Summary of Financial Results
for the Third Quarter of the Fiscal Year Ending March 31, 2009
(From April 1, 2008 to December 31, 2008)

February 10, 2009

Name of Listed Company: Daiwa House Industry Co., Ltd.
Code No.: 1925
URL: http://www.daiwahouse.co.jp/
Listed Exchanges: First section of the Tokyo Stock Exchange; First section of the Osaka Securities Exchange
Representative: Kenji Murakami, President and COO
Contact: Koichi Tsuchida, General Manager, IR Department, Management Administration Headquarters
Phone No.: 06-6342-1400
Scheduled Date of Filing Quarterly Report: February 13, 2009

(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 Third Quarter of the Fiscal Year Ending March 31, 2009 (From April 1, 2008 to December 31, 2008)

(1) Consolidated Results of Operation (cumulative)

(% figures represent year-on-year change)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
3rd quarter ended December 31, 2008	1,224,599	—	52,571	—	51,587	—	25,459	—
3rd quarter ended December 31, 2007	1,214,951	7.5	57,984	17.8	58,452	14.4	33,314	26.8

	Basic net income per share	Diluted net income per share
	Yen	Yen
3rd quarter ended December 31, 2008	43.95	—
3rd quarter ended December 31, 2007	57.12	—

(2) Consolidated Financial Conditions

	Total assets	Equity	Equity ratio	Equity per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2008	1,913,862	637,403	33.1	1,094.98
As of March 31, 2008	1,791,052	649,440	35.3	1,092.04

Reference: Equity ratio = (Equity – Minority interests)/Total assets
(Equity – Minority interests) is as follows: December 31, 2008: 634,201 million yen; March 31, 2008: 632,571 million yen

2. Dividends

	Dividend per share				
(Record date)	End of 1st quarter (June 30)	End of 2nd quarter (Sept. 30)	End of 3rd quarter (Dec. 31)	Fiscal year-end (March 31)	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2008	—	0.00	—	24.00	24.00
Fiscal year ending March 31, 2009	—	0.00	—	——	——
Fiscal year ending March 31, 2009 (forecasts)	——	——	——	24.00	24.00

Note: Revision of the dividend forecasts in the third quarter of the fiscal year ending March 31, 2009: None

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

(% figures represent year-on-year change)

	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
Fiscal year ending March 31, 2009	1,665,000	(2.6)	70,000	(21.5)	35,000	(42.9)	5,500	(57.9)	9.50

Note: Revision of the business forecasts in the third quarter of the fiscal year ending March 31, 2009: Yes

4. Others

(1) Changes in significant subsidiaries during the current accounting period
(changes in specified subsidiaries associated with changes in the scope of consolidation): None

(2) Application of simplified accounting methods and/or accounting methods unique to the preparation of the quarterly consolidated financial statements: None

(3) Changes in accounting policies, procedures and methods of presentation for the preparation of quarterly consolidated financial statements (items recorded in changes to the basic significant matters regarding preparation of quarterly consolidated financial statements)

1) Changes due to amendment of accounting standards: Yes

2) Changes due to reasons other than 1): Yes

Note: For details, please refer to "4. Others" of "[Qualitative Information and Financial Statements]" on page 5.

(4) Number of issued shares (common stock)

1) Number of issued shares at the end of the period (including treasury stock)

As of December 31, 2008:	599,921,851 shares
As of March 31, 2008:	599,921,851 shares

2) Number of treasury stock at the end of the period

As of December 31, 2008:	20,733,783 shares
As of March 31, 2008:	20,665,458 shares

3) Average number of shares during the period (cumulative quarterly consolidated accounting period)

Third quarter ended December 31, 2008:	579,227,399 shares
Third quarter ended December 31, 2007:	583,203,358 shares

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

1. The aforementioned forecasts represent changes from those announced on November 4, 2008. For details, please refer to the "Notice of the Revision of Business Forecasts" on this date (February 10, 2009).
2. The above 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. Please refer to the section of "3. Qualitative Information Regarding Consolidated Business Forecasts" of "[Qualitative Information and Financial Statements]" on page 5 for details.
3. Commencing fiscal year 2008, the "Accounting Standard for Quarterly Financial Reporting" (ASBJ Statement No. 12) and "Guidance on Accounting Standard for Quarterly Financial Reporting" (ASBJ Guidance No. 14) are applied. Quarterly consolidated financial statements are prepared according to the "Regulations Concerning Quarterly Consolidated Financial Statements."

Qualitative Information and Financial Statements

1. Qualitative Information Regarding Consolidated Business Results

The Japanese economy in the third quarter of the consolidated accounting period (first nine months) for fiscal year 2008, ending March 31, 2009, was in an extremely difficult predicament with drastic changes in the environment brought upon by the global financial and economic crisis which led to lower corporate production, restricted capital investments and deteriorating hiring conditions, among others.

In the housing industry, the number of new housing starts remained at a low levels, casting a dark shadow over the business environment as customers' lack of motivation to purchase and other factors brought upon by uncertainty about the future, worsening hiring and income conditions came along with the economic slowdown.

Amid such a business environment, the Daiwa House Group promoted to improve business performances in each of its businesses based on the main themes of "improve profit structure" and "nurture new future earnings drivers," in accordance with the basic strategies outlined in "Daiwa House Group 2nd Medium-Term Management Plan — Challenge 2010," which started from this fiscal year.

Specifically, in the Single-Family House Division, the Group moved forward its efforts to strengthen the mainstay "xevo" series product line up. For our idea proposal service, we have not only advanced our "Happy Hug Model" home planning project developed in collaboration with Benesse Corporation for families raising small children, but also proactively participated in "Ultra-Long-Term Housing" model projects, which contribute to the diffusion and promotion of housing built to last by introducing advanced materials, technology and systems in housing.

With respect to "strengthen the comprehensive real estate business," one of the basic strategies of the Plan, we endeavored to advance the development of high-rise rental housing, commercial facilities and logistics facilities, among others. In the area of large-scale commercial complexes, we inaugurated large-scale shopping centers in October and November in Tsukuba (Ibaraki), Sapporo (Hokkaido) and Otsu (Shiga) and worked towards securing a revenue source that leverages the comprehensive capabilities of the Group.

In addition, from the perspective of corporate social awareness, the Group has been effectuating efforts in various social contribution activities, such as the endorsement of "Cambodian Water Well Project" to eliminate water shortages in that country, as well as organizing fund raising activities to build schools there to benefit children who would otherwise be unable to attend school.

As a result of these factors, net sales for the third quarter of the consolidated cumulative accounting period was 1,224,599 million yen. With respect to earnings, the decrease in the sales ratio caused by the worsening real estate markets resulted in ordinary income of 51,587 million yen and net income of 25,459 million yen.

Results by business segment are as follows.

<Residential Business>
In the Single-Family House Division, we made efforts to expand our lineup and strengthen our idea proposal service. Regarding the new housing products, "xevo C" was introduced under the concept "every member of the family is an architect." Efforts to strengthen our idea proposal service included using a system that provides a visualization of household expenditures such as energy consumption, etc. as well as techniques that allow customers to freely change the layout of their prospective home envisioning their changing lifestyle as they get older. These had the effect of diffusing and promoting "Ultra-Long-Term Housing," which can serve as properties that will be lived over generations. Thanks to the construction of model homes with land for sale in residential areas and our nationwide campaigns, people were able to see first hand the mechanism that realizes ultra-long-term housing and we proposed ideal living conditions with homes that create a more comfortable lifestyle. Our efforts with respect to ultra-long-term housing were adopted by the Ministry of Land, Infrastructure, Transport and Tourism of Japan entitled "2008 Pioneering Model Projects For Ultra-Long-Term Housing (Part 1)."

In the Rental Housing Division, the Group strengthened its activities in city centers and expanded the sale of three-storey rental housing in convenient locations for a comfortable life. Meanwhile, we pursued large-scale developments in major cities and expanded our business in step with the diversification of lifestyles.

In the Condominium Division, faced with an increasingly difficult market, we endeavored to strengthen our sales while also ensuring “safety and security” after sales and promoting a framework enabling the maintenance of “asset value.”

In the Home Renovations Division, the Group focused on providing services that would enhance comfort, such as improving and strengthening our marketing system, and proactively proposing renovations that respond to maintaining and increasing building value and the environment.

As a result, sales in this business segment amounted to 703,185 million yen, and an operating income amounted to 24,305 million yen.

<Commercial Construction Business>
In the Commercial Facilities Division, the Group promoted planning and proposal-driven sales centered on road-side shops development leveraging its abundant land information and new store opening support know-how for tenant businesses. We also focused on developing large-scale commercial complexes for which a management and support system was put in place.

The Group’s Distribution, Medical/Nursing Care and Corporate Facilities Division undertook constructions of large-scale logistics centers, production sites and foodstuff logistics facilities and developed our “solutions for distribution and real estate management,” a system for undertaking the entire process from design and construction to quality control management and maintenance tasks for the facilities of logistics companies. In the field of medical and nursing care facilities, we proactively made proposals mainly to healthcare corporations concerning housing for the elderly such as private housing-type nursing homes and rental housing for the aged, among others. In the field of corporate facilities, we provided support for the development of sales hubs by constructing showrooms, offices and other structures for corporate customers operating nationwide.

As a result, sales in this business segment amounted to 378,025 million yen, and an operating income amounted to 43,749 million yen.

<Resort Hotels and Sports Life Business>

In the Resort Hotels Division, although some hotels were affected by the Iwate-Miyagi Nairiku Earthquake of June 2008, the Noto Royal Hotel, which suffered immense damage due to the impact of the Noto Peninsula Earthquake of March 2007, was reopened and a large number of customers, mostly families, stayed there during the summer season. Although number of customers have decreased due to the sudden economic downturn since the latter half of September, we have managed hotels always with “safety, security and service” as our highest priority.

In the Sports Life Division, we rebuilt the existing NAS Sunmarche (Aichi) and opened new branches including the NAS Niigata (Niigata), NAS Wellness & Spa CLUB Shibaura Island (Tokyo), NAS Higashi Sapporo (Hokkaido) and NAS Otsu Ichiriyama (Shiga). We were also involved in efforts to increase our number of customers by holding events for local area residents that would spur exchanges as well as in sales promotions under the theme of creating a community among residents of urban high-rise housing. Branches of Otsu Ichiriyama and Higashi Sapporo were also opened in new shopping malls and we worked alongside the administrators of those malls to build a new type of business operation from the viewpoint of new ideas for marketing. Although we succeeded in increasing revenue and profits at existing branches, cost incurred for the opening of new branches increased resulting in a decrease in profits overall.

As a result, sales in this business segment amounted to 47,580 million yen, but recorded an operating loss of 240 million yen.

<Home Center Business>
In the Home Center Business Segment, while putting in place a marketing system for the five stores whose business was transferred to the Group in the previous consolidated fiscal year, we refurbished the Royal Pro

Ikawadani (Hyogo), Royal Home Center Kishiwada (Osaka), Royal Home Center Kawachinagano (Osaka), Royal Home Center Kakogawa (Hyogo) and Royal Home Center Moriyama (Shiga), Royal Home Center Chikkou (Okayama), among other tasks, to revitalize existing stores and reinforce our business base.

As a result, sales in this business segment amounted to 49,746 million yen and operating income amounted to 1,136 million yen.

<Other Businesses>
In the Housing Construction Material Manufacturing and Marketing Division, we enhanced the lineup of building materials and interior products offered to housing manufacturers and regional house builders, and made efforts to strengthen sales by launching building materials and products specifically to rental houses. Meanwhile, we promoted sales expansion through planning and proposals for interior work and made-to-order furniture on large-scale commercial complexes and hotels, etc.

In the Logistics Division, in addition to the construction of a logistics center for new customers, the Osaka Port Logistics Center II (Osaka), effectuated in an effort to expand our "Asset-Type Third Party Logistics" business, we also built dedicated logistics centers for existing customers at the No. 2 Chubu Logistics Center (Aichi) and No. 3 Ota Logistics Center (Gunma). Construction of the Machida Logistics Center (Tokyo), which will serve new customers, is now in progress. In addition, we have established two satellite centers for joint housing construction material transportation, which are aimed at the further expansion of business, in Ebina (Kanagawa) for the Kanto area and in Tonami (Toyama) for the Hokuriku area.

In the City Hotel Division, the opening of the Daiwa Roynet Hotel Nagoya-Ekimae (Aichi), Daiwa Roynet Hotel Shin-Yokohama (Kanagawa), Daiwa Roynet Hotel Oita (Oita) and Daiwa Roynet Hotel Kawasaki (Kanagawa) brought our Daiwa Roynet Hotel locations to 14. Combined with the Osaka Daiichi Hotel (Osaka) and Royton Sapporo (Hokkaido), we now operate a total of 16 hotels nationwide.

As a result, sales in this business segment amounted to 107,175 million yen and operating income amounted to 1,747 million yen.

2. Qualitative Information Regarding Consolidated Financial Conditions

At the end of the third quarter consolidated accounting period for fiscal year 2008, ending March 31, 2009, total assets stood at 1,913,862 million yen, an increase of 122,810 million yen compared with 1,791,052 million yen at the end of fiscal year 2007. The main contributing factors were the increase in fixed assets due to the acquisition of property, plant and equipment such as high-rise rental housing and commercial facilities, and the investments in the real estate business and other business.

Total liabilities at the end of the third quarter consolidated accounting period stood at 1,276,459 million yen, an increase of 134,847 million yen compared with the 1,141,611 million yen at the end of fiscal year 2007. The main contributing factors were the increase in deposits received from customers and the procurement of funds through long-term debt to secure stable funding faced by a worsening market environment.

Concerning total equity, although net income for the third quarter was 25,459 million yen, because of the payment of shareholder dividends for fiscal year 2007 and a decrease in net unrealized gain on available-for-sale securities in the sluggish market, total equity was 637,403 million yen, a decrease of 12,037 million yen compared with the end of fiscal year 2007.

3. Qualitative Information Regarding Consolidated Business Forecasts

In light of the transition of past business results, market trends and other aspects, full-year consolidated business results forecasts announced on November 4, 2008 have been revised. Please refer to the "Notice of Revision of Business Forecasts" announced on this date (February 10, 2009) for items pertaining to the revised forecasts.

4. Others

(1) Changes in significant subsidiaries during the current accounting period (changes in specified subsidiaries

resulting in changes in the scope of consolidation): No items to report.

(2) Application of simplified accounting methods and/or accounting methods unique to the preparation of quarterly consolidated financial statements: No items to report.

(3) Changes in accounting policies, procedures and methods of presentation for the preparation of quarterly consolidated financial statements

・Changes in accounting standards

1. Application of "Accounting Standard for Quarterly Financial Reporting"
Commencing fiscal year 2008, "Accounting Standard for Quarterly Financial Reporting" (ASBJ Statement No. 12) and "Guidance on Accounting Standard for Quarterly Financial Reporting" (ASBJ Guidance No. 14) are applied. Quarterly consolidated financial statements are prepared according to the "Regulations Concerning Quarterly Consolidated Financial Statements."

2. Changes to the valuation standard and valuation method for inventories
Before this change, a cost method based on identified cost method was used, but beginning the first quarter consolidated accounting period, a cost method based on identified cost method based on the "Accounting Standard for Measurement of Inventories" (ASBJ Statement No. 9) (a write-down method based on falling profitability as measured by the balance sheet) has been used for the calculation of inventories. As a result of this change, operating income, ordinary income and income before income taxes and minority interests each decreased by 4,160 million yen.

3. Application of "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements"
Beginning the first quarter consolidated accounting period, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (ASBJ PITF No. 18) is applied, and necessary amendments have been made to the consolidated settlement of accounts. The impact of these changes on profit or loss is insignificant.

4. Application of "Accounting Standard for Lease Transactions"
Before this change, the accounting method that was applied to finance and lease transactions that did not involve the transfer of ownership was different depending on the method for lease transaction. However, because of the "Accounting Standard for Lease Transactions" (ASBJ Statement No.13) and the "Guidance on Accounting Standard for Lease Transactions" (ASBJ Guidance No.16) are applied ahead of schedule, beginning the first quarter consolidated accounting period, the accounting method has been the same as that for regular sales transactions. Finance and lease transactions, not involving the transfer of ownership, with the starting date of the lease transaction predating the fiscal year in which the accounting standard for lease transactions is first applied, are accounted for in the same method as that for normal operating lease transactions. The impact of these changes on profit or loss is insignificant.

5. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	End of the current 3rd quarter (as of December 31, 2008)	The previous fiscal year-end (as of March 31, 2008)
Assets		
Current assets		
Cash and cash equivalents	139,479	100,354
Trade notes and accounts receivable	49,942	63,337
Marketable securities	20	20
Construction projects in progress	77,034	72,602
Merchandise and finished goods	12,593	12,444
Work in process	16,157	10,497
Raw materials and supplies	5,433	4,325
Real estate for sale	310,724	325,891
Real estate for sale in process	40,837	66,009
Land for development	3,842	3,841
Other	118,898	103,450
Allowance for doubtful receivables	(1,329)	(897)
Total current assets	773,633	761,877
Fixed assets		
Property, plant and equipment		
Buildings and structures	546,913	460,762
Accumulated depreciation	(234,104)	(223,306)
Buildings and structures, net	312,808	237,455
Land	360,227	341,407
Other	146,651	144,309
Accumulated depreciation	(82,883)	(80,356)
Other, net	63,768	63,952
Net property, plant and equipment	736,804	642,816
Intangible fixed assets	12,595	12,410
Investments and other assets		
Investment securities	96,400	98,283
Lease deposits	169,857	164,956
Other	133,792	119,490
Allowance for doubtful accounts	(9,219)	(8,781)
Total investments and other assets	390,829	373,948
Total fixed assets	1,140,229	1,029,175
Total assets	1,913,862	1,791,052

(Millions of yen)

	End of the current 3rd quarter (as of December 31, 2008)	The previous fiscal year-end (as of March 31, 2008)
Liabilities		
Current liabilities		
Trade notes and accounts payable	153,577	189,860
Short-term bank loans	25,376	11,918
Current portion of long-term debt	2,660	1,595
Commercial paper	68,000	20,000
Income taxes payable	2,780	23,163
Deposits received from customers	75,929	58,628
Accrued bonuses	10,781	21,167
Provision for product warranties	7,059	6,572
Other	137,230	151,418
Total current liabilities	483,394	484,323
Long-term liabilities		
Long-term debt	314,739	193,376
Lease deposits received	217,186	204,287
Provision for retirement benefits	128,028	124,169
Other	133,110	135,453
Total long-term liabilities	793,064	657,287
Total liabilities	1,276,459	1,141,611
Equity		
Shareholders' equity		
Common stock	110,120	110,120
Capital surplus	226,824	226,824
Retained earnings	391,530	381,479
Treasury stock	(19,549)	(19,534)
Total shareholders' equity	708,925	698,891
Valuation and translation adjustments		
Net unrealized gain on available-for-sale securities	4,627	13,432
Land revaluation difference	(77,857)	(79,195)
Foreign currency translation adjustments	(1,494)	(556)
Total valuation and translation adjustments	(74,724)	(66,320)
Minority interests	3,201	16,869
Total equity	637,403	649,440
Total liabilities and equity	1,913,862	1,791,052

(2) Quarterly Consolidated Statement of Income

Consolidated cumulative 3rd quarter

(Millions of yen)

	Current consolidated cumulative 3rd quarter (from April 1, 2008 to December 31, 2008)
Net sales	1,224,599
Cost of sales	975,484
Gross profit	249,114
Selling, general and administrative expenses	196,543
Operating income	52,571
Other income	
Interest income	1,087
Dividends	1,283
Equity in earnings of associated companies	261
Gain on settlement of derivatives	806
Gain on valuation of derivatives	2,510
Miscellaneous income	4,143
Total other income	10,093
Other expenses	
Interest expense	3,702
Provision of allowance for doubtful accounts	137
Loss on settlement of derivatives	431
Loss on valuation of derivatives	2,933
Miscellaneous expenses	3,872
Total other expenses	11,077
Ordinary income	51,587
Extraordinary income	
Gain on sales of property, plant and equipment	552
Other	2
Total extraordinary income	554
Extraordinary losses	
Loss on sales of property, plant and equipment	261
Loss on disposal of property, plant and equipment	1,141
Impairment loss	63
Write-down of marketable and investment securities	6,817
Provision of allowance for doubtful accounts	316
Other	356
Total extraordinary losses	8,956
Income before income taxes and minority interests	43,185
Income taxes – current	16,748
Income taxes – deferred	1,376
Total income taxes	18,125
Minority interests in net loss of subsidiaries	(399)
Net income	25,459

(3) Quarterly Consolidated Statement of Cash Flows

(Millions of yen)

	Current consolidated cumulative 3rd quarter (from April 1, 2008 to December 31, 2008)
Operating activities	
Income before income taxes and minority interests	43,185
Depreciation	28,644
Increase (decrease) in provision for employees' retirement benefits	3,858
Interest and dividends income	(2,371)
Interest expense	3,702
Equity in (earnings) losses of associated companies	(261)
Loss (gain) on sales and disposal of property, plant and equipment	850
Impairment loss	63
Loss (gain) on valuation of marketable and investment securities	6,817
Decrease (increase) in receivables	13,077
Decrease (increase) in inventories	12,530
Increase (decrease) in advances received on uncompleted construction contracts	17,286
Increase (decrease) in payables – trade	(28,456)
Other, net	(16,147)
Total	82,780
Interest and dividends received	1,886
Interest expense paid	(2,654)
Income tax paid	(40,637)
Net cash provided by (used in) operating activities	41,375
Investing activities	
Purchases of property, plant and equipment and intangible fixed assets	(131,670)
Proceeds from sales of property, plant and equipment	1,082
Purchases of marketable and investment securities	(18,963)
Proceeds from sales of marketable and investment securities	57
Purchases of investments in subsidiaries	(10,613)
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	595
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(149)
Payments in lease deposits	(4,891)
Other, net	(4,357)
Net cash provided by (used in) investing activities	(168,910)
Financing activities	
Net increase (decrease) in short-term bank loans	12,708
Increase (decrease) in commercial paper	48,000
Proceeds from long-term debt	123,600
Repayments of long-term debt	(1,172)
Repayments of finance lease obligations	(117)
Purchases of treasury stock	(120)
Proceeds from sales of treasury stock	51
Dividends paid to shareholders	(13,902)
Proceeds from fluidity of lease receivables	3,005
Repayments of payables under fluidity lease receivables	(4,858)
Net cash provided by (used in) financing activities	167,194
Translation adjustment related to cash and cash equivalents	—
Net increase (decrease) in cash and cash equivalents	39,659
Cash and cash equivalents, beginning of period	98,888
Cash and cash equivalents, end of period	138,548

Commencing fiscal year 2008, the “Accounting Standard for Quarterly Financial Reporting” (ASBJ Statement No. 12) and “Guidance on Accounting Standard for Quarterly Financial Reporting” (ASBJ Guidance No. 14) are applied. Quarterly consolidated financial statements are prepared according to the “Regulations Concerning Quarterly Consolidated Financial Statements.”

(4) Notes on Premise of Going Concern

No items to report.

(5) Segment Information

[Information by business segment]

Current consolidated cumulative 3rd quarter (from April 1, 2008 to December 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)
Sales								
(1) Sales to customers	701,807	365,953	47,551	48,360	60,926	1,224,599	—	1,224,599
(2) Inter-segment sales or transfers	1,377	12,072	28	1,386	46,249	61,113	(61,113)	—
Total sales	703,185	378,025	47,580	49,746	107,175	1,285,712	(61,113)	1,224,599
Operating expenses	678,879	334,276	47,821	48,610	105,427	1,215,014	(42,987)	1,172,027
Operating income (loss)	24,305	43,749	(240)	1,136	1,747	70,698	(18,126)	52,571

Notes:

1. 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.

2. Major business components of each industry segment
   1) Residential Business
      Construction, subdivision and rental of single-family houses, residential complexes (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;
      Management of condominiums
   2) 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
   3) Resort Hotels and Sports Life Business
      Operation of resort hotels, golf courses and sports facilities
   4) Home Center Business
      Operation of home center business
   5) Other Businesses
      Manufacture and sales of construction materials;
      Logistics business;
      Operation of city-type hotels;
      Other

3. Under operating expenses, the amount of unallocated expenses included in eliminations/corporate totaled 18,214 million yen, consisting principally of expenses for corporate image advertisements and general corporate expenses incurred by the Administration Headquarters of the Company.

[Segment information by geographic region]

Current consolidated cumulative 3rd quarter (from April 1, 2008 to December 31, 2008)

Description has been omitted because the ratio of Japan to the total segment sales exceeded 90%.

[Overseas sales]

Current consolidated cumulative 3rd quarter (from April 1, 2008 to December 31, 2008)

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

(6) Notes on Significant Changes in the Amount of Shareholders’ Equity

No items to report.

(Reference)

Financial Statement Concerning the Third Quarter of the Previous Fiscal Year

(1) Quarterly Consolidated Statement of Income (Summarized)

Items	Previous consolidated cumulative 3rd quarter (from April 1, 2007 to December 31, 2007) Amount (millions of yen)		(%)
I Net sales		1,214,951	100
II Cost of sales		965,328	79.4
Gross profit		249,623	20.6
III Selling, general and administrative expenses		191,638	15.8
Operating income		57,984	4.8
IV Other income			
Interest income	861		
Dividends	1,250		
Equity in earnings of associated companies	258		
Other income	6,464	8,835	0.7
V Other expenses			
Interest expense	2,347		
Tax and dues	1,109		
Other expenses	4,911	8,367	0.7
Ordinary income		58,452	4.8
VI Extraordinary income			
Gain on sales of property, plant and equipment	297		
Gain on sales of marketable and investment securities	19		
Prior service benefit	572	888	0.1
VII Extraordinary losses			
Loss on sales of property, plant and equipment	249		
Loss on disposal of property, plant and equipment	856		
Provision of retirement benefits for directors	378		
Write-down of marketable and investment securities	963		
Loss on sales of golf club membership	2		
Write-down of golf club membership	52	2,504	0.2
Income before income taxes and minority interests		56,836	4.7
Income taxes – current	16,749		
Income taxes – deferred	6,628	23,378	2.0
Minority interests in net income of subsidiaries		144	0.0
Net income		33,314	2.7

(2) Quarterly Consolidated Statement of Cash Flows (Summarized)

Items	Previous consolidated cumulative 3rd quarter (From April 1, 2007 to December 31, 2007) Amount (millions of yen)
I Operating activities	
Income before income taxes and minority interests	56,836
Depreciation	26,086
Increase in provision for employees' retirement benefits	1,872
Interest and dividends income	(2,111)
Interest expense	2,347
Equity in earnings of associated companies	(258)
Loss on sales and disposal of property, plant and equipment	1,106
Write-down of marketable and investment securities	963
Write-down of golf club membership	52
Increase in receivables	(5,559)
Increase in inventories	(87,896)
Increase in advances received on uncompleted construction contracts	11,379
Decrease in payables – trade	(66,855)
Other – net	6,345
Total	(55,689)
Interest and dividends received	1,642
Interest expense paid	(1,673)
Income tax paid	(29,030)
Net cash used in operating activities	(84,749)
II. Investing activities	
Purchases of property, plant and equipment and intangible fixed assets	(74,034)
Proceeds from sales of property, plant and equipment	1,325
Purchases of marketable and investment securities	(15,929)
Proceeds from sales of marketable and investment securities	687
Purchases of investments in subsidiaries	(388)
Proceeds from purchases of shares of the newly consolidated subsidiaries	11,817
Payments for purchases of shares of the newly consolidated subsidiaries	(240)
Increase in lease deposits	(5,236)
Net increase in other assets	(20,592)
Net cash used in investing activities	(102,591)
III Financing activities	
Increase in short-term bank loans	3,725
Increase in commercial paper	120,000
Proceeds from long-term debt	107,616
Repayments of long-term debt	(12,538)
Net of purchases and proceeds from sales of treasury stock	(11,853)
Dividends paid to shareholders	(11,743)
Remittance to trust of receivables collected	(5,532)
Net cash provided by financing activities	189,673
IV Translation adjustment related to cash and cash equivalents	—
V Net increase in cash and cash equivalents	2,331
VI Cash and cash equivalents, beginning of period	102,126
VII Cash and cash equivalents, end of period	104,458

(3) Segment Information

[Information by business segment]

Previous consolidated cumulative 3rd quarter (From April 1, 2007 to December 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)
Sales	698,064	372,667	49,991	47,589	103,830	1,272,144	(57,192)	1,214,951
Operating expenses	666,589	336,655	49,411	45,922	99,640	1,198,218	(41,252)	1,156,966
Operating income	31,475	36,012	580	1,667	4,190	73,925	(15,940)	57,984

Notes:

1. 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.

2. Major business components of each industry segment

   1) Residential Business

      Construction, subdivision and rental of single-family houses, residential complexes (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;
      Management of condominiums

   2) 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

   3) Resort Hotels and Sports Life Business

      Operation of resort hotels, golf courses and sports facilities

   4) Home Center Business

      Operation of home center business

   5) Other Businesses

      Manufacture and sales of construction materials;
      Logistics business;
      Operation of city-type hotels;
      Other

3. Under operating expenses, the amount of unallocated expenses included in eliminations/corporate totaled 16,983 million yen, consisting principally of expenses for corporate image advertisements and general corporate expenses incurred by the Administration Headquarters of the Company.