

Operating Results

In the term to March 31, 2000, consolidated net sales increased 6.1% from the previous year to ¥951.1 billion (US\$8,972 million).

The cost of sales ratio edged up 0.2 percentage point to 77.4%.

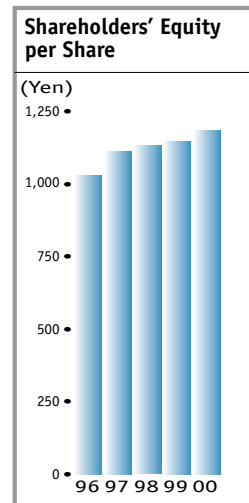
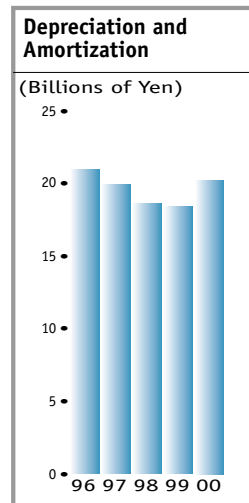
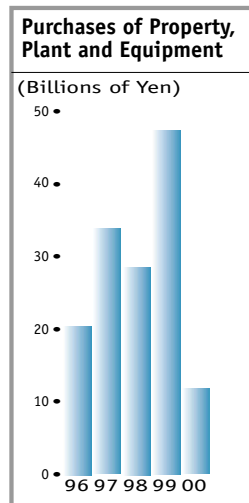
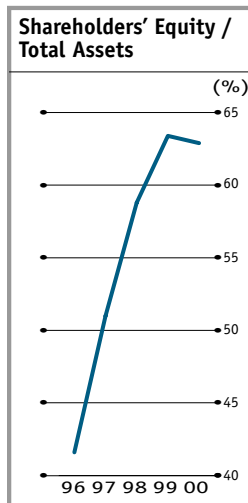
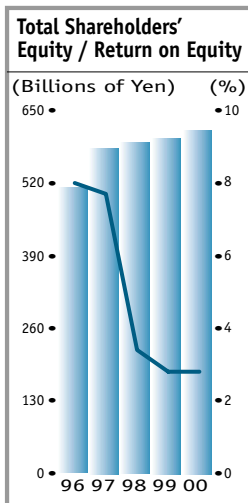
Selling, general, and administrative expenses rose ¥2.8 billion, up 1.7%, to ¥167.3 billion (US\$1,578 million). This figure is equivalent to 17.6% of sales, an improvement of 0.8 percentage point compared with the previous term.

As a result, operating income rose 18.1% to ¥47.5 billion (US\$448 million). The operating income ratio improved 0.5 percentage point from a year ago to 5.0%.

Net income for the period increased 4.5% to ¥17.5 billion (US\$165 million), with earnings per share of ¥33.52 (US\$0.32).

Sales by segment posted a 3.1% increase in residential housing operations, a 6.8% expansion in commercial building operations, and a 6.9% drop in revenues from resort operations. Other operations recorded 172.3% sales growth.

Operating income in the residential housing segment benefited from efforts to trim operating expenses, rising 19.1% to ¥50.3 billion (US\$475 million). In commercial building operations, intense competition in the industry connected to a higher cost of sales ratio, with a 10.3% decline in operating income to ¥13.9 billion (US\$131 million). Resort operations suffered a further deepened operating loss, which worsened 28.3% to ¥8.5 billion (US\$81 million) due to depressed consumer spending. Operating income from other operations reached ¥1.3 billion (US\$12 million) due to the widened scope of consolidated accounts.



Financial Position

Total assets at term-end were 3.3% higher than a year earlier at ¥981.9 billion (US\$9,263 million), with a 6.1% increase in current assets to ¥449.3 billion (US\$4,238 million), and a 3.0% rise in property, plant, and equipment to ¥376.5 billion (US\$3,552 million).

The aggregate of current liabilities and long-term liabilities declined 1.9% from the previous year to ¥341.0 billion (US\$3,217 million), with a 5.2% drop in current liabilities to ¥194.7 billion (US\$1,837 million).

Shareholders' equity increased 2.4% to ¥617.4 billion (US\$5,825 million), with a 0.5 percentage point drop in the equity ratio to 62.9%. Return on total assets employed (ROA) and return on shareholders' equity (ROE) remained unchanged from the previous year at 1.8% and 2.8%, respectively.

Cash Flows

Net cash provided by operating activities fell to ¥40.6 billion (US\$383 million) from ¥67.6 billion a year ago, due mainly to an increase in inventories.

Net cash used in investing activities posted ¥9.3 billion (US\$88 million), compared with ¥29.3 billion in the previous term. This change was mostly due to reduced capital expenditures. Purchase of property, plant and equipment fell 74.8% from the previous term to ¥12.0 billion (US\$113 million). The decline reflects the absence of large-scale items in fiscal 1999, such as the cost of head office building construction included in the previous term's capital expenditures.

Net cash used in financing activities came to ¥41.4 billion (US\$391 million), compared with ¥47.7 billion a year earlier.