

Summary of Financial Results for the Fiscal Year Ended March 31, 2008 (Excerpted version)

May 13, 2008

Name of Listed Company: Daiwa House Industry Co., Ltd.
 Listed Exchanges: First section of the Tokyo Stock Exchange;
 First section of the Osaka Securities Exchange
 Code No.: 1925
 URL: <http://www.daiwahouse.co.jp/>
 Representative: Kenji Murakami, President and COO
 Contact: Koichi Tsuchida, General Manager, IR Department, Management Administration Headquarters
 Phone No.: 06-6342-1400
 Scheduled Date of Ordinary General Meeting of Shareholders: June 27, 2008
 Scheduled Date of Commencement of Dividend Payment: June 30, 2008
 Scheduled Date of Filing Securities Report: June 30, 2008

(Amounts below one million yen are omitted)
 (The preparation of this report is not based on US GAAP.)

1. Consolidated Results of Operation for the Fiscal Year Ended March 31, 2008 (From April 1, 2007 to March 31, 2008)

(1) Consolidated Results of Operation

(% figures represent changes from the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income	
	(millions of yen)	%	(millions of yen)	%	(millions of yen)	%	(millions of yen)	%
Fiscal year ended March 31, 2008	1,709,254	5.6	89,120	4.0	61,290	(31.4)	13,079	(71.8)
Fiscal year ended March 31, 2007	1,618,450	5.9	85,678	7.0	89,356	(13.3)	46,393	2.7

	Basic net income per share	Diluted net income per share	Return on equity (ROE)	Ordinary income to total assets ratio	Operating income to net sales ratio
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2008	22.46	—	2.0	3.6	5.2
Fiscal year ended March 31, 2007	81.15	—	7.5	5.8	5.3

(Reference) Profit/loss on equity in earnings of associated companies

Fiscal year ended March 31, 2008 315 million yen Fiscal year ended March 31, 2007 289 million yen

(2) Consolidated Financial Conditions

	Total assets	Equity	Equity ratio	Equity per share
	(millions of yen)	(millions of yen)	%	Yen
March 31, 2008	1,791,052	649,440	35.3	1,092.04
March 31, 2007	1,630,022	661,145	40.4	1,122.88

(Reference) Equity ratio = (Equity – Minority interests)/Total assets

(Equity – Minority interests) is as follows.

March 31, 2008 632,571 million yen March 31, 2007 659,308 million yen

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents, end of the year
	(millions of yen)	(millions of yen)	(millions of yen)	(millions of yen)
Fiscal year ended March 31, 2008	(15,738)	(123,296)	135,796	98,888
Fiscal year ended March 31, 2007	136,060	(172,074)	14,317	102,126

2. Dividends

(Record date)	Dividend per share			Total dividends (annual)	Dividend payout ratio (consolidated)	Dividends to equity ratio (consolidated)
	End of six months	Year-end	Annual			
	Yen	Yen	Yen	(millions of yen)	%	%
Fiscal year ended March 31, 2007	—	20.00	20.00	11,743	24.6	1.8
Fiscal year ended March 31, 2008	—	24.00	24.00	13,902	106.8	2.2
Fiscal year ending March 31, 2009 (estimates)	—	24.00	24.00	—	26.7	—

3. Consolidated Business Forecasts for the Fiscal Year Ending March 31, 2009 (From April 1, 2008 to March 31, 2009)

(% figures for the fiscal year represent changes from the previous fiscal year while those for the consolidated six months period represent changes from the previous six months period)

	Net sales		Operating income		Ordinary income		Net income		Basic net income per share
	(millions of yen)	%	(millions of yen)	%	(millions of yen)	%	(millions of yen)	%	Yen
Six months ending September 30, 2008	870,000	5.3	47,000	15.4	45,000	10.1	25,500	7.9	44.02
Fiscal year ending March 31, 2009	1,750,000	2.4	95,000	6.6	93,500	52.6	52,000	297.6	89.77

4. Other

- (1) Changes in significant subsidiaries during the fiscal year
(changes in specified subsidiaries associated with changes in the scope of consolidation): None
- (2) Changes in accounting policies, procedures and methods of presentation for the preparation of consolidated financial statements (items recorded under changes under Basic Significant Matters Regarding Preparation of Consolidated Financial Statements)
 - 1) Changes due to amendment of accounting standards: Yes
 - 2) Changes due to reasons other than 1): None
- (3) Number of issued and outstanding shares (common stock)
 - 1) Number of shares at fiscal year-ends (including treasury stock)

Fiscal year ended March 31, 2008	599,921,851 shares
Fiscal year ended March 31, 2007	599,921,851 shares
 - 2) Number of treasury stock at fiscal year-ends

Fiscal year ended March 31, 2008	20,665,458 shares
Fiscal year ended March 31, 2007	12,763,619 shares

(Reference) Summary of Non-Consolidated Results of Operation

1. Non-Consolidated Results of Operation for the Fiscal Year Ended March 31, 2008 (From April 1, 2007 to March 31, 2008)

(1) Non-Consolidated Results of Operation

(% figures represent changes from the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income	
	(millions of yen)	%	(millions of yen)	%	(millions of yen)	%	(millions of yen)	%
Fiscal year ended March 31, 2008	1,157,660	(2.4)	63,245	3.7	49,959	(23.9)	7,446	(80.6)
Fiscal year ended March 31, 2007	1,185,664	4.1	60,993	12.0	65,636	(9.7)	38,292	8.3

	Basic net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended March 31, 2008	12.79	—
Fiscal year ended March 31, 2007	66.73	—

(2) Non-Consolidated Financial Conditions

	Total assets	Equity	Equity ratio	Equity per share
	(millions of yen)	(millions of yen)	%	Yen
March 31, 2008	1,333,538	561,255	42.1	968.92
March 31, 2007	1,200,441	593,208	49.4	1,010.31

(Reference) Equity

March 31, 2008 561,255 million yen March 31, 2007 593,208 million yen

* Remarks on appropriate use of forecasted results of operation and other special matters

Consolidated and non-consolidated business forecasts are based on assumptions in light of the information available as of the date of announcement of this material and the factors of uncertainty that may possibly impact the future results of operation. The Company's actual results may differ significantly from those presented herein as a consequence of numerous factors such as economic conditions, competitor situations and fluctuations in land prices.

<Reference Material 1> Key Performance Indicators

Fiscal years		Fiscal year ended March 31, 2005	Fiscal year ended March 31, 2006	Fiscal year ended March 31, 2007	Fiscal year ended March 31, 2008	Estimates for the fiscal year ending March 31, 2009
Net sales (millions of yen)		1,365,913	1,528,983	1,618,450	1,709,254	1,750,000
Sales by segment	Residential Business (millions of yen)	854,574	909,587	965,898	1,004,365	970,000
	Commercial Construction Business (millions of yen)	363,830	445,251	477,692	512,734	565,000
	Resort Hotels and Sports Life Business (millions of yen)	55,748	66,482	67,762	63,701	68,000
	Home Center Business (millions of yen)	59,164	63,273	62,241	62,623	67,000
	Other Businesses (millions of yen)	104,129	121,982	124,646	143,346	160,000
	Eliminations/Corporate (millions of yen)	(71,533)	(77,594)	(79,790)	(77,517)	(80,000)
Operating income (millions of yen)		67,849	80,072	85,678	89,120	95,000
Operating income by segment	Residential Business (millions of yen)	50,046	50,965	53,166	53,738	45,500
	Commercial Construction Business (millions of yen)	27,420	39,517	46,933	50,507	64,500
	Resort Hotels and Sports Life Business (millions of yen)	1,507	635	1,013	40	100
	Home Center Business (millions of yen)	100	1,106	1,771	1,807	2,200
	Other Businesses (millions of yen)	3,534	4,558	4,373	4,560	5,200
	Eliminations/Corporate (millions of yen)	(14,760)	(16,711)	(21,579)	(21,533)	(22,500)
Ordinary income (millions of yen)		74,209	103,073	89,356	61,290	93,500
Net income (millions of yen)		40,262	45,184	46,393	13,079	52,000
Basic net income per share (yen)		73.26	81.88	81.15	22.46	89.77
Return on equity (ROE) (%)		7.9	8.2	7.5	2.0	—
Ordinary income to total assets ratio (%)		6.1	7.3	5.8	3.6	—
Dividend per share (yen)		—	20	20	24	24
(of which interim dividend per share)		(—)	(—)	(—)	(—)	(—)
Total annual dividends (millions of yen)		—	10,999	11,743	13,902	—
Dividend payout ratio (%)		—	24.4	24.6	106.8	26.7
Dividends to equity ratio (%)		—	2.0	1.8	2.2	—
Total assets (millions of yen)		1,358,806	1,475,197	1,630,022	1,791,052	—
Equity (millions of yen)		524,109	576,534	661,145	649,440	—
Equity ratio (%)		38.6	39.1	40.4	35.3	—
Equity per share (yen)		959.08	1,053.37	1,122.88	1,092.04	—
Depreciation (millions of yen)		19,242	26,814	29,536	35,621	40,000
Capital investments (millions of yen)		56,695	110,143	136,171	103,856	140,000
Cash flows from operating activities (millions of yen)		56,094	90,482	136,060	(15,738)	—
Cash flows from investing activities (millions of yen)		(53,068)	(107,857)	(172,074)	(123,296)	—
Cash flows from financing activities (millions of yen)		5,888	(9,263)	14,317	135,796	—
Cash and cash equivalents, end of year (millions of yen)		150,460	123,822	102,126	98,888	—

Note: Beginning with the fiscal year ended March 31, 2006, minority interests have been included in equity.

<Reference Material 2> Performance Indicators of Major Companies in the Daiwa House Group
(millions of yen)

Name of company	Fiscal years	Net sales	Operating income	Ordinary income	Net income	Total assets	Equity	Interest-bearing liabilities
Daiwa House Industry Co., Ltd. (non-consolidated)	Fiscal year ended March 31, 2007	1,185,664	60,993	65,636	38,292	1,200,441	593,208	—
	Fiscal year ended March 31, 2008	1,157,660	63,245	49,959	7,446	1,333,538	561,255	165,000
Daiwa Lease Co., Ltd.	Fiscal year ended March 31, 2007	131,082	7,311	6,961	7,977	264,319	103,651	—
	Fiscal year ended March 31, 2008	137,038	7,430	4,403	1,915	268,738	103,412	4,500
Daiwa Rakuda Industry Co., Ltd.	Fiscal year ended March 31, 2007	41,896	1,848	1,954	4,885	42,798	25,965	—
	Fiscal year ended March 31, 2008	43,068	325	405	29	38,941	24,092	—
Daiwa Logistics Co., Ltd.	Fiscal year ended March 31, 2007	34,396	1,303	1,316	744	23,995	14,699	2,960
	Fiscal year ended March 31, 2008	34,918	1,549	1,522	858	25,007	15,272	3,680
Daiwa Service Co., Ltd.	Fiscal year ended March 31, 2007	24,385	1,087	1,141	1,245	11,222	4,758	—
	Fiscal year ended March 31, 2008	24,902	947	705	381	10,483	5,126	—
Daiwa Living Co., Ltd.	Fiscal year ended March 31, 2007	110,020	4,737	4,517	2,632	47,933	13,053	—
	Fiscal year ended March 31, 2008	129,950	4,716	4,512	2,974	53,460	15,228	—
Daiwa Information Service Co., Ltd.	Fiscal year ended March 31, 2007	29,384	2,071	1,984	1,043	52,759	5,610	—
	Fiscal year ended March 31, 2008	33,598	2,199	2,343	1,181	58,753	6,478	—
Daiwa Royal Co., Ltd.	Fiscal year ended March 31, 2007	32,649	2,733	2,762	1,614	55,782	4,918	900
	Fiscal year ended March 31, 2008	36,322	3,332	3,625	1,955	60,817	6,823	1,400
Nihon Jyutaku Ryutu Co., Ltd.	Fiscal year ended March 31, 2007	17,222	828	905	529	9,977	3,149	—
	Fiscal year ended March 31, 2008	17,657	601	520	242	10,525	3,391	—
Royal Home Center Co., Ltd.	Fiscal year ended March 31, 2007	62,241	1,702	1,796	756	45,057	32,887	4,700
	Fiscal year ended March 31, 2008	62,623	1,864	1,732	909	44,956	33,796	2,500
Daiwa Resort Co., Ltd. (Note)	Fiscal year ended March 31, 2007	—	—	—	—	—	—	—
	Fiscal year ended March 31, 2008	53,530	697	(425)	(1,653)	75,525	18,975	—
Daiwa House Industry Co., Ltd. (consolidated)	Fiscal year ended March 31, 2007	1,618,450	85,678	89,356	46,393	1,630,022	661,145	58,573
	Fiscal year ended March 31, 2008	1,709,254	89,120	61,290	13,079	1,791,052	649,440	228,390
	Fiscal year ending March 31, 2009 (estimates)	1,750,000	95,000	93,500	52,000	—	—	—
Consolidated/non-consolidated ratio	Fiscal year ended March 31, 2007	1.37	1.40	1.36	1.21	—	—	—
	Fiscal year ended March 31, 2008	1.48	1.41	1.23	1.76	—	—	—

Note: Only the results of the fiscal year ended March 31, 2008 are indicated as the resort hotel business was transferred from Daiwa House Industry Co., Ltd. to Daiwa Resort Co., Ltd. on March 31, 2007, and no comparison can be made.

<Reference Material 3> Daiwa House (Non-Consolidated) Orders Received, Net Sales and Gross Profit Ratio

1. Orders Received

(Number of units, 100 million yen, %)

		Fiscal year ended March 31, 2007 From April 1, 2006 to March 31, 2007		Fiscal year ended March 31, 2008 From April 1, 2007 to March 31, 2008		YoY		Fiscal year ending March 31, 2009 (estimates) From April 1, 2008 to March 31, 2009		YoY	
		Number of units	Amount	Number of units	Amount	Number of units	Amount	Number of units	Amount	Number of units	Amount
Constructions	Single-family houses, contracting	9,283	2,882	8,571	2,784	(7.7)	(3.4)	8,340	2,760	(2.7)	(0.9)
	Rental houses	29,246	2,741	28,515	2,801	(2.5)	2.2	29,160	2,920	2.3	4.2
	Commercial facilities	—	1,699	—	1,759	—	3.5	—	1,948	—	10.7
	Distributions, office buildings, factories	—	1,276	—	1,445	—	13.2	—	1,352	—	(6.5)
	Sub-total	38,529	8,599	37,086	8,790	(3.7)	2.2	37,500	8,980	1.1	2.2
Real Estate	Subdivisions	1,890	441	1,753	416	(7.2)	(5.7)	1,840	434	5.0	4.2
	Condominiums for sale	4,918	1,057	3,669	824	(25.4)	(22.0)	3,460	810	(5.7)	(1.8)
	Land	—	1,255	—	1,321	—	5.3	—	1,492	—	12.9
	Real estate agency services, etc.	—	125	—	197	—	57.1	—	196	—	(0.8)
	Sub-total	6,808	2,879	5,422	2,760	(20.4)	(4.1)	5,300	2,932	(2.3)	6.2
Resort hotels and golf courses	—	602	—	103	—	(82.9)	—	88	—	(14.8)	
Total	45,337	12,082	42,508	11,654	(6.2)	(3.5)	42,800	12,000	0.7	3.0	

2. Net Sales

(Number of units, 100 million yen, %)

		Fiscal year ended March 31, 2007 From April 1, 2006 to March 31, 2007		Fiscal year ended March 31, 2008 From April 1, 2007 to March 31, 2008		YoY		Fiscal year ending March 31, 2009 (estimates) From April 1, 2008 to March 31, 2009		YoY	
		Number of units	Amount	Number of units	Amount	Number of units	Amount	Number of units	Amount	Number of units	Amount
Constructions	Single-family houses, contracting	9,309	2,860	9,070	2,896	(2.6)	1.2	8,650	2,766	(4.6)	(4.5)
	Rental houses	28,738	2,561	29,021	2,837	1.0	10.8	29,840	2,951	2.8	4.0
	Commercial facilities	—	1,709	—	1,727	—	1.1	—	1,883	—	9.0
	Distributions, office buildings, factories	—	1,247	—	1,153	—	(7.5)	—	1,380	—	19.6
	Sub-total	38,047	8,379	38,091	8,614	0.1	2.8	38,490	8,980	1.0	4.2
Real Estate	Subdivisions	1,955	456	1,685	400	(13.8)	(12.4)	1,760	419	4.5	4.7
	Condominiums for sale	4,981	1,080	4,253	943	(14.6)	(12.7)	3,450	810	(18.9)	(14.1)
	Land	—	1,214	—	1,338	—	10.2	—	1,507	—	12.6
	Real estate agency services, etc.	—	123	—	177	—	43.5	—	196	—	10.5
	Sub-total	6,936	2,874	5,938	2,858	(14.4)	(0.6)	5,210	2,932	(12.3)	2.6
Resort hotels and golf courses	—	602	—	103	—	(82.9)	—	88	—	(14.8)	
Total	44,983	11,856	44,029	11,576	(2.1)	(2.4)	43,700	12,000	(0.7)	3.7	

3. Gross Profit Ratio

(%)

		Fiscal year ended March 31, 2007 From April 1, 2006 to March 31, 2007	Fiscal year ended March 31, 2008 From April 1, 2007 to March 31, 2008	YoY	Fiscal year ending March 31, 2009 (estimates) From April 1, 2008 to March 31, 2009	YoY
Constructions	Single-family houses, contracting	23.1	23.0	(0.1)	23.1	0.1
	Rental houses	24.1	23.7	(0.4)	22.6	(1.1)
	Commercial facilities	20.5	21.4	0.9	20.8	(0.6)
	Distributions, office buildings, factories	19.0	18.8	(0.2)	18.0	(0.8)
	Sub-total	22.3	22.4	0.1	21.7	(0.7)
Real Estate	Subdivisions	20.1	19.0	(1.1)	18.9	(0.1)
	Condominiums for sale	19.1	16.4	(2.7)	12.7	(3.7)
	Land	11.2	11.5	0.3	16.5	5.0
	Real estate agency services, etc.	47.7	56.6	8.9	52.6	(4.0)
	Sub-total	17.2	17.0	(0.2)	18.2	1.2
Resort hotels and golf courses		29.8	25.3	(4.5)	22.7	(2.6)
Total		21.4	21.1	(0.3)	20.8	(0.3)

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

Items	Previous fiscal year (As of March 31, 2007)		Composition ratio (%)	Current fiscal year (As of March 31, 2008)		YoY Increase (Decrease) (millions of yen)
	Amount (millions of yen)			Amount (millions of yen)	Composition ratio (%)	
(Assets)						
I. Current assets						
Cash and cash equivalents		102,369			100,354	
Trade notes and accounts receivable		60,238			63,337	
Marketable securities		—			20	
Construction projects in progress		59,259			72,602	
Land for sale		284,610			308,055	
Buildings for sale		63,375			87,686	
Other inventories		25,083			27,268	
Deferred tax assets		27,684			40,769	
Other		44,987			62,681	
Allowance for doubtful receivables		(1,274)			(897)	
Total current assets		666,334	40.9		761,877	42.5
95,543						
II. Fixed assets						
1. Property, plant and equipment						
Buildings and structures	439,090			460,762		
Accumulated depreciation	(234,728)	204,361		(223,306)	237,455	
Machinery and equipment	86,030			92,877		
Accumulated depreciation	(54,104)	31,926		(56,755)	36,121	
Furniture and fixtures	31,986			33,759		
Accumulated depreciation	(22,911)	9,074		(23,600)	10,158	
Land		344,107			341,407	
Construction in progress		12,790			17,672	
Net property, plant and equipment		602,260			642,816	
2. Intangible fixed assets		17,116			12,410	
3. Investments and other assets						
Investment securities		118,939			98,283	
Long-term loans receivable		6,462			8,652	
Leased deposits		155,098			164,956	
Deferred tax assets		53,356			77,159	
Other assets		18,469			33,678	
Allowance for doubtful accounts		(8,014)			(8,781)	
Total investments and other assets		344,311			373,948	
Total fixed assets		963,688	59.1		1,029,175	57.5
65,486						
Total assets		1,630,022	100		1,791,052	100
161,030						

Items	Previous fiscal Year (As of March 31, 2007)		Current fiscal year (As of March 31, 2008)		YoY
	Amount (millions of yen)	Composition ratio (%)	Amount (millions of yen)	Composition ratio (%)	Increase (Decrease) (millions of yen)
(Liabilities)					
I Current liabilities					
Trade notes and accounts payable	253,255		189,860		
Short-term bank loans	6,933		11,918		
Current portion of long-term debt	1,070		1,595		
Commercial paper	—		20,000		
Other accounts payable	71,219		92,430		
Income taxes payable	15,832		23,163		
Deposits received from customers	62,870		58,628		
Accrued bonuses	20,485		21,167		
Provision for product warranties	6,318		6,572		
Accrued expenses and other current liabilities	51,602		58,988		
Total current liabilities	489,588	30.0	484,323	27.0	(5,264)
II Long-term liabilities					
Long-term debt	50,570		193,376		
Long-term deposits received from the Company's club members	48,817		45,793		
Lease deposits received	188,943		204,287		
Deferred tax liabilities on land revaluation	27,458		27,902		
Liability for employees' retirement benefits	94,293		124,169		
Other long-term liabilities	69,206		61,757		
Total long-term liabilities	479,288	29.4	657,287	36.7	177,999
Total liabilities	968,876	59.4	1,141,611	63.7	172,734
(Equity)					
I Shareholders' equity					
1. Common stock	110,120		110,120		
2. Capital surplus	226,834		226,824		
3. Retained earnings	387,842		381,479		
4. Treasury stock	(7,692)		(19,534)		
Total shareholders' equity	717,104	44.0	698,891	39.0	(18,212)
II Valuation and Translation Adjustments					
1. Net unrealized gain on available-for-sale securities	29,873		13,432		
2. Land revaluation difference	(86,847)		(79,195)		
3. Foreign currency translation adjustments	(821)		(556)		
Total valuation and translation adjustments	(57,795)	(3.5)	(66,320)	(3.7)	(8,524)
III Minority Interests	1,837	0.1	16,869	1.0	15,032
Total equity	661,145	40.6	649,440	36.3	(11,704)
Total liabilities and equity	1,630,022	100	1,791,052	100	161,030

(2) Consolidated Statements of Income

Items	Previous fiscal year (From April 1, 2006 to March 31, 2007)		Current fiscal year (From April 1, 2007 to March 31, 2008)		YoY Increase (Decrease) (millions of yen)	
	Amount (millions of yen)	(%)	Amount (millions of yen)	(%)		
I Net sales		1,618,450	100	1,709,254	100	90,804
II Cost of sales		1,283,587	79.3	1,360,348	79.6	76,760
Gross profit		334,862	20.7	348,905	20.4	14,043
III Selling, general and administrative expenses		249,183	15.4	259,784	15.2	10,601
Operating income		85,678	5.3	89,120	5.2	3,442
IV Other income						
Interest income	1,032			1,261		
Dividends	1,110			1,340		
Equity in earnings of associated companies	289			315		
Amortization of actuarial gain for employees' retirement benefits	3,164			—		
Other income	5,012	10,609	0.6	7,258	10,176	0.6
V Other expenses						
Interest expense	1,750			3,371		
Taxes and dues	506			1,197		
Provision of allowance for doubtful accounts	—			239		
Amortization of actuarial loss for employees' retirement benefits	—			26,410		
Other expenses	4,675	6,931	0.4	6,788	38,006	2.2
Ordinary income		89,356	5.5		61,290	3.6
VI Extraordinary income						
Gain on sales of property, plant and equipment	228			309		
Gain on sales of marketable and investment securities	1,359			898		
Prior service benefit	324	1,911	0.1	499	1,708	0.1
VII Extraordinary expenses						
Loss on sales of property, plant and equipment	792			329		
Loss on disposal of property, plant and equipment	1,666			1,253		
Impairment loss on property, plant and equipment	5,041			1,654		
Loss on valuation of land for sale	162			1,491		
Loss on valuation of buildings for sale	60			140		
Loss on sublease agreements	—			209		
Retirement benefits for directors	60			—		
Provision of retirement benefits for directors	—			378		
Write-down of marketable and investment securities	1,808			7,859		
Loss on sales of marketable and investment securities	7			—		
Write-down of golf club membership	75			53		
Loss on sales of golf club membership	—			2		
Loss on business restructuring	4,526			—		
Expenses in relation to earthquake	617			—		
Salaries and allowance for prior periods	—			226		
Loss on development businesses	—	14,818	0.9	24,536	38,135	2.2
Income before income taxes and minority interests		76,449	4.7		24,862	1.5
Income taxes – current	24,368			37,190		
Income taxes – deferred	5,613	29,982	1.8	(25,121)	12,068	0.7
Minority interests in net income (loss) of subsidiaries		73	0.0		(285)	(0.0)
Net income		46,393	2.9		13,079	0.8
						(33,314)

(3) Consolidated Statements of Changes in Equity
Previous Consolidated Fiscal Year (From April 1, 2006 to March 31, 2007)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance, March 31, 2006 (millions of yen)	110,120	148,019	355,494	(3,571)	610,063
Changes during the year					
Increase (decrease) due to share exchange	—	80,706	—	(3,557)	77,149
Decrease in relation to intercompany transaction of treasury stock	—	(1,894)	—	—	(1,894)
Cash dividends (Note)	—	—	(10,868)	—	(10,868)
Bonuses to directors and corporate auditors (Note)	—	—	(406)	—	(406)
Net income	—	—	46,393	—	46,393
Decrease in land revaluation difference	—	—	(2,798)	—	(2,798)
Increase due to exclusion from equity method accounting of former associated companies	—	—	26	—	26
Acquisition of treasury stock	—	—	—	(607)	(607)
Disposal of treasury stock	—	3	—	43	46
Net changes during the year of items other than equity	—	—	—	—	—
Total change during the year (millions of yen)	—	78,814	32,347	(4,121)	107,040
Balance, March 31, 2007 (millions of yen)	110,120	226,834	387,842	(7,692)	717,104

	Valuation and translation adjustments				Minority interests	Total equity
	Net unrealized gain (loss) on available-for-sale securities	Land revaluation difference	Foreign currency translation adjustments	Total valuation and translation		
Balance, March 31, 2006 (millions of yen)	30,746	(63,392)	(882)	(33,528)	74,656	651,191
Changes during the year						
Increase (decrease) due to share exchange	—	—	—	—	(72,470)	4,678
Decrease in relation to intercompany transaction of treasury stock	—	—	—	—	—	(1,894)
Cash dividends (Note)	—	—	—	—	—	(10,868)
Bonuses to directors and corporate auditors (Note)	—	—	—	—	—	(406)
Net income	—	—	—	—	—	46,393
Decrease in land revaluation difference	—	—	—	—	—	(2,798)
Increase due to exclusion from equity method accounting of former associated companies	—	—	—	—	—	26
Acquisition of treasury stock	—	—	—	—	—	(607)
Disposal of treasury stock	—	—	—	—	—	46
Net changes during the year of items other than equity	(873)	(23,455)	61	(24,267)	(348)	(24,615)
Total change during the year (millions of yen)	(873)	(23,455)	61	(24,267)	(72,819)	9,954
Balance, March 31, 2007 (millions of yen)	29,873	(86,847)	(821)	(57,795)	1,837	661,145

Note: Profit distribution item at the ordinary general meeting of shareholders held on June 29, 2006.

Current Consolidated Fiscal Year (From April 1, 2007 to March 31, 2008)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance, March 31, 2007 (millions of yen)	110,120	226,834	387,842	(7,692)	717,104
Changes during the year					
Cash dividends	—	—	(11,743)	—	(11,743)
Net income	—	—	13,079	—	13,079
Decrease in land revaluation difference	—	—	(7,693)	—	(7,693)
Acquisition of treasury stock	—	—	—	(11,909)	(11,909)
Disposal of treasury stock	—	(9)	(5)	68	53
Net change during the year of items other than equity	—	—	—	—	—
Total change during the year (millions of yen)	—	(9)	(6,362)	(11,841)	(18,212)
Balance, March 31, 2008 (millions of yen)	110,120	226,824	381,479	(19,534)	698,891

	Valuation and translation adjustments				Minority interests	Total equity
	Net unrealized gain (loss) on available-for-sale securities	Land revaluation difference	Foreign currency translation adjustments	Total valuation and translation		
Balance, March 31, 2007 (millions of yen)	29,873	(86,847)	(821)	(57,795)	1,837	661,145
Changes during the year						
Cash dividends	—	—	—	—	—	(11,743)
Net income	—	—	—	—	—	13,079
Decrease in land revaluation difference	—	—	—	—	—	(7,693)
Acquisition of treasury stock	—	—	—	—	—	(11,909)
Disposal of treasury stock	—	—	—	—	—	53
Net change during the year of items other than equity	(16,441)	7,651	264	(8,524)	15,032	6,508
Total change during the year (millions of yen)	(16,441)	7,651	264	(8,524)	15,032	(11,704)
Balance, March 31, 2008 (millions of yen)	13,432	(79,195)	(556)	(66,320)	16,869	649,440

(4) Consolidated Statements of Cash Flows

		Previous fiscal year (From April 1, 2006 to March 31, 2007)	Current fiscal year (From April 1, 2007 to March 31, 2008)	YoY
Items	Notes	Amount (millions of yen)	Amount (millions of yen)	Increase (Decrease) (millions of yen)
I Operating activities				
Income before income taxes and minority interests		76,449	24,862	
Depreciation		29,536	35,621	
Provision for employees' retirement benefits, net of payments		4,058	30,107	
Interest and dividends income		(2,142)	(2,602)	
Interest expense		1,750	3,371	
Equity in earnings of associated companies		(289)	(315)	
Loss on sales and disposal of property, plant and equipment		2,459	1,582	
Impairment loss on property, plant and equipment		5,041	1,654	
Write-down of marketable and investment securities		1,808	7,859	
Write-down of golf club membership		75	53	
Loss on development businesses		—	24,536	
Decrease (increase) in receivables		289	(2,151)	
Increase in inventories		(63,528)	(87,401)	
Decrease in advances received on uncompleted construction contracts		(2,553)	(4,242)	
Increase (decrease) in payables – trade		69,767	(48,548)	
Other – net		38,947	30,492	
Total		161,669	14,881	(146,787)
Interest and dividends received		1,658	1,952	
Interest expense paid		(508)	(2,278)	
Income tax paid		(26,758)	(30,293)	
Net cash provided by (used in) operating activities		136,060	(15,738)	(151,799)
II. Investing activities				
Purchases of property, plant and equipment		(150,652)	(93,037)	
Proceeds from sales of property, plant and equipment		1,477	1,522	
Purchases of marketable and investment securities		(20,369)	(18,218)	
Proceeds from sales of marketable and investment securities		4,161	2,894	
Purchases of investments in subsidiaries		(330)	(389)	
Increase from sales of shares of the former consolidated subsidiaries		156	—	
Proceeds from purchases of shares of the newly consolidated subsidiaries		—	11,817	
Payments for purchases of shares of the newly consolidated subsidiaries		(15)	(1,760)	
Increase in lease deposits		(3,760)	(8,230)	
Net increase in other assets		(2,742)	(17,895)	
Net cash used in investing activities		(172,074)	(123,296)	48,777
III Financing activities				
Increase in short-term bank loans		494	985	
Increase in commercial paper		—	20,000	
Proceeds from long-term debt		34,015	153,690	
Repayments of long-term debt		(6,927)	(13,119)	
Proceeds from issue of new stock to minority shareholders		1,200	—	
Net of purchases and proceeds from sales of treasury stock		(560)	(11,856)	
Dividends paid to shareholders		(10,868)	(11,743)	
Dividends paid to minority shareholders of subsidiaries		(739)	—	
Proceeds from receivables sold to trust		5,009	5,000	
Remittance to trust of receivables collected		(7,305)	(7,161)	
Net cash provided by financing activities		14,317	135,796	121,479
IV Translation adjustment related to cash and cash equivalents		—	—	—
V Net decrease in cash and cash equivalents		(21,695)	(3,238)	18,457
VI Cash and cash equivalents, beginning of year		123,822	102,126	(21,695)
VII Cash and cash equivalents, end of year	*1	102,126	98,888	(3,238)

(Segment Information)

a. Information by business segment

Previous consolidated fiscal year (From April 1, 2006 to March 31, 2007)

	Residential Business (millions of yen)	Commercial Construction Business (millions of yen)	Resort Hotels and Sports Life Business (millions of yen)	Home Center Business (millions of yen)	Other Businesses (millions of yen)	Total (millions of yen)	Eliminations/ Corporate (millions of yen)	Consolidated (millions of yen)
I Sales and operating income								
Sales								
(1) Sales to customers	961,490	466,266	67,762	60,635	62,295	1,618,450	—	1,618,450
(2) Inter-segment sales or transfers	4,407	11,425	—	1,605	62,351	79,790	(79,790)	—
Total sales	965,898	477,692	67,762	62,241	124,646	1,698,240	(79,790)	1,618,450
Operating expenses	912,731	430,759	66,748	60,469	120,273	1,590,982	(58,210)	1,532,771
Operating income	53,166	46,933	1,013	1,771	4,373	107,258	(21,579)	85,678
II Assets, depreciation and capital investments								
Assets	567,649	545,407	104,160	44,828	163,097	1,425,143	204,878	1,630,022
Depreciation	5,515	8,971	1,915	736	11,096	28,236	1,299	29,536
Capital investments	12,599	98,812	2,677	3,119	19,907	137,116	(945)	136,171

- Notes:
- Method of industry segmentation
The Company has defined industry segments based on the currently adopted sales classifications: Residential Business, Commercial Construction Business, Resort Hotels and Sports Life Business, Home Center Business and Other Businesses.
 - Major business components of each industry segment
 - Residential Business
Construction, subdivision and rental of single-family houses, rental houses (including dormitories, corporate housing and apartments) and condominiums;
Subdivision of real estate for residential use;
Real estate agency services;
Rental and management of residential complexes;
Care of condominiums
 - Commercial Construction Business
Construction, rental and management of commercial buildings such as distribution facilities, shops, offices and factories;
Sales and rental of real estate for commercial use
 - Resort Hotels and Sports Life Business
Operation of resort hotels, golf courses and sports facilities
 - Home Center Business
Operation of home center business
 - Other Businesses
Construction and sales of construction materials;
Logistics business;
Operation of city-type hotels;
Other
 - Under operating expenses, the amount of unallocated expenses included in eliminations/corporate totaled 20,995 million yen, consisting principally of expenses for corporate image advertisements and general corporate expenses incurred by the Administration Headquarters of the Company.
 - Under assets, the amount of corporate assets included in elimination/corporate totaled 244,980 million yen, consisting primarily of surplus funds (cash and cash equivalents), long-term invested funds (investment securities) and assets associated with the Administration Department.

Current consolidated fiscal year (From April 1, 2007 to March 31, 2008)

	Residential Business (millions of yen)	Commercial Construction Business (millions of yen)	Resort Hotels and Sports Life Business (millions of yen)	Home Center Business (millions of yen)	Other Businesses (millions of yen)	Total (millions of yen)	Eliminations/Corporate (millions of yen)	Consolidated (millions of yen)
I Sales and operating income								
Sales								
(1) Sales to customers	1,001,156	503,718	63,675	60,878	79,825	1,709,254	—	1,709,254
(2) Inter-segment sales or transfers	3,209	9,016	26	1,745	63,521	77,517	(77,517)	—
Total sales	1,004,365	512,734	63,701	62,623	143,346	1,786,771	(77,517)	1,709,254
Operating expenses	950,627	462,226	63,661	60,815	138,786	1,676,117	(55,983)	1,620,133
Operating income	53,738	50,507	40	1,807	4,560	110,654	(21,533)	89,120
II Assets, depreciation and capital investments								
Assets	656,479	616,756	101,561	45,319	192,464	1,612,581	178,470	1,791,052
Depreciation	6,956	10,923	2,579	875	13,085	34,421	1,200	35,621
Capital investments	10,484	71,060	2,794	733	18,719	103,793	63	103,856

- Notes:
- Method of industry segmentation
The Company has defined industry segments based on the currently adopted sales classifications: Residential Business, Commercial Construction Business, Resort Hotels and Sports Life Business, Home Center Business and Other Businesses.
 - Major business components of each industry segment
 - Residential Business
Construction, subdivision and rental of single-family houses, rental houses (including dormitories, corporate housing and apartments) and condominiums;
Subdivision of real estate for residential use;
Real estate agency services;
Rental and management of residential complexes;
Care of condominiums
 - Commercial Construction Business
Construction, rental and management of commercial buildings such as distribution facilities, shops, offices and factories;
Sales and rental of real estate for commercial use
 - Resort Hotels and Sports Life Business
Operation of resort hotels, golf courses and sports facilities
 - Home Center Business
Operation of home center business
 - Other Businesses
Construction and sales of construction materials;
Logistics business;
Operation of city-type hotels;
Other
 - Under operating expenses, the amount of unallocated expenses included in eliminations/corporate totaled 22,998 million yen, consisting principally of expenses for corporate image advertisements and general corporate expenses incurred by the Administration Headquarters of the Company.
 - Under assets, the amount of corporate assets included in elimination/corporate totaled 227,513 million yen, consisting primarily of surplus funds (cash and cash equivalents), long-term invested funds (investment securities) and assets associated with the Administration Department.

b. Segment information by geographic region

Previous consolidated fiscal year (From April 1, 2006 to March 31, 2007)

Description has been omitted as the ratio of Japan to the total segment sales and to the total segment assets exceeded 90% respectively.

Consolidated fiscal year under review (From April 1, 2007 to March 31, 2008)

Description has been omitted as the ratio of Japan to the total segment sales and to the total segment assets exceeded 90% respectively.

c. Overseas sales

Previous consolidated fiscal year (From April 1, 2006 to March 31, 2007)

Description has been omitted as the ratio of overseas sales to the consolidated net sales was below 10%.

Consolidated fiscal year under review (From April 1, 2007 to March 31, 2008)

Description has been omitted as the ratio of overseas sales to the consolidated net sales was below 10%.

(Orders Received and Sales)

Orders received

	Previous consolidated fiscal year (From April 1, 2006 to March 31, 2007)		Current consolidated fiscal year (From April 1, 2007 to March 31, 2008)		YoY	
	Amount (millions of yen)	Composition ratio (%)	Amount (millions of yen)	Composition ratio (%)	Amount (millions of yen)	Ratio of increase (decrease) (%)
Residential Business	983,930	59.3	974,375	57.4	(9,555)	(1.0)
Commercial Construction Business	482,474	29.1	519,833	30.6	37,358	7.7
Resort Hotels and Sports Life Business	67,762	4.1	63,675	3.7	(4,086)	(6.0)
Home Center Business	60,635	3.7	60,878	3.6	242	0.4
Other Businesses	62,295	3.8	79,825	4.7	17,530	28.1
Total orders received	1,657,098	100	1,698,588	100	41,489	2.5

Sales

	Previous consolidated fiscal year (From April 1, 2006 to March 31, 2007)		Current consolidated fiscal year (From April 1, 2007 to March 31, 2008)		YoY	
	Amount (millions of yen)	Composition ratio (%)	Amount (millions of yen)	Composition ratio (%)	Amount (millions of yen)	Ratio of increase (decrease) (%)
Residential Business	961,490	59.4	1,001,156	58.6	39,666	4.1
Commercial Construction Business	466,266	28.8	503,718	29.5	37,451	8.0
Resort Hotels and Sports Life Business	67,762	4.2	63,675	3.7	(4,086)	(6.0)
Home Center Business	60,635	3.7	60,878	3.5	242	0.4
Other Businesses	62,295	3.9	79,825	4.7	17,530	28.1
Total sales	1,618,450	100	1,709,254	100	90,804	5.6

Orders outstanding

	End of previous consolidated fiscal year As of March 31, 2007		End of current consolidated fiscal year As of March 31, 2008		YoY	
	Amount (millions of yen)	Composition ratio (%)	Amount (millions of yen)	Composition ratio (%)	Amount (millions of yen)	Ratio of increase (decrease) (%)
Residential Business	358,386	73.6	331,605	69.6	(26,780)	(7.5)
Commercial Construction Business	128,864	26.4	144,979	30.4	16,114	12.5
Resort Hotels and Sports Life Business	—	—	—	—	—	—
Home Center Business	—	—	—	—	—	—
Other Businesses	—	—	—	—	—	—
Total orders outstanding	487,250	100	476,584	100	(10,666)	(2.2)

Note: Figures of orders received, sales and orders outstanding represent those pertaining to customers.