1] Paid 0.4
Miscellaneous Income and Expenses etc.	-6.8	-1.2	-5.6	Foreign exchange gain (loss) -4.1
Total	-4.5	1.8	-6.2	

Extraordinary Income and Expenses

(Billions of Yen)

	FY2007	FY2006	Difference
Gain on Sale of Investments in Securities	23.2	-	23.2
Proceeds from Business Transfer	0.5	-	0.5
Total Extraordinary Income	23.6	-	23.6
Structural Improvement Expenses	10.2	4.3	5.8
Loss on Revaluation of Inventories (Lower-of-Cost-or-Market Method)	3.1	-	3.1
Loss on Asset Impairment	1.4	1.8	-0.4
Loss on Sale or Disposal of Property, Plant and Equipment	2.6	1.9	0.7
Total Extraordinary Expenses	17.2	8.1	9.1
Total Extraordinary Income and Expenses	6.4	-8.1	14.5

Balance Sheets (Assets)

(Billions of Yen)

	FY2007 As of Mar. 31, 2008	FY2006 As of Mar. 31, 2007	Difference
Cash & Deposits	30.3	26.1	4.2
Account Receivable on Sales	168.4	176.7	-8.3
Inventories	116.2	109.3	6.9
Other Current Assets	27.5	28.9	-1.4
Tangible Fixed Assets	243.5	245.5	-2.0
Intangible Fixed Assets	27.4	25.3	2.2
Investment Securities	133.2	249.4	-116.3
Investments & Other Assets	36.3	18.0	18.3
Total Assets	782.9	879.2	-96.3

 Influence of previous
fiscal year ending on
holiday -7.5

 Product inventories +0.9
Land for sale +4.6
Houses in process -1.7
Materials +2.2

 Receipt of goods +28.3
Depreciation -27.6
Impairment, retirement
and sellout -4.5
Newly consolidation
Subsidiaries +1.9

 Sellout of Sekisui House
stocks -55.0
Revalued at market price -73.0

 Deferred income taxes +19.8
[Revalued at market price
+22.2]

Balance Sheets (Liabilities & Net Assets)

(Billions of Yen)

	FY2007 As of Mar. 31, 2008	FY2006 As of Mar. 31, 2007	Difference
No Interest Bearing Liabilities	321.8	354.7	-32.9
Interest Bearing Liabilities	92.1	111.3	-19.2
Total Liabilities	413.9	466.0	-52.1
Capital Stock etc.	209.4	209.4	-0.0
Retained Earnings	154.1	137.7	16.4
Unrealized Holding Gain on Securities	-0.9	57.4	-58.4
Minority Shareholders' Interests	9.8	9.2	0.5
Other Net Assets	-3.4	-0.7	-27
Total Net Assets	368.9	413.1	-44.2
Total Liabilities, Net Assets	782.9	879.2	-96.3

Deferred tax liabilities -16.1
 Sellout of Sekisui House stocks -9.8
 Revalued at market price -7.3

Net income +24.3
 Dividends paid -7.9

Sellout of Sekisui House stocks -14.5
 Revalued at market price -43.5

Treasury Stock -4.5

Consolidated Cash Flows

(Billions of Yen)

	FY2007	FY2006
Cash Flows from Operating Activities	31.8	41.9
Cash Flows from Investing Activities	13.5	-59.1
Cash Flows from Financing Activities	-42.8	-2.5
Net Increase (Decrease) in Cash & Cash Equivalents	2.2	-18.9
Cash & Cash Equivalents at End of Term	29.9	26.0
Free Cash Flow = Cash Flows from Operating Activities + Cash Flows from Investing Activities - Dividends Paid	37.2	-23.8

Depreciation and Capital Expenditure

(Billions of Yen)

	Depreciation			Capital Expenditure		
	FY 2007	FY 2006	Difference	FY 2006	FY 2005	Difference
Housing	5.6	5.4	0.2 [0.4]	5.6	6.4	-0.8
UIEP	7.1	5.6	1.4 [1.0]	8.2	8.6	-0.4
HPP	15.2	12.6	2.7 [1.1]	15.2	19.1	-3.9
Others	1.9	1.6	0.3 [0.3]	1.4	1.6	-0.2
Eliminated or Not attributed	0.7	0.8	-0.1 [0.0]	0.9	0.7	0.2
Total	30.5	26.0	4.5 [2.7]	31.3	36.3	-5.1

*[]: the amount influenced by the change of depreciation method

(Billions of Yen)

	FY 2008	FY 2007	Difference
Net Sales	989.0	958.7	30.3 26.3*
Gross Income of Sales	282.8	272.8	10.0
Gross Income Rate	28.6%	28.5%	0.1%
Selling, Gen. & Admin. Expenses	228.8	229.8	-1.0
Operating Income	54.0	43.0	11.0
Investment Income by Equity Method	1.5	0.6	0.9
Other Non-operating Income & Expenses	-2.5	-5.0	2.5
Recurring Income	53.0	38.5	14.5
Extraordinary Income	0.0	23.6	-23.6
Extraordinary Expenses	8.2	17.2	-9.0
Income before Income Taxes	44.8	45.0	-0.2
Corporate Income Tax etc.	16.7	19.9	-3.2
Income for Minority Shareholders	1.1	0.7	0.4
Net Income	27.0	24.3	2.7
Dividend per Share (Yen)	15	15	0

*Excluding the influence from newly consolidated subsidiaries

Net Sales and Operating Income by Company

(Billions of Yen)

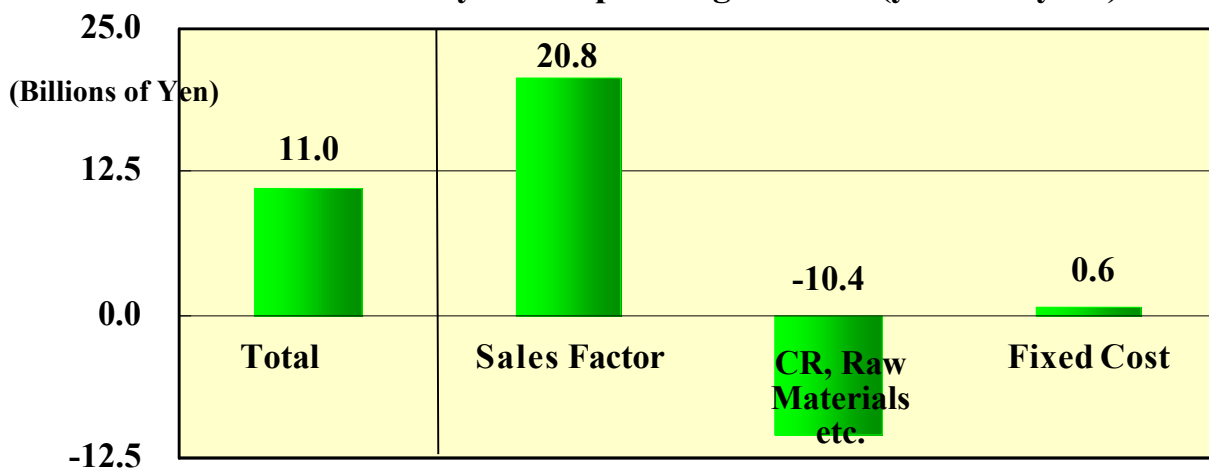
	FY 2008 First Half Plan				FY 2008 Plan			
	Net Sales	Difference	Op. Inc.	Difference	Net Sales	Difference	Op. Inc.	Difference
Housing	208.0	-2.8	8.0	1.8	428.0	8.0	20.0	5.9
UIEP	110.0	1.0	-0.5	-1.9	245.0	11.2	7.5	1.4
HPP	141.0	3.7	12.5	0.9	295.0	14.5	28.0	3.5
Others	23.0	-0.1	-1.0	0.2	49.0	0.5	-1.5	-0.1
Eliminated or Not Attributed	-14.0	-1.7	-	0.2	-28.0	-3.9	-	0.3
Total	468.0	0.2	19.0	1.1	989.0	30.3	54.0	11.0

(Billions of Yen)

	FY2008 Plan		FY2007 Actual		Difference	
	Net Sales	Op. Inc.	Net Sales	Op. Inc.	Net Sales	Op. Inc.
Total Company	989.0	54.0	958.7	43.0	30.3	11.0
					<i>*26.3</i>	

** Excluding the influence from Newly consolidated subsidiaries*

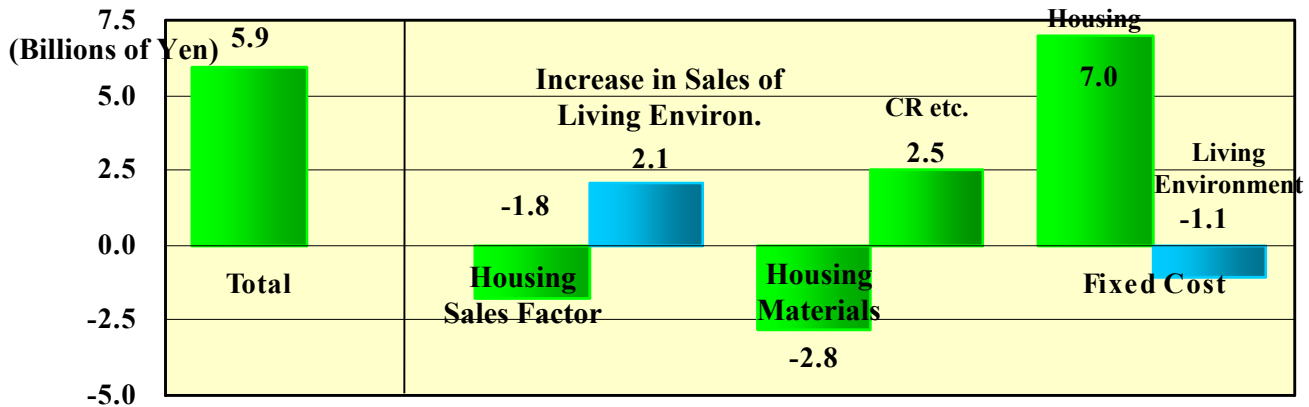
Forecast Analysis of Operating Income (year-on-year)



(Billions of Yen)

Housing	FY2008 Plan		FY2007 Actual		Difference	
	Net Sales	Op. Inc.	Net Sales	Op. Inc.	Net Sales	Op. Inc.
House Sales	328.0	16.0	326.7	11.1	1.3	4.9
Living Environment [Fami-S only]	100.0 [67.5]	4.0 [2.7]	93.3 [63.5]	3.0 [2.1]	6.7 [4.0]	1.0 [0.6]
Total	428.0	20.0	420.0	14.1	8.0	5.9

Forecast Analysis of Operating Income (year-on-year)

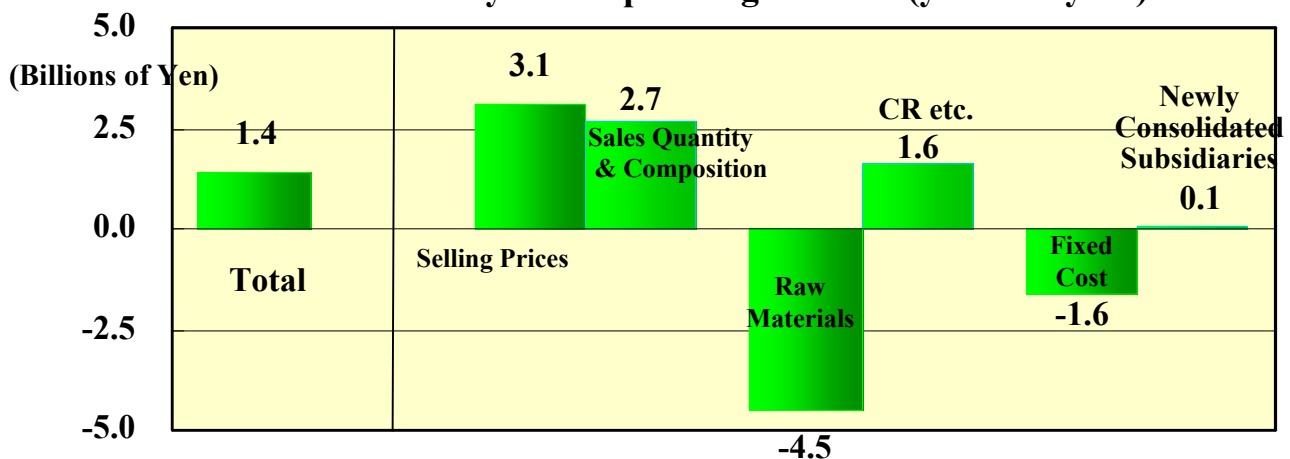


(Billions of Yen)

	FY2008 Plan		FY2007 Actual		Difference	
	Net Sales	Op. Inc.	Net Sales	Op. Inc.	Net Sales	Op. Inc.
UIEP	245.0	7.5	233.8	6.1	11.2	1.4
					*7.2	

* Excluding the influence from Newly consolidated subsidiaries

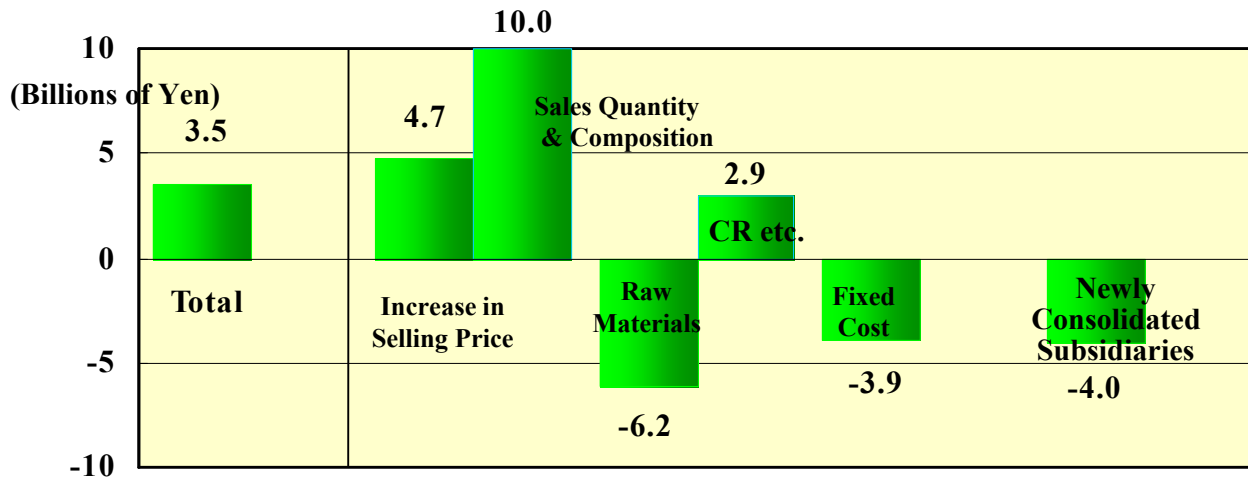
Forecast Analysis of Operating Income (year-on-year)



(Billions of Yen)

	FY2008 Plan		FY2007 Actual		Difference	
	Net Sales	Ope. Inc.	Net Sales	Ope. Inc.	Net Sales	Ope. Inc.
HPP	295.0	28.0	280.5	24.5	14.5	3.5

Forecast Analysis of Operating Income (year-on-year)



(Billions of Yen)

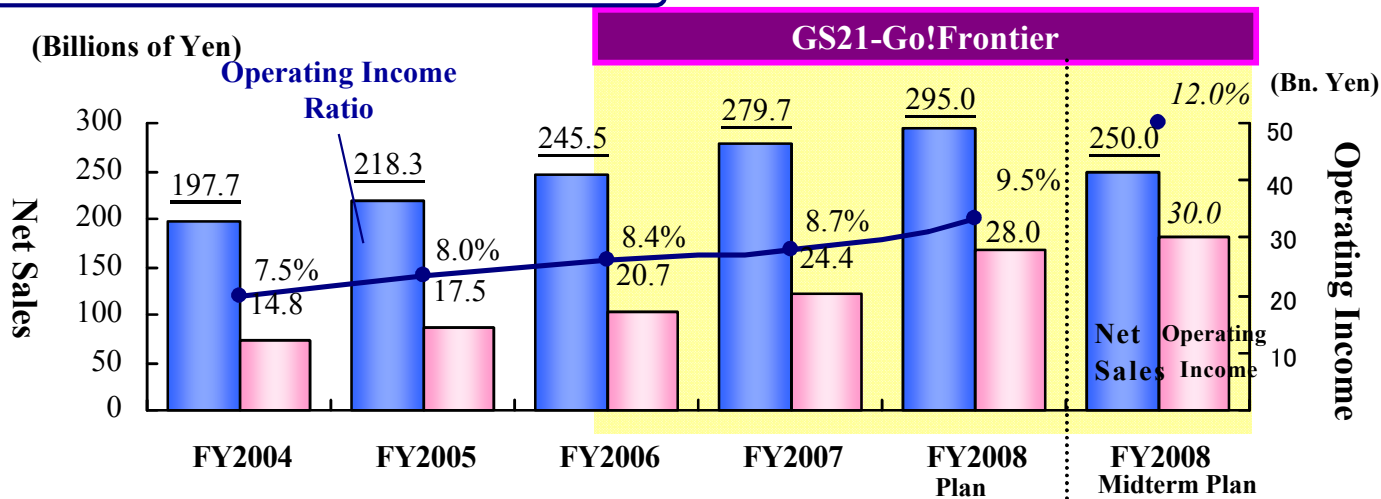
	FY 2008	FY 2007	Difference
Depreciation	32.5	30.5	2.0
Capital Expenditure	35.0	31.3	3.7
Research and Development Expenditure	26.0	25.6	0.4

High Performance Plastics Company

Takayoshi Matsunaga
Company President

SEKISUI HPP Midterm Plan GS21-Go!Frontier

Trend of Operating Income and Ratio

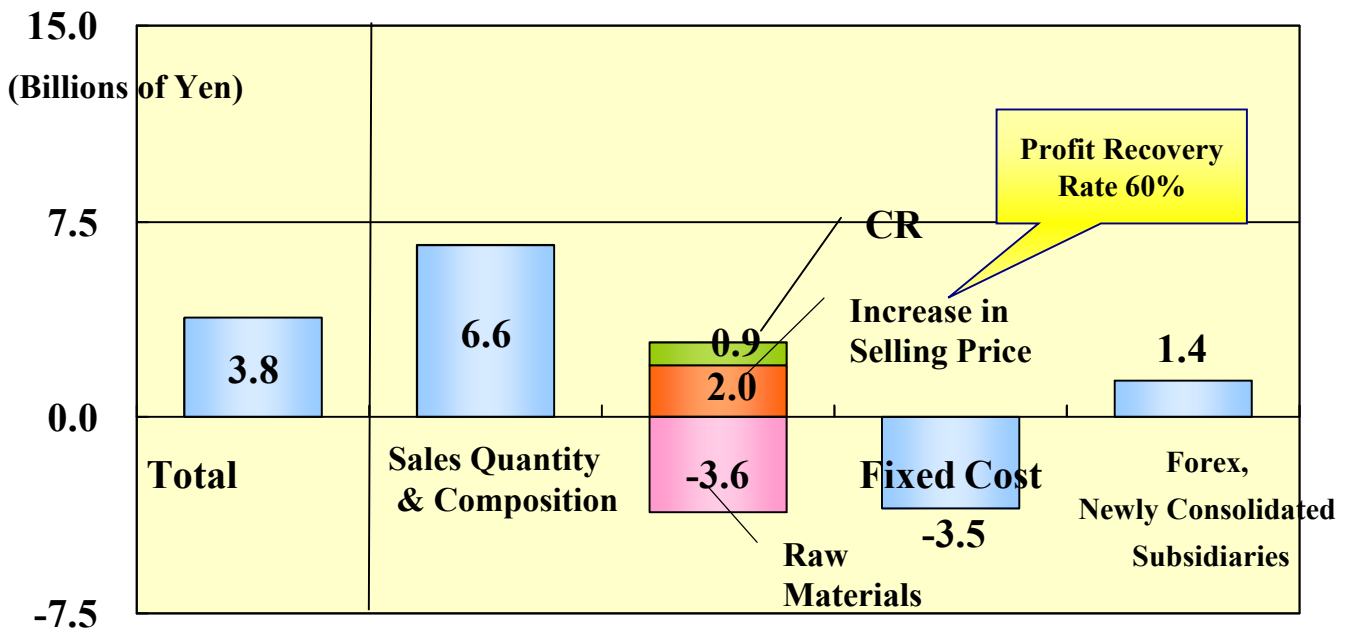


FY2007 General Overview

Sales 114% (of PY) Operating Income 118% (of PY)

- In Strategic Business Area, mainly automotive business made strong results Sales 123% (of PY)
- Overseas business has steadily expanded Sales 123% (of PY)
- Although a part of unprofitable products remained under influence of high-priced raw materials, the structural reforms made steady progress

Analysis of Operating Income for FY2007 (year-on-year)



Policy for FY2008

“Chemistry for your Win”

“Premium Company: Operating Income 28 billion yen”

Further Business expansion and Managerial efficiency

~ Measures for foreign exchange and raw material price ~

1. Business Expansion

Reinforcing strategic business, Expanding overseas business, Increasing sales of new products and operations of new businesses

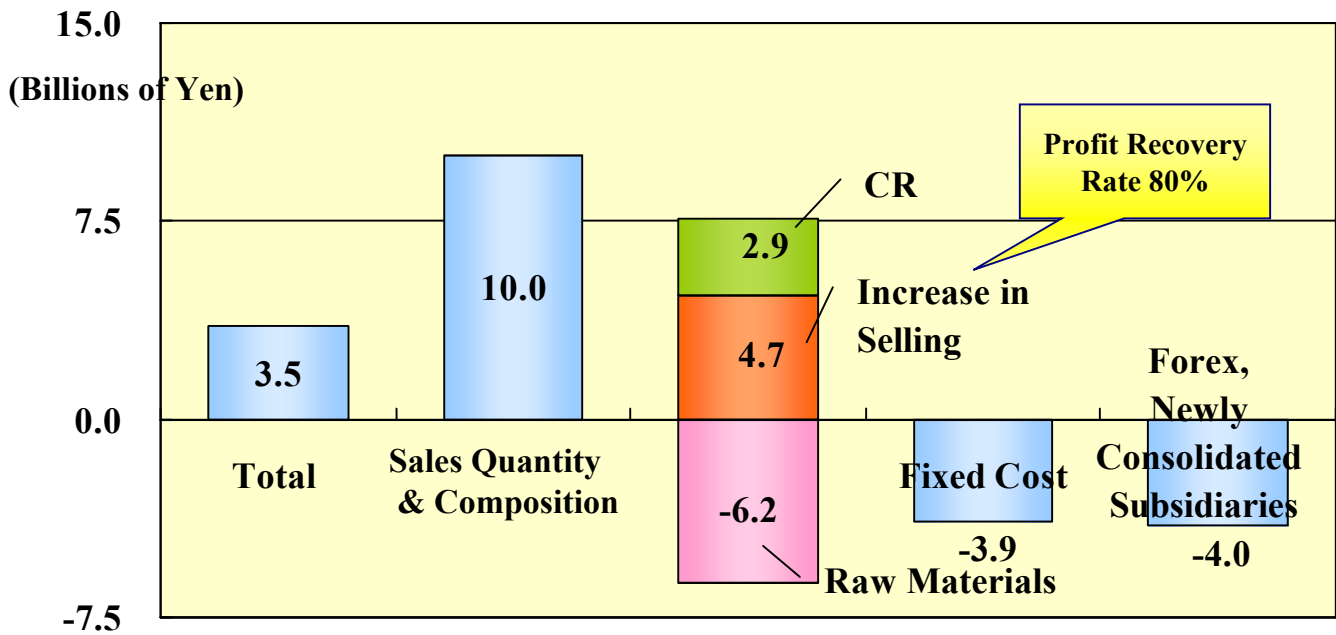
2. Accomplishing structural reforms

Changing business structures, Strengthening profit-earning constitution

3. Reinforcing management bases

Promoting CSR Management, Progressing the activity for constitutional improvement

Forecast Analysis of Operating Income for FY2008 (year-on-year)



Enhancing the Strategic Business Fields

1. Expanding the Strategic Business Fields

	Measures
AT	<ul style="list-style-type: none"> Reinforcing production bases Increasing sales of high-performance interlayer film
IT	<ul style="list-style-type: none"> Increasing sales of liquid crystal chemicals & optical film Steadily putting new products into market Nurturing next-generation products
MD	<ul style="list-style-type: none"> Increasing sales in Core Business Expanding overseas business

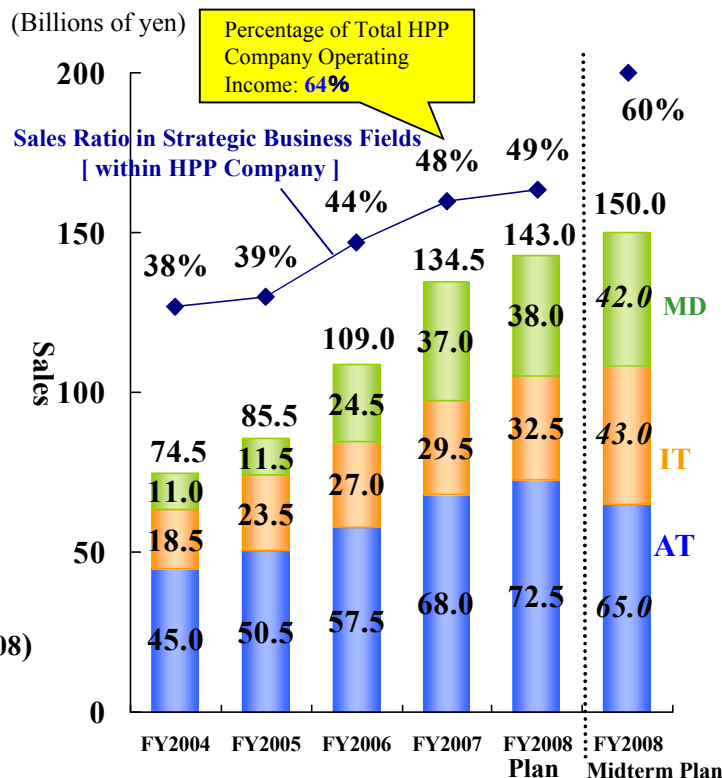
2. Implementing Strategic Investments

- Investments for increasing production capacity in priority areas
- Positive implementation of M&A

3. Inauguration of Sekisui Medical Co., Ltd. (April 2008)

Attaining high-profitability by selection of business and concentration

Sales in the Strategic Business Fields



Expanding Overseas Business

Measures for foreign exchange
→ Promoting local production

- Global management
- Reinforcing overseas sales companies
- Frontier exploitation

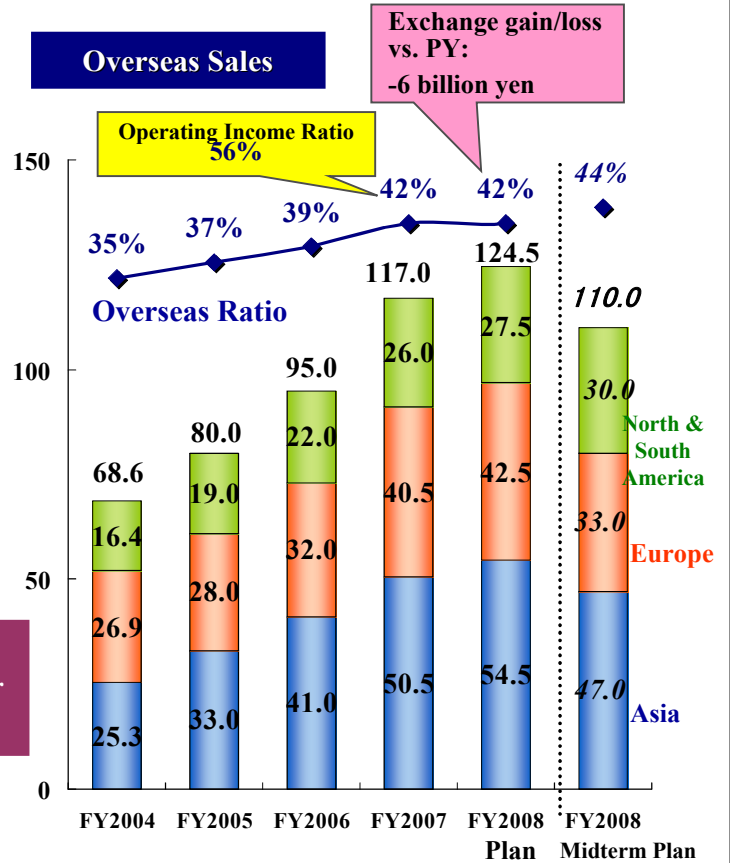
Number of Overseas Production Bases

	FY 2005	FY 2006	FY 2007	FY 2008
Asia & Oceania (China only)	8 (4)	9 (5)	9 (5)	9 (5)
North America	5	5	6	6
Europe	3	4	4	4
Overseas Total	16	18	19	19

+1 Interlayer film

Increasing production capacity for Interlayer film

Overseas Sales



Increasing Sales of New Products & Expanding New Businesses

1. Accelerated nurturing of businesses under a unified control

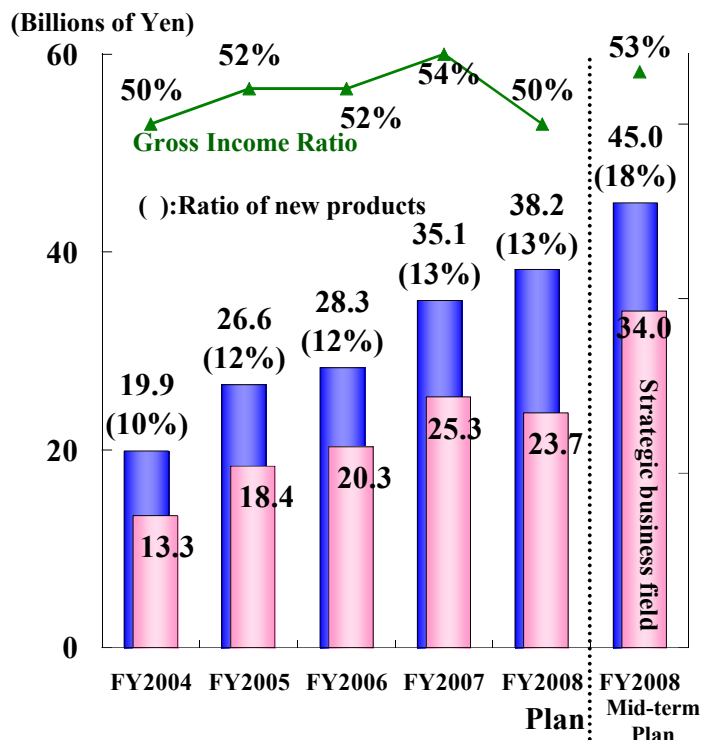
Establishment of New Business Promotion Dept. (in April 2008)

- 1) Optical film
- 2) Fire-resistant materials
- 3) Mounted materials
- 4) Care materials

2. Expanding A-type new products

Concentration of man-hour into the priority development themes

Sales of New Products



Note: The new products are defined as those staying on the market within 5 years from launching.

Changeover of Business Structure

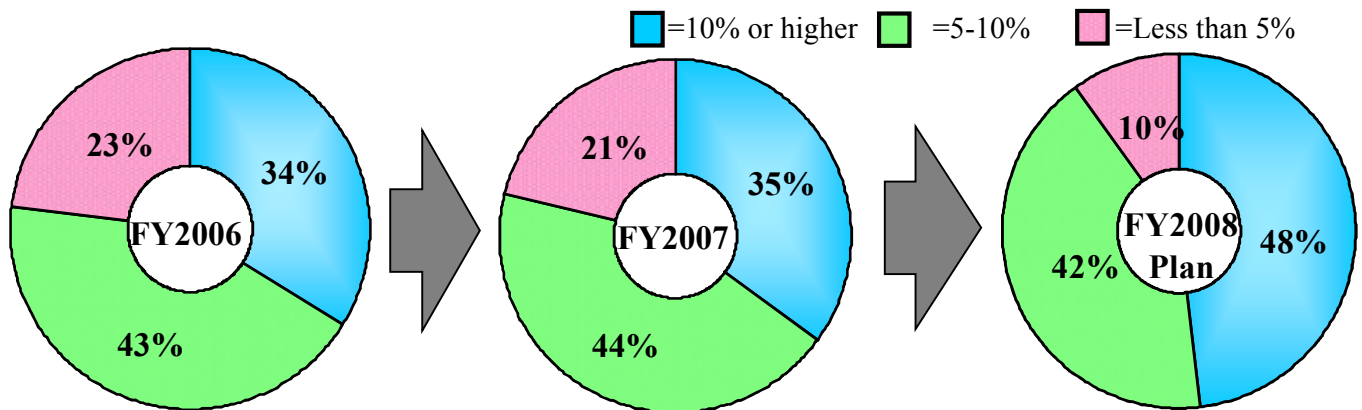
1. Promoting the changeover of business structure

- 1) Implementing the structural reform and expanding the high-value added products
- 2) Reinforcing the profitability condition by changing the business models

2. Strengthening the constitution of earnings

- 1) Steady response to the high-priced raw materials
- 2) Reinforcing the competitive power for purchasing

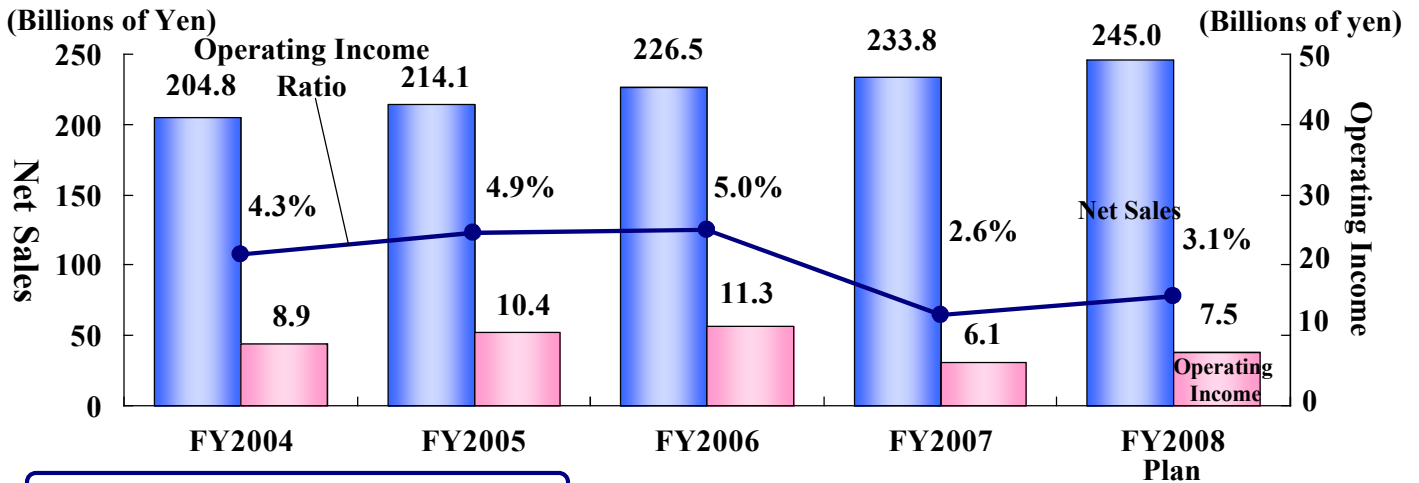
Sales Structure [by Per-Business Unit Operating Income Margin]



Urban Infrastructure and Environmental Products Company

Yoshiyuki Takitani
Company President

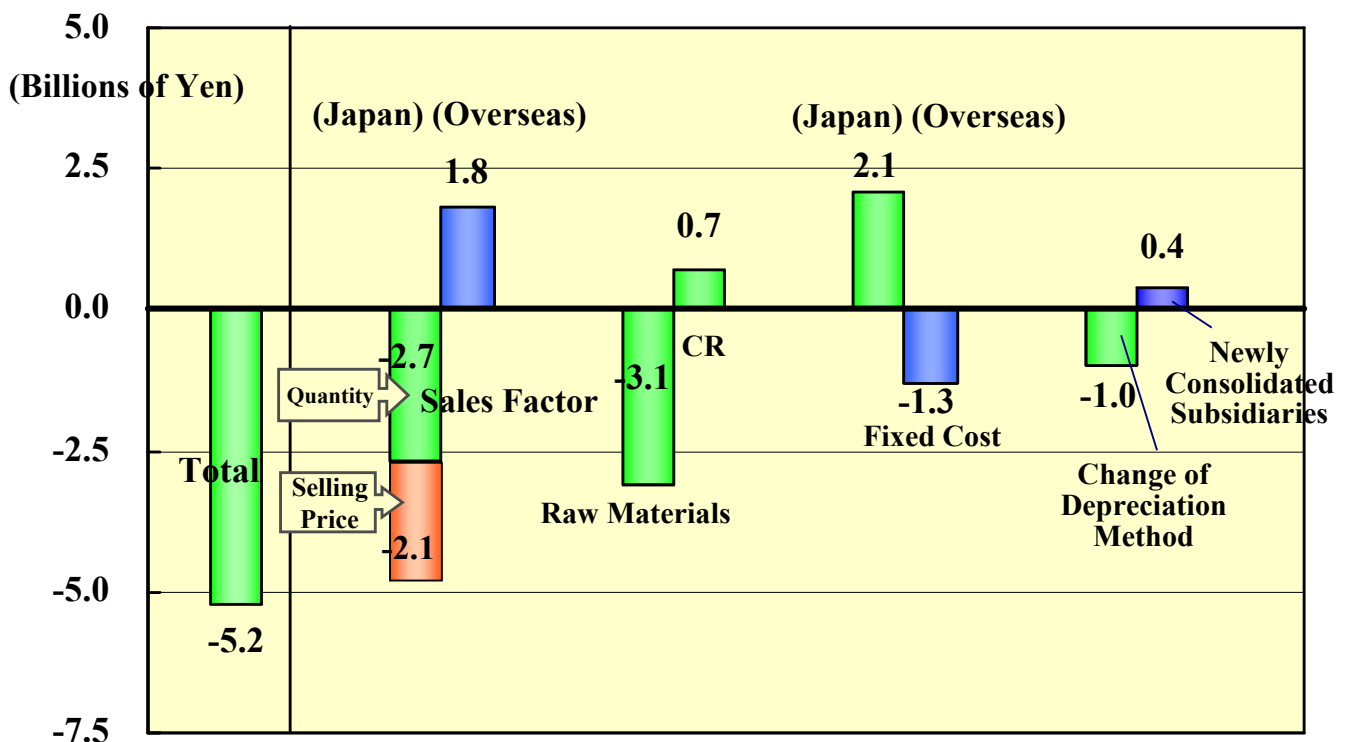
Net Sales & Operating Income Trends



General Overview of FY2007

- Under the influence of the steeply increased raw material prices and the decreased housing starts, the general PVC products had a hard time both in sales quantity and selling price.
- The exploitation of Overseas Frontiers made progress by means of M&A.
 - Allen Extruders (Sheeting Business), Heitkamp (Pipe restoration Business)
- The large-scaled new products were put on the market
 - Fire-resistant VP pipe, PhenovaBoard, Ultra Low Expansion Rain Gutter Reinforced by Super Stretched Sheet

Analysis of Operating Income for FY2007 (year-on-year)



Policy for FY2008

Making the basis for realizing the continued growth both in Japan and overseas

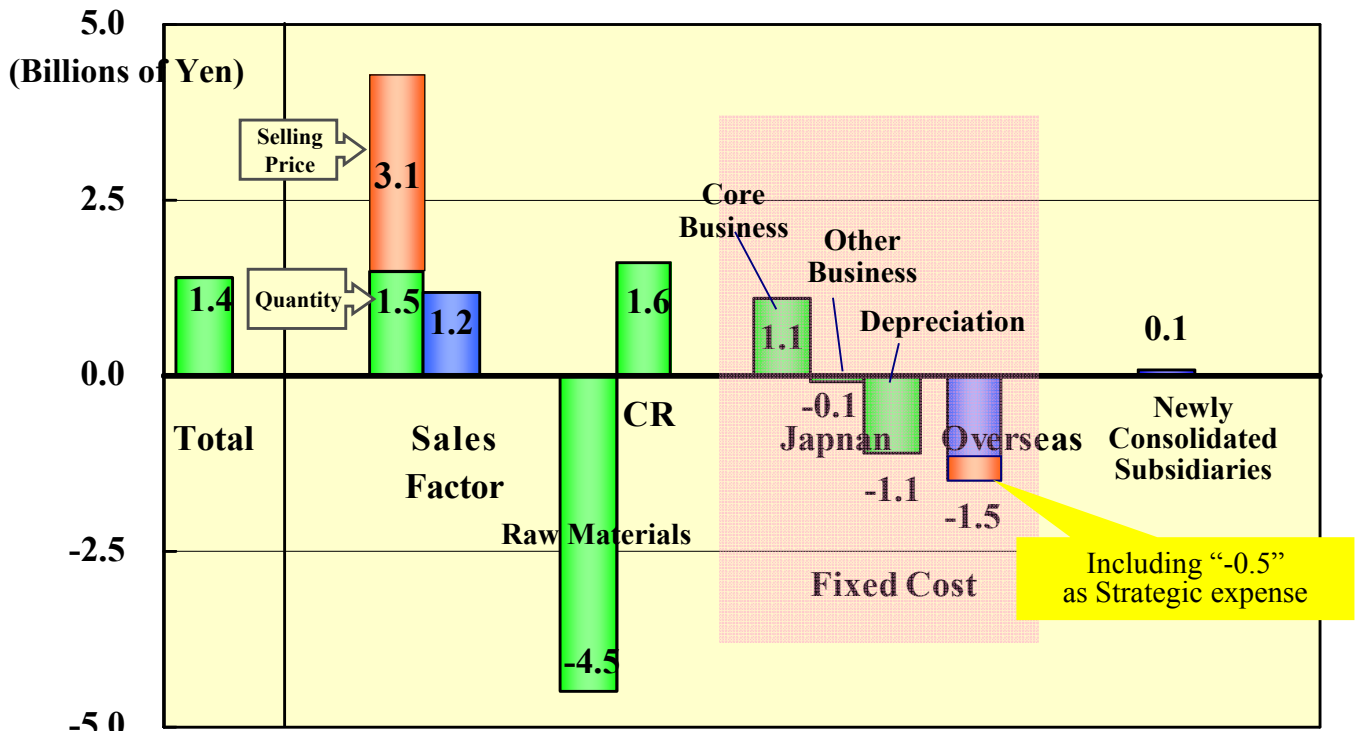
Operating Income: 7.5 bn.yen, Operating Income Ratio: 3.1%

1. Promoting the renovation of business structure for reinforcing the condition of gaining profit in Japan
2. Accelerating further the exploitation of the “Frontier of Growth”
3. Promoting CSR Management

Restoring the core business on domestic demand and accelerating the shifting toward the growth areas

	Establishment of profit-earning bases	Exploitation of the “Frontier of Growth”	
		Japan	Overseas
Actions to be taken earliest (2008-2009)	1) Price increase of products • PVC general products 2) Promotion of structural reform ~Drastic reduction in fixed costs~ • Closure and integration of branch offices • Personnel reduction • Reviewing unprofitable business	1) Priority actions toward the growing business and products • Shifting of management resources (Human resources & Investments) 2) Earliest possible start-up of the large-sized products business Fireproof pipe • Phenovaboard* Rain gutters with stretched PET sheet, etc.	1) The earliest realization of synergy effect on M&A issues during FY2007 • Sheeting Business (Allen Extruders / Kleerdex) • Aged Pipe Restoration Business (Heitkamp Sekisui SPR America.)
Strategic moves for the future (2008~2010)	3) Pursuit of the Manufacturing Development in the entire company. • Core Products Structuring the efficient production system meeting the supply & demand situation. • Growing Products The twofold increase in production line	3) Challenging new businesses and materializing such businesses • PFI Business • Stock Business • Rainwater treatment business etc.	2) Reviewing further expansion based on the 3 priority areas • Piping-line restoration (M&A in Europe) • Water environment (emerging countries) • Functional materials 3) Enhancing the Manufacturing Development in overseas • Realizing the same level as Japan

Forecast Analysis of Operating Income for FY2008 (year-on-year)



The increased prices of raw material were covered by the increased selling price and CR

Sales and Operating Income Plan by Portfolio

(Billions of Yen)

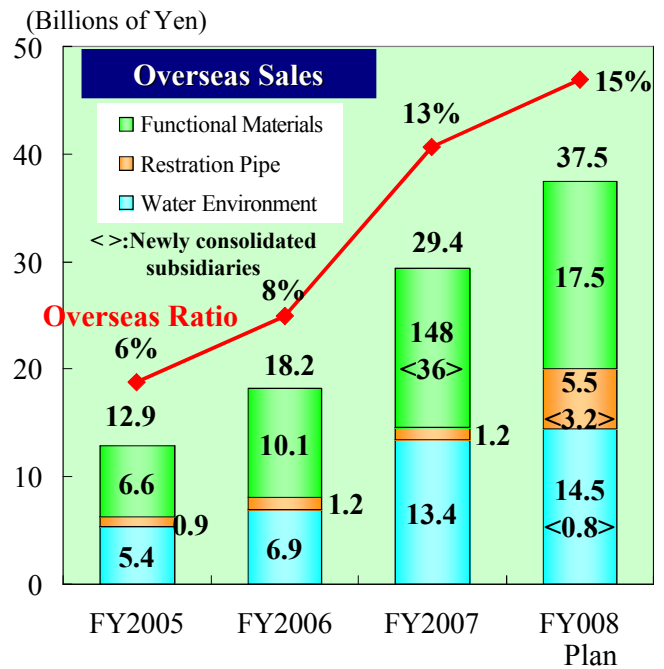
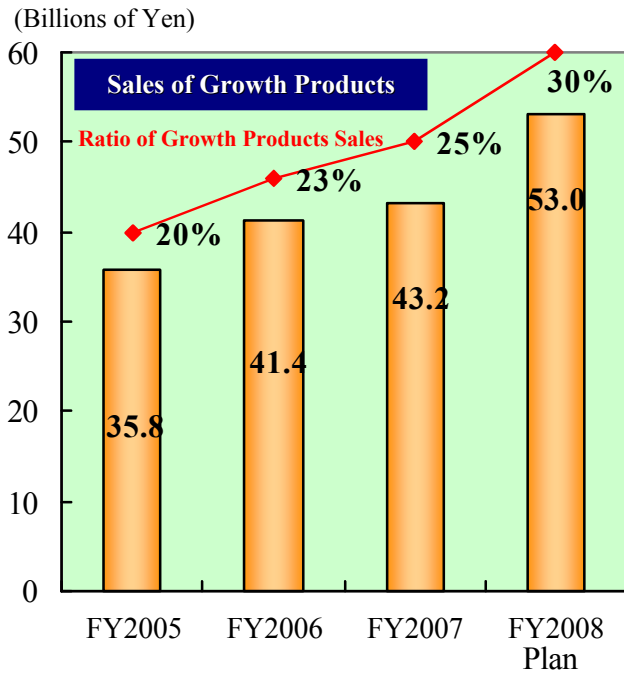
Portfolio		FY2006 Actual	FY2007 Actual	FY2008 Plan	2007-2008 Difference	
Core	Water Supply & Drainage, Building Materials, Home-Techno	Net Sales	148.0	140.8	143.7	2.9
		Op. Income	10.9	4.8	5.1	0.4
Growth	Environmental Civil Engineering (Aged pipe restoration)	Net Sales	10.5	10.8	17.3	6.4
		Op. Income	0.3	0.4	0.8	0.5
Expansion	Plant Materials (Sheeting Business etc.)	Net Sales	32.5	43.2	45.7	2.4
	Composite Materials for Infrastructure (RCP, FFU etc.)	Op. Income	3.9	5.1	5.1	1.0
Strengthening Foundations	Aqua System, Roofing Materials	Net Sales	20.9	19.9	20.4	0.5
		Op. Income	-0.3	0.1	0.3	0.2

Further acceleration of the "Growth Frontier" exploitation

Sales of Growth Products in Japan FY2008 123% of PY

Sales Overseas

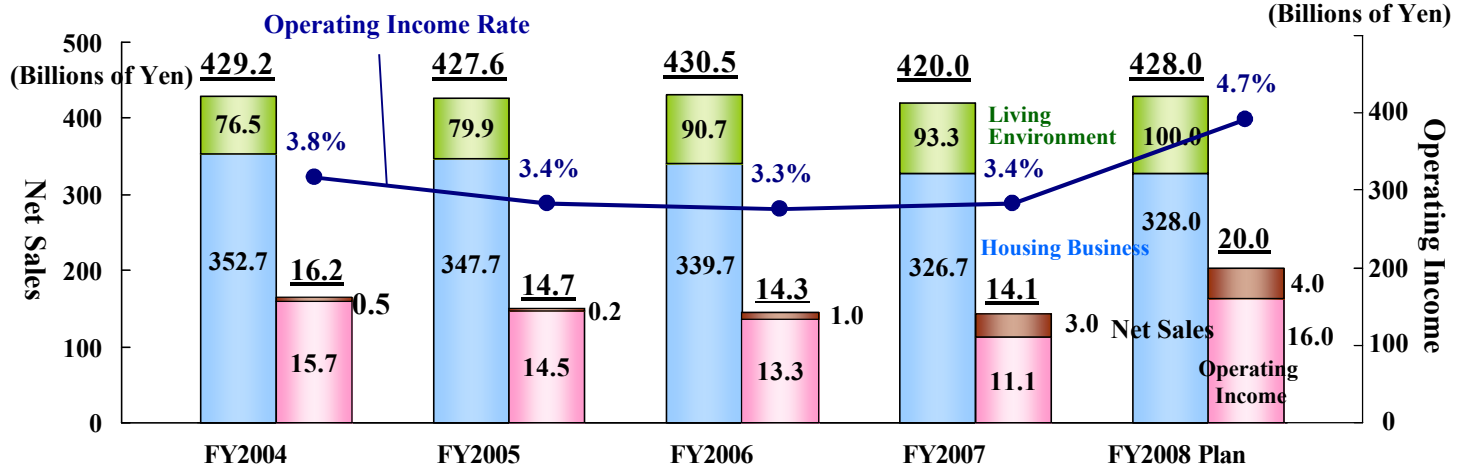
FY2008 128% of PY



Housing Company

Teiji Kouge
Company President

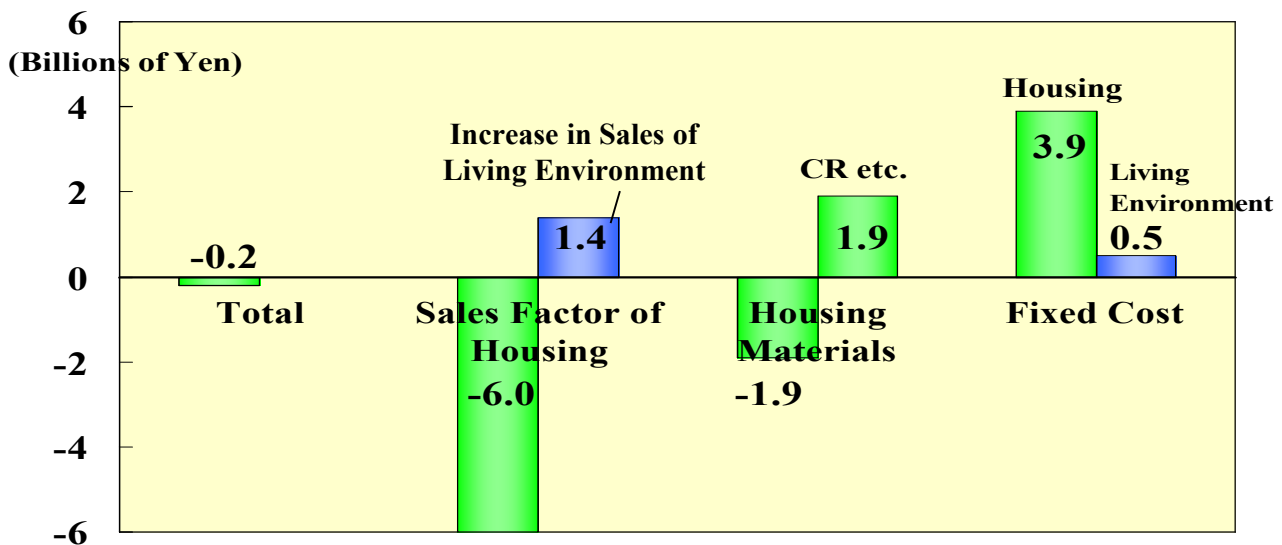
Net Sales & Operating Income Trends



Summary of FY2007

- Efficient management system was established (Wide-area sales companies in Tokyo, Chubu and Kinki, etc.)
 In the beginning of FY2008, total number of persons to be reduced by 650 (vs. PY)
- In the Living Environment Business, the basis for growth has been progressively enhanced
 Refurbishing business staff in FY2008 to be increased by 100 persons (vs. PY)
- The order-taking situation in FH was dull, but has been recovered in SH.
 Received orders in FY2007: FH 93% and SH 100% (vs. PY)

Analysis of Operating Income for FY2007 (year-on-year)



- The planned housing order-taking for FH was not achieved
- The effect by the means of fixed cost reduction has been realized as planned
- The profitability improvement in Living Environment Business made progress

Despite the severe market environment, the profitability was maintained by the reduction of fixed cost

Policy for FY2008

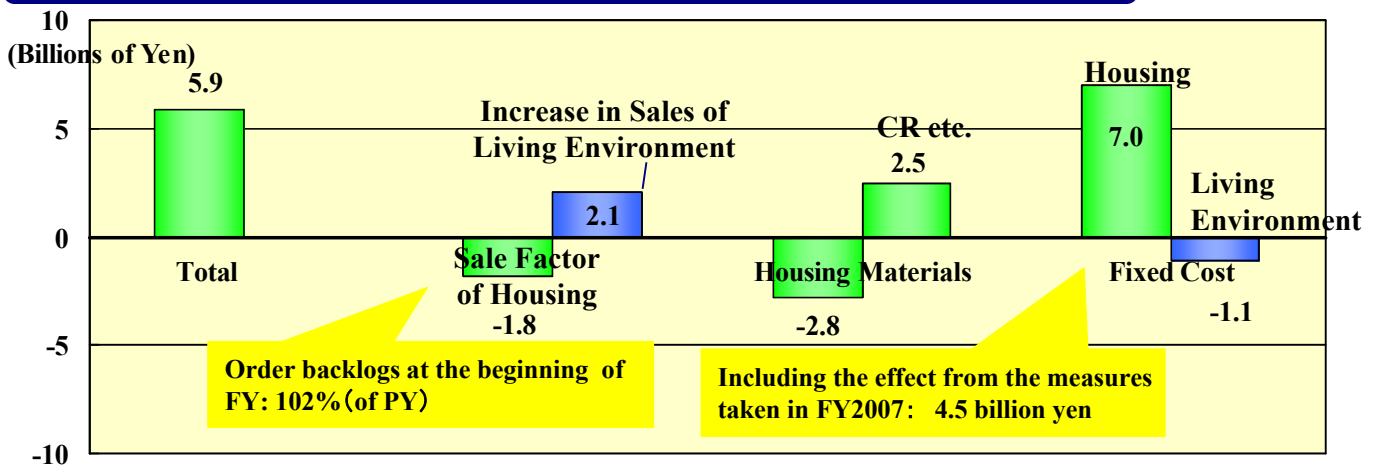
With the first principle of SAFETY and COMPLIANCE, we are going ahead with the structural reforms for securing orders and attaining the highly-profitable situation.

- Enhancing the profitability of Housing Business
- Generating the new source of profit
(Strengthening the “Stock Business” and opening up the Frontiers of Growth)

1. Increasing order-taking by putting models into the price-volume-zone (Restoration of Cost Performance) - Plan for FY2008 Order-taking 102% vs. PY
2. Realizing the effect of the wide-area sales system, and promoting the streamlining
3. Management renovation throughout the whole supply-chains
- Starting the combined operation of production and sales, further involving the process from development / manufacturing to sales / customer service -
4. Establishing the system for increasing sales and profit in Living Environment Business and further accelerating the growth

SEKISUI Housing FY2008 Operating Income Plan

Forecast Analysis of Operating Income for FY2008 (year-on-year)



The points to be noted for Operating Income Plan for FY2008

1. Maintaining the number of structures to be sold by securing the housing orders
FY2008 Plan Order-taking (in structures): 102% of PY
2. Expanding further the sales of Living Environment business
FY2008 Plan Sales of Living Environment business: 107% of PY
3. Maintaining and promoting the streamlining in the Housing business management
4. Taking accurate measures against the tendency of increasing prices in building parts

Strengthening the Community-based Sales System

Plan for FY2008 Order-taking in structures: 103% (of PY)

Expanding the competitive advantage of local sales companies

- Intensive capture of volume-zone
- Putting on the market “The models with the actual feeling of cost-performance”
 - “Heim bj new” (On the market in April)
 - “Grand Two-U WS” (On the market in May)
 - “Crescasa” (Launching in October throughout Japan)

Expanding the competitive advantage of local sales companies

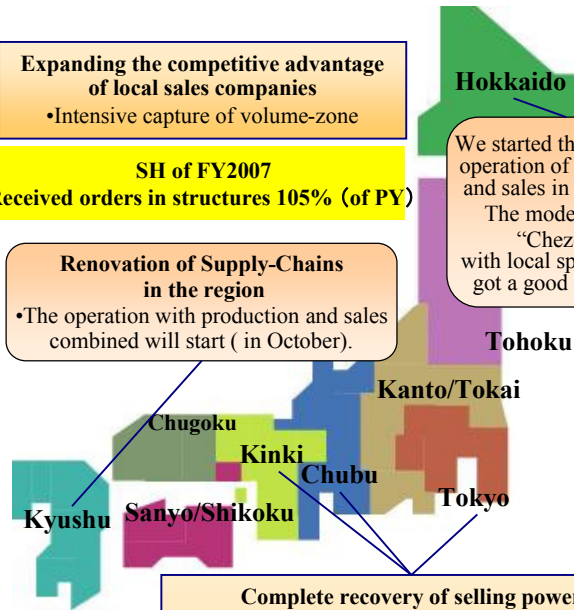
- Intensive capture of volume-zone

SH of FY2007
Received orders in structures 105% (of PY)

Renovation of Supply-Chains in the region

- The operation with production and sales combined will start (in October).

We started the combined operation of production and sales in Hokkaido. The model named “Chezdan” with local specification got a good reputation



Complete recovery of selling power in Tokyo, Chubu and Kinki

- Emergence of the effect from the wide-area sales company system
 - Further reinforcement of the exclusive sales-staff system
- Received orders for apartments in SH of FY2007: 104%(of PY)
Received orders for Two-U in SH of FY2007: 101% (of PY)
Exclusive sales staff to be increased by 60 persons (in FH of FY2008)

Complete recovery of selling power in Tokyo, Chubu and Kinki

- Differentiation by appealing high-performance
- Emergence of the effect from the wide-area sales company system

SH of FY2007
Received orders in structures 94% (of PY)

Taking strategic measures for further improvement in profitability and growth

- Changing to the community-based business system
- Starting the combined operation of production and sales, further involving the process from development / manufacturing to sales / customer service

FY2008 Marketing Strategy

“The Sunshine Campaign” in operation Apr.-Aug.

Targeted Market	“Sekisui Heim Value” = “Environment”, “Reassurance” and “Security” supported by Unit Construction Method ⇒ High performance housing is in evolution.		
		Products Strategy	Specs. for Differentiation
<p>Demand Creation</p>	<p>FY2007 Maintaining Penetration of Products</p>	<p>Parfait MasterDesign 2.0</p> <p>Domani Confattic new</p> <p>Desio BR</p>	<p>Warm Airy</p> <p>Zero Utility Cost</p> <p>“Make it visible” Indicating Performance of each house</p>
<p>Capturing the Volume-Zone</p> <p>New Construction</p>	<p>Introducing the houses with “The actual feeling of cost performance”</p>	<p>“BJ NEW” on sale in April Received orders for BJ in FY2007 was 102% of PY</p> <p>Grand Two-U WS on sale in May</p> <p>Crescasa on sale throughout Japan in Oct.</p>	
<p>Complex Housing</p>	<p>Reinforcing the sales system with exclusive staff</p>	<p>High performance apartments, LETOIT series</p> <p>New model for apartment; on sale in Sep.</p>	<p>Tiled exterior wall</p>

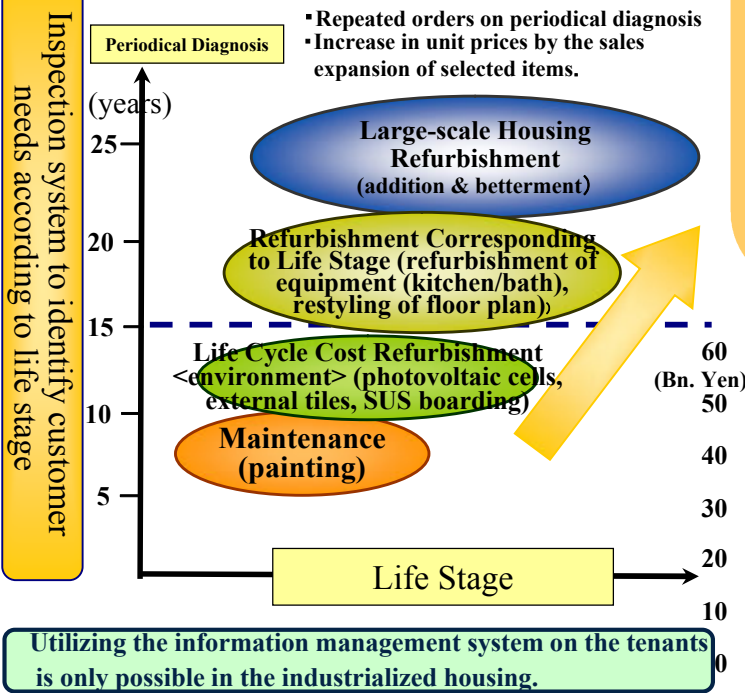
Capturing the volume-zone by introducing the model with “the actual feeling of cost performance”

By appealing the high-performance, we arouse the demand for reconstruction and make more differentiation.

Making higher profit situation in Living Environment business and stepping forward to the stage of Growth

Plan for FY2008 Sales (from PY) 107%

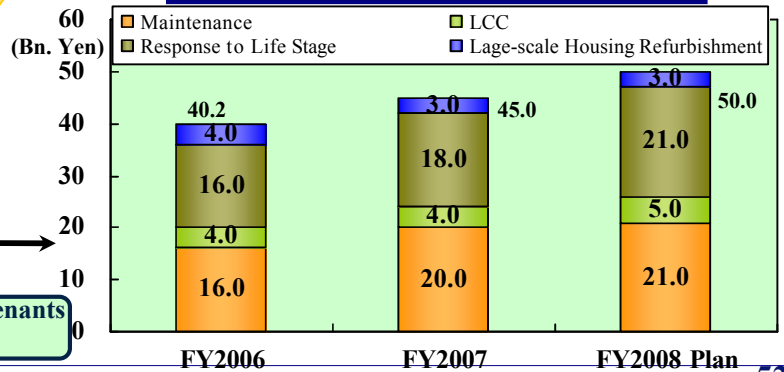
Business Model for highly profitable Stock-Refurbishing Business



FY2008 Strategy for Sales Expansion

- Making the shifted persons join the sales force and strengthening the power of sales.
 - Creating the strong sales-force with the new sales staff (100 persons) assigned from FY2007
 - FY2008 Increasing sales staff for refurbishing business by 50 persons.
 - Cultivating the sufficient ability to make effective proposals to customers utilizing "The place for learning about remodelling"
- Increasing the sales of selected housing materials which are only available from Sekisui Heim.
 - Making proposals on Eco-pack and Refurbishing
 - (Eco Shante, Solar light, Heat-insulation sash)
 - + the utilization of subsidy
- Completion of the high-profit "Stock Business"
 - Utilizing the traceability which is only available in the industrialized housing
 - Impounding customers by utilizing the diagnosis system.

Sales trend of the selected sales materials



Disclaimer: This presentation may contain forward-looking statements. Such forward-looking statements are based on current expectations and beliefs and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements due to changes in global economic, business, competitive market and regulatory factors.

Housing Company Results and Plan

1. Main data in Housing business

		FY2007			FY2006			FY2005
		FH	SH	Annual	FH	SH	Annual	Annual
CONSOLIDATED	Sales (Billions of Yen)	210.8	209.1	420.0	212.1	218.4	430.5	427.6
	Housing	165.3	161.4	326.7	166.7	173.0	339.7	347.7
	Houses	158.0	154.3	312.3	160.4	165.7	326.1	336.7
	Land	7.3	7.1	14.4	6.3	7.3	13.6	11.0
	Living environment	45.5	47.8	93.3	45.4	45.4	90.7	79.9
	Refurbishing	31.4	32.2	63.5	30.8	30.9	61.8	53.6
	Interior-Exterior	3.0	2.6	5.6	2.9	2.9	5.8	5.8
	Real estate	11.2	13.0	24.2	11.6	11.6	23.2	20.5
OTHERS	1. Number of houses sold (Housing units)	6,900	7,450	14,350	7,050	7,950	15,000	15,850
	Detached houses	5,000	5,100	10,100	5,320	5,500	10,820	11,580
	Heim	4,000	4,050	8,050	4,220	4,250	8,470	8,690
	Two-U	1,000	1,050	2,050	1,100	1,250	2,350	2,890
	Apartments	1,900	2,350	4,250	1,730	2,450	4,180	4,270
	2. Main data							
	Price <Sales subsidiaries: Detached Ho.> / unit (Mil. yen)	29.3	29.2	29.3	29.2	29.8	29.5	29.2
	Price <Sales subsidiaries: Detached Ho.>/Tsubo(3.3 m ²) (thou. Yen)	735	731	734	706	730	716	703
	Floor space (m ²)	131.6	131.8	131.7	136.4	134.8	135.9	137.1
	Exhibition places (Unit: Structure)	455	-	438	474	-	465	474
	Sales staff (No. of person)	2,536	-	2,370	2,505	-	2,419	2,467
	Replacement ratio (%)	36	36	36	38	37	37	39
	Referral sales ratio (%)	35	34	34	36	33	34	34

* Replacement ratio and Referral ratio are based on time of orders-received.

2. Housing order

(Millions of yen)

	FY 2008 Plan			FY2007			FY2006		
	FH Plan	SH Plan	Annual plan	FH	SH	Annual	FH	SH	Annual
Backlogs at beginning	153,000	156,700	—	150,000	144,300	—	151,500	156,700	—
Growth rate	+2%	+9%	—	-1%	-8%	—	-11%	2%	—
New orders	191,340	200,756	392,096	186,646	197,786	384,432	199,356	192,829	392,184
Growth rate	+3%	+2%	+2%	-6%	+3%	-2%	8%	0%	+4%
Sales of houses	187,640	199,056	386,696	192,346	189,086	381,432	194,156	199,529	393,684
Growth rate	-2%	+5%	+1%	-1%	-5%	-3%	-4%	+3%	-1%
Balance at the end	156,700	158,400	—	144,300	153,000	—	156,700	150,000	—
Growth rate	+9%	+4%	—	-8%	+2%	—	2%	-1%	—

3. Housing starts

(in number of unit)

	FY 2007			FY2006			FY2005
	FH	SH	Annual	FH	SH	Annual	Annual
Housing starts*	533,288	516,000	1,049,000	664,521	620,725	1,285,246	1,249,366
Privately-owned houses* (included in above)=A	162,831	150,000	313,000	197,460	159,097	356,557	352,577
Sales by our company	6,900	7,450	14,350	7,050	7,950	15,000	15,850
Detached house sales by our co.=B	5,000	5,100	10,100	5,320	5,500	10,820	11,580
Our share in Detached houses=B/A	3.1%	3.4%	3.2%	2.7%	3.5%	3.0%	3.3%

* "The housing starts" and "Privately owned houses" in SH and Annual FY2007 are based on a forecast.

4. The ratio of the houses equipped with the high-performance specifications

	FY 2007			FY 2006			FY2005
	FH	SH	Annual	FH	SH	Annual	Annual
Photovoltaic generation systems installed	43%	45%	43%	53%	48%	51%	52%
Tiled exterior wall (Heim type JX)	55%	50%	52%	54%	54%	55%	54%
All electric model	87%	89%	88%	86%	88%	87%	84%
Warm Airy	46%	64%	55%	39%	55%	49%	13%