



SUNCITY

Listed on Tokyo Stock Exchange
8910

Sun City Co., Ltd.

The following is the text of an announcement prepared by the Company for investors who cannot read Japanese from the official Japanese announcement approved by and submitted to the Tokyo Stock Exchange.

Sun City Co., Ltd. 07, November 2008

Extract from the 3Q Announcement - Balance Sheet Items, Revenues & Incomes and the State of Inventories

We have just announced our 3Q results and the key statistics are as follows.

1. Consolidated Revenues and Incomes

	2008			2007				2006			
	3Q	2Q	1Q	4Q	3Q	2Q	1Q	4Q	3Q	2Q	1Q
Revenue	2,0354	12,454	4,216	69,591	35,327	28,894	11,553	43,747	19,818	16,574	3583
Gross Margin	2,834	2,311	984	12,618	6,848	5,594	2,741	8,168	3,764	3,125	801
Operating Income	-1,697	-576	-362	6,272	3,075	3,206	1,683	4,131	965	1,171	30
Recurring Income	-2,366	-1,087	-651	5,245	2,298	2,595	1,553	3,557	620	991	-31
Net Income	-9,292	-7,961	-443	2,934	1,252	1,449	881	2,066	293	550	-17
EPS				5,493				4,346			

(in millions of Yen)

2. Consolidated Balance Sheet

	2008			2007				2006			
	3Q	2Q	1Q	4Q	3Q	2Q	1Q	4Q	3Q	2Q	1Q
Asset, Inventories	60,222	60,270	67,225	53,163	63,360	58,579	39,658	33,448	34,313	26,739	21,289
Asset, Cash	2,876	2,940	7,954	15,342	11,480	14,303	18,944	23,570	18,493	12,958	12,323
Total Asset	70,143	71,685	86,207	79,882	84,793	82,858	63,034	60,945	55,486	43,390	35,102
Liabilities, Short Term	15,414	28,477	33,773	33,640	28,508	30,043	32,884	27,519	17,111	18,779	16,213
Liabilities, Long Term	26,444	30,595	32,303	25,001	35,412	31,677	9,591	12,840	24,955	13,542	8,375
Total Liabilities	58,877	59,073	66,077	58,642	63,911	61,721	42,475	40,360	42,066	32,321	24,588
Equity	11,266	12,612	20,129	21,239	20,882	21,136	20,558	20,585	13,401	11,068	10,514
BPS	22,043	24,677	39,384	41,606	38,946	39,349	38,302	38,352	28,847	25,786	24,505

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3. Inventories Sold (Cumulative)

	2008			2007				2006			
	3Q	2Q	1Q	4Q	3Q	2Q	1Q	4Q	3Q	2Q	1Q
Apartments	645	395	197	1,085	835	553	208	1,258	897	593	280
Large Complexes	2	-3	0	20	15	6	3	19	10	8	0

(in millions of Yen)

“-3” for Large Complexes denotes cancellations.

4. Consolidated Cash Flow Statement

	Notes	2007	2008
		January - September in millions of Yen	January - September in millions of Yen
I Cash Flow from Operating Activities			
Net Income Before Tax		2,298	-8,894
Depreciation and Amortisation		19	40
Amortisation of Goodwill		230	258
Write-down of Goodwill			1,843
Write-down on Inventories			5,428
Unrealised Loss on Investment Securities			19
Loan Loss Reserves		35	269
Reserves for Bonus		46	62
Reserves for Retirement Package, Directors		-17	89
Reserve for Retirement Package, Employees		2	
Interest and Dividend Payment Received		-30	-19
Interests Paid		748	867
Tangible Fixed Asset Write Down			12
Tangible Fixed Asset Realised Gains			-776
Tangible Fixed Asset Realised Loss			70
Receivables		1,063	1172
Inventories		-17,704	-13,866
Payables Paid in Advance		-355	917
Payables		-10,929	-7,594



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Receivables Received in Advance		374	295
Other Assets			
Other Liabilities			
Other		-596	-574
Subtotal		-24,813	-20,375
Interests and Dividends Received		31	24
Interests Paid		-746	-888
Taxes		-2,143	-1,522
Tax			
Net Total		-27,672	-22,762

II	Cash Flow from Investment Activities	Notes	2007	2008
			January - September in millions of Yen	January - September in millions of Yen
	Deposit into Saving Accounts		-134	-100
	Withdrawals from Saving Accounts		411	150
	Acquisition of Tangible Fixed Assets		-7	-37
	Divestiture of Tangible Fixed Assets			2,132
	Acquisition of Intangible Fixed Assets			
	Acquisition of Investment Securities		25	
	Acquisition of Subsidiaries with Goodwill Resulting the Extent of Consolidation		-3,728	
	Acquisition of Subsidiary's Shares			-650
	Lending Cash		-13	-85
	Loans Recovered		13	7
	Silent Partnership Distribution			9
	Returning Deposits			-700
	Other Items		-120	-180
	Net Total		-3,553	546



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	Notes	2007 January - September in millions of Yen	2008 January - September in millions of Yen
III Cash Flow from Financing Activities			
Short Term Loan		-3,574	4,758
Long Term Loan		35,083	17,330
Redemption of Long Term Loan		-11,741	-12,021
Redemption of Bonds			-59
Issuance of Bonds			300
New Shares		3	4
Stock Buy Back		-47	
Dividend Payment		-908	-662
Net Total		19,084	9,650
Net Change of Cash Balance		-12,141	-12,565
Balance at the Beginning of Fiscal Period		23,560	15,282
Balance at the End of 3Q		11,419	2,716

5. Breach of Covenants

It is with a great regret that we have to announce that Sun City as a borrower has breached covenants with Mizuho and is likely to breach similar covenants with Mitsui Sumitomo, Aozora and Tokyo Mitsubishi.

	The Acceleration Clauses Suspended
Syndicated Facility	Mizuho Bank
Maturity	25 June 2012
Amount	¥3,640 million
Covenants Breached	Equal to or above consolidated net asset as of the end of 2006 at every fiscal year end and at the end of every half year Equal to or above net asset as of the end of 2006 at every fiscal year end of end of every half year No consolidated recurring loss in two consecutive years No recurring loss in two consecutive years



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Syndicated Facility	Bank of Mitsubishi Tokyo UFJ
Maturity	30 April 2010
Amount	¥3,659 million
Covenants Breached	Equal to or above consolidated net asset as of the end of the previous fiscal year Equal to or above net asset as of the end of the previous fiscal year No consolidated recurring loss in any year before redemption No recurring loss in any year before redemption

Syndicated Facility	Mitsui Sumitomo Banking Corporation
Maturity	30 September 2011
Amount	¥4,387 million
Covenants Breached	Equal to or above 75% of the higher of the equity (net asset less P&L on hedge and any stock options) as of the end of 2005 or as of the end of the previous fiscal year No recurring loss in any year before redemption

Syndicated Facility	Aozora Bank
Maturity	30 July 2010
Amount	¥6,900 million
Covenants Breached	Equal to or above 75% of the equity (net asset less P&L on hedge and any stock options) as of the end of each fiscal year on a consolidated and parent basis No operating loss nor recurring loss consolidated or parent basis in any fiscal year

6. Suspension of Acceleration

We were extremely gratified to receive the notice of suspension from Mizuho Bank. We are currently in close conversations with the participating banks of other syndicated loans. We will make an announcement as soon as remedies have been finalized.



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7. General Outlook

We expect to see more of the real estate related bankruptcies. Our residential business, however, is not as badly hit as we anticipated before the beginning of the third quarter. We were expecting much tougher times before we set out into the 3Q, but we managed to sell 645 apartments, only 190 fewer year-on-year.

The larger commercial inventories have had no luck with finding buyers during this 3Q. Buyer interests are observed but only at very large discounts. As we have received substantial support from our lenders, we see no point in selling them now.

If you have any urgent questions, please contact Tadao Nakai, our Foreign Shareholder Officer.

Yasuhiro Koide, CEO and the Chairman of the Board

Tadao Nakai, Foreign Shareholder Officer

All inquiries should be directed to Tadao Nakai +81-3-6386-3412 or TNAKAI1 on Bloomberg.

The Board of Directors of Sun City Co., Ltd. as at the date of this announcement are: Yasuhiro Koide, Taiji Hoshiyama, Jun Yonekawa, Nobuo Namura, Seiji Nakamura, Hideaki Kikuchi, Kunimitsu Horiuchi, Naoshi Abe, Tadao Nakai, Masahisa Fukase.

Tokyo Stock Exchange Stock Code: 8910