Summary of Financial Results
for the Second Quarter of the Fiscal Year Ending March 31, 2009
(From April 1, 2008 to September 30, 2008)

November 4, 2008

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: November 14, 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 Second Quarter of the Fiscal Year Ending March 31, 2009 (From April 1, 2008 to September 30, 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	%
2nd quarter ended September 30, 2008	821,690	—	35,107	—	35,263	—	17,912	—
2nd quarter ended September 30, 2007	825,880	6.2	40,720	8.2	40,882	4.6	23,639	17.3

	Basic net income per share	Diluted net income per share
	Yen	Yen
2nd quarter ended September 30, 2008	30.92	—
2nd quarter ended September 30, 2007	40.42	—

(2) Consolidated Financial Conditions

	Total assets	Equity	Equity ratio	Equity per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2008	1,859,944	637,791	34.1	1,095.16
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: September 30, 2008: 634,329 million yen; March 31, 2008: 632,571 million yen

2. Dividends

	Dividend per share				
(Record date)	End of 1st quarter (June 30, 2008)	End of 2nd quarter (Sept. 30, 2008)	End of 3rd quarter (Dec. 31, 2008)	Fiscal year-end (March 31, 2009)	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 second 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)	60,000	(2.1)	26,500	102.6	45.75

Note: Revision of the business forecasts in the second 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 September 30, 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 September 30, 2008: 20,712,173 shares
As of March 31, 2008: 20,665,458 shares
3) Average number of shares during the period (cumulative quarterly consolidated accounting period)
Second quarter ended September 30, 2008: 579,237,391 shares
Second quarter ended September 30, 2007: 584,890,587 shares

* Remarks on appropriate use of forecasted results of operation and other special matters
1. The aforementioned forecasts represent changes from those announced on May 13, 2008. For details, please refer to the "Notice of the Revision of Business Forecasts" dated November 4, 2008.
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 second quarter of the consolidated accounting period (first six months) for fiscal year 2008, ending March 31, 2009, continued its difficult path with a decrease in corporate earnings and very sluggish consumer spending caused by an increase in commodity prices, among others, in the wake of a global economic slowdown as a consequence of the soaring price of crude oil and raw materials, and uncertainties in the U.S. financial market.

In the housing industry, although the impact from the enforcement of the revised Building Standard Law faded, the number of new housing starts hovered at a low level as a grim outlook on the economy and concerns on personal income impacted consumers' motivation to purchase.

Amid such a business environment, the Daiwa House Group promoted 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 in April of this year.

Specifically, in the Single-Family House Division, the Group moved forward its efforts to propose new the "Happy Hug Model" home planning project developed in collaboration with Benesse Corporation for families raising small children. In addition, we launched our new "xevoC" product, which combines the convenience of planning and proposal-based products with design flexibility. Through these efforts, we strengthened our idea proposal service and added to our "xevo" series product lineup.

Even 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 and commercial facilities, among others, to secure a revenue source that leverages the comprehensive capabilities of the Group.

In addition, from the perspective of corporate environmental and social awareness, the Group has been effectuating efforts to stop global warming with the introduction of "Forest Friendly Paper $_{TM}$", which is one step ahead of recycled paper, and supporting volunteer activities such as the endorsement of the "Cambodian Water Well Project" to eliminate water shortages in that country.

As a result of these factors, consolidated net sales for the second quarter of the consolidated accounting period was 821,690 million yen. With respect to earnings, the worsening cost of sales ratio caused by soaring material prices and the increase in selling, general and administrative expenses resulted in ordinary income of 35,263 million yen and net income of 17,912 million yen.

Results by business segment are as follows.

<Residential Business>

In the Single-Family House Division, as part of the "xevo" brand product series, we made efforts to propose new home planning projects such as the "Happy Hug Model" for families raising small children and conducted nationwide campaigns all in an effort to proactively strengthen our idea proposal service. Regarding the new housing products, "xevoC" was introduced to expand our lineup. Under the concept "every member of the family is an architect," this product allowed our customers to design freely their interior layout (infill) while realizing home design cost reductions by limiting the number of building skeleton options. This resulted in the development of a product that can be designed by the whole family, a fun activity for all. In addition, by introducing a system that enables web-based home design simulations by customers and starting up an automated data processing system developed by Daiwa House for its design process, we succeeded in streamlining operations including the computerization of processes such as material allocation and checks.

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 promoted our monthly-based/short-term lease furnished housing business (monthly rental housing business) mainly using medium and high-rise renal properties, as well as our low-rise monthly rental housing business. In addition, 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 force by holding nationwide welcoming campaigns mainly using the internet. We also worked to ensure “safety and security” after sales and promoted 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 increasing building value and improving daily life functions.

As a result, sales in this business segment amounted to 486,096 million yen, and operating income amounted to 21,865 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 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 offices by constructing showrooms, offices and other structures for corporate customers operating nationwide.

As a result, sales in this business segment amounted to 241,632 million yen and operating income amounted to 24,128 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. Under these conditions, we have managed hotels always with “safety, security and service” as our highest priority to have customers stay with peace of mind and total satisfaction.

In the Sports Life Division, we rebuilt the existing NAS Sunmarche (Aichi) branch and opened the new NAS Niigata (Niigata) branch making efforts to acquire new customers and contributing to the revitalization of local communities.

As a result, sales in this business segment amounted to 31,160 million yen, however, due to low consumer sentiment from rising commodity prices and the increase in facility management costs, this segment recorded an operating loss of 408 million yen.

<Home Center Business>

In the Home Center Business Segment, after putting in place a marketing system for the five stores whose business was transferred to the Group in the previous consolidated fiscal year, we newly refurbished the Royal Home Center Kishiwada (Osaka), Royal Home Center Kawachinagano (Osaka), Royal Home Center Kakogawa (Hyogo) and Royal Home Center Moriyama (Shiga), among other tasks, to revitalize existing stores and reinforce our business base.

As a result, sales in this business segment amounted to 33,267 million yen and operating income amounted to 665 million yen.

<Other Businesses>

In the Housing Construction Material Manufacturing and Marketing Division, we added to the lineup of building materials and products offered to housing manufacturers and regional house builders and made efforts to strengthen storage cabinet product sales specifically to rental houses. Meanwhile, sales were expanded through planning and proposals for interior work on large-scale commercial complexes and hotels, etc., and made-to-order furniture.

In the Logistics Division, in addition to the construction of a logistics center for new customers at 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) and expanded our business.

In the City Hotel Division, the opening of the Daiwa Roynet Hotel Nagoya-Ekimae (Aichi), Daiwa Roynet Hotel Shin-Yokohama (Kanagawa) and Daiwa Roynet Hotel Oita (Oita) brought our Daiwa Roynet Hotel locations to 13. Combined with the Osaka Daiichi Hotel (Osaka) and Royton Sapporo (Hokkaido), we now operate a total of 15 hotels nationwide.

As a result, sales in this business segment amounted to 72,549 million yen and operating income amounted to 1,089 million yen.

2. Qualitative Information Regarding Consolidated Financial Conditions

At the end of the second quarter consolidated accounting period for fiscal year 2008, ending March 31, 2009, total assets stood at 1,859,944 million yen, an increase of 68,891 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 investment in the real estate business and other business.

Total liabilities at the end of the second quarter consolidated accounting period stood at 1,222,152 million yen, an increase of 80,540 million yen compared with the 1,141,611 million yen at the end of fiscal year 2007. The main contributing factors were the procurement of funds through both bank loans and commercial paper issuance, and the increase in deposits received from customers.

Concerning total equity, although net income for the second quarter was 17,912 million yen, because of the payment of shareholder dividends for fiscal year 2007, total equity was 637,791 million yen, a decrease of 11,649 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 May 13, 2008 have been revised. Please refer to the "Notice of Revision of Business Forecasts" announced on this date (November 4, 2008) for items pertaining to the revised forecasts.

4. Others
   (1) Changes in significant subsidiaries during the current accounting period (changes in specified subsidiaries associated with 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. The impact of these changes on profit or loss is insignificant.

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) Consolidated Balance Sheets

(Millions of yen)

	Current accounting period (as of September 30, 2008)	Previous fiscal year (as of March 31, 2008)
Assets		
Current assets		
Cash and cash equivalents	106,254	100,354
Trade notes and accounts receivable	51,467	63,337
Marketable securities	20	20
Construction projects in progress	67,512	72,602
Merchandise and finished goods	11,317	12,444
Work in process	11,481	10,497
Raw materials and supplies	4,689	4,325
Real estate for sale	314,100	325,891
Real estate for sale in process	57,114	66,009
Land for development	3,842	3,841
Other	110,199	103,450
Allowance for doubtful receivables	(1,040)	(897)
Total current assets	736,959	761,877
Fixed assets		
Property, plant and equipment		
Buildings and structures	493,887	460,762
Accumulated depreciation	(229,124)	(223,306)
Buildings and structures, net	264,763	237,455
Land	367,524	341,407
Other	170,438	144,309
Accumulated depreciation	(81,285)	(80,356)
Other, net	89,153	63,952
Net property, plant and equipment	721,440	642,816
Intangible fixed assets	12,668	12,410
Investments and other assets		
Investment securities	101,301	98,283
Lease deposits	167,900	164,956
Other	128,762	119,490
Allowance for doubtful accounts	(9,088)	(8,781)
Total investments and other assets	388,875	373,948
Total fixed assets	1,122,984	1,029,175
Total assets	1,859,944	1,791,052

(Millions of yen)

	Current accounting period (as of September 30, 2008)	Previous fiscal year (as of March 31, 2008)
Liabilities		
Current liabilities		
Trade notes and accounts payable	167,321	189,860
Short-term bank loans	17,958	11,918
Current portion of long-term debt	2,785	1,595
Commercial paper	105,000	20,000
Income taxes payable	13,272	23,163
Deposits received from customers	65,473	58,628
Accrued bonuses	21,449	21,167
Provision for product warranties	7,029	6,572
Other	145,978	151,418
Total current liabilities	546,268	484,323
Long-term liabilities		
Long-term debt	205,498	193,376
Lease deposits received	212,445	204,287
Provision for retirement benefits	125,377	124,169
Other	132,562	135,453
Total long-term liabilities	675,883	657,287
Total liabilities	1,222,152	1,141,611
Equity		
Shareholders' equity		
Common stock	110,120	110,120
Capital surplus	226,824	226,824
Retained earnings	384,427	381,479
Treasury stock	(19,561)	(19,534)
Total shareholders' equity	701,810	698,891
Valuation and translation adjustments		
Net unrealized gain on available-for-sale securities	11,331	13,432
Land revaluation difference	(78,106)	(79,195)
Foreign currency translation adjustments	(707)	(556)
Total valuation and translation adjustments	(67,481)	(66,320)
Minority interests	3,462	16,869
Total equity	637,791	649,440
Total liabilities and equity	1,859,944	1,791,052

(2) Consolidated Statement of Income

(Millions of yen)

	Current accounting period (cumulative) (from April 1, 2008 to September 30, 2008)
Net sales	821,690
Cost of sales	654,189
Gross profit	167,500
Selling, general and administrative expenses	132,393
Operating income	35,107
Other income	
Interest income	728
Dividends	820
Equity in earnings of associated companies	482
Gain on settlement of derivatives	576
Gain on valuation of derivatives	27
Miscellaneous income	2,615
Total other income	5,250
Other expenses	
Interest expense	2,312
Provision of allowance for doubtful accounts	60
Loss on settlement of derivatives	326
Loss on valuation of derivatives	423
Miscellaneous expenses	1,972
Total other expenses	5,094
Ordinary income	35,263
Extraordinary income	
Gain on sales of property, plant and equipment	531
Other	1
Total extraordinary income	533
Extraordinary losses	
Loss on sales of property, plant and equipment	244
Loss on disposal of property, plant and equipment	986
Impairment loss	17
Write-down of marketable and investment securities	1,441
Provision of allowance for doubtful accounts	316
Other	311
Total extraordinary losses	3,316
Income before income taxes and minority interests	32,480
Income taxes – current	13,248
Income taxes – deferred	1,726
Minority interests in net loss of subsidiaries	(406)
Net income	17,912

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."

(3) Notes on Premise of Going Concern

No items to report.

(4) Segment Information

[Information by business segment]

Current consolidated cumulative accounting period (from April 1, 2008 to September 30, 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	485,437	232,946	31,133	32,308	39,864	821,690	—	821,690
(2) Inter-segment sales or transfers	658	8,686	27	959	32,685	43,016	(43,016)	—
Total sales	486,096	241,632	31,160	33,267	72,549	864,706	(43,016)	821,690
Operating expenses	464,231	217,504	31,568	32,601	71,459	817,366	(30,783)	786,582
Operating income (loss)	21,865	24,128	(408)	665	1,089	47,340	(12,232)	35,107

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;
Care 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

Construction 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 12,433 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 accounting period (from April 1, 2008 to September 30, 2008)

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

[Overseas sales]

Current consolidated cumulative accounting period (from April 1, 2008 to September 30, 2008)

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

(5) Notes on significant changes in the amount of shareholders' equity

No items to report.

(Reference)

(1) Financial statement concerning the first half of the previous fiscal year

Consolidated statement of income for the first half (summarized)

Items	1st half of the previous fiscal year (from April 1, 2007 to September 30, 2007)		
	Amount (millions of yen)		(%)
I Net sales		825,880	100
II Cost of sales		656,705	79.5
Gross profit		169,175	20.5
III Selling, general and administrative expenses		128,455	15.6
Operating income		40,720	4.9
IV Other income			
Interest income	540		
Dividends	809		
Equity in earnings of associated companies	164		
Other income	4,053	5,568	0.7
V Other expenses			
Interest expense	1,419		
Tax and dues	1,004		
Other expenses	2,980	5,405	0.6
Ordinary income		40,882	5.0
VI Extraordinary income			
Gain on sales of property, plant and equipment	224		
Gain on sales of marketable and investment securities	10		
Prior service benefit	572	807	0.1
VII Extraordinary losses			
Loss on sales of property, plant and equipment	200		
Loss on disposal of property, plant and equipment	582		
Provision of retirement benefits for directors	378		
Write-down of marketable and investment securities	877		
Write-down of golf club membership	43	2,082	0.3
Income before income taxes and minority interests		39,607	4.8
Income taxes – current	13,945		
Income taxes – deferred	2,045	15,990	1.9
Minority interests in net loss of subsidiaries		(22)	(0.0)
Net income		23,639	2.9

(2) Segment Information

[Information by business segment]

Previous consolidated first half (from April 1, 2007 to September 30, 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								
(1) Sales to customers	469,815	255,304	32,637	30,557	37,566	825,880	—	825,880
(2) Inter-segment sales or transfers	2,548	4,510	14	872	31,864	39,810	(39,810)	—
Total sales	472,363	259,815	32,651	31,430	69,430	865,691	(39,810)	825,880
Operating expenses	451,468	232,900	32,366	30,440	66,879	814,055	(28,895)	785,160
Operating income	20,894	26,914	284	989	2,551	51,635	(10,915)	40,720

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;
Care 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

Construction 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 11,581 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]

Previous consolidated first half (from April 1, 2007 to September 30, 2007)

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

[Overseas sales]

Previous consolidated first half (from April 1, 2007 to September 30, 2007)

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