Summary of Consolidated Financial Results (Unaudited)
for the First Nine Months of the Fiscal Year Ending March 31, 2011
(From April 1, 2010 to December 31, 2010)
[Japanese GAAP]

February 9, 2011

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/
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Scheduled Date of Filing Quarterly Report: February 10, 2011
Supplemental documents for the financial results provided: Yes
Results briefing for the period under review provided: Yes (for institutional investors and securities analysts)

(Amounts below one million yen are omitted)

1. Consolidated Results of Operation for the nine months ended December 31, 2010.
(From April 1, 2010 to December 31, 2010)

(1) Consolidated Business Results (% figures represent year-on-year change)

	Net sales		Operating income		Ordinary income		Net income	
Nine months ended:	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2010	1,235,026	5.9	71,807	42.7	72,868	45.4	44,703	59.3
December 31, 2009	1,166,473	(4.7)	50,337	(4.2)	50,121	(2.8)	28,070	10.3

	Basic net income per share	Diluted net income per share
Nine months ended:	Yen	Yen
December 31, 2010	77.20	—
December 31, 2009	48.47	—

(2) Consolidated Financial Conditions

	Total assets	Net assets	Net asset ratio	Net assets per share
As of:	Millions of yen	Millions of yen	%	Yen
December 31, 2010	1,900,018	651,609	34.2	1,123.81
March 31, 2010	1,916,927	617,769	32.2	1,065.15

Reference: Net asset ratio = (Net assets – Minority interests)/Total assets × 100
(Net assets – Minority interests) is as follows:
December 31, 2010: 650,583 million yen; March 31, 2010: 616,821 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, 2010	—	0.00	—	17.00	17.00
Fiscal year ending March 31, 2011	—	0.00	—		
Fiscal year ending March 31, 2011 (forecasts)				17.00	17.00

Note: Revision made to dividend forecasts in the period under review: None

3. Consolidated Business Forecasts for the Fiscal Year Ending March 31, 2011 (From April 1, 2010 to March 31, 2011)

(% 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, 2011	1,660,000	3.1	85,000	35.5	80,000	33.3	36,000	88.4	62.17

Note: Revision made to business forecasts in the period under review: None

4. Others (For details, please refer to "Other Information" of "the Attached Material," on page 8.)

(1) Changes in Significant Subsidiaries during the period under review: None

Note: The above refers to changes in specified subsidiaries associated with changes in the scope of consolidation.

(2) Application of Simplified Accounting Methods and/or Unique Accounting Methods: None

Note: The above refers to application of Simplified Accounting Methods and/or Accounting Methods Unique to the Preparation of the Quarterly Consolidated Financial Statements.

(3) Changes in Accounting Policies, Procedures and Methods of Presentation

1) Changes made due to amendment of accounting standards: Yes

2) Changes made due to reasons other than 1): None

Note: The above refers to changes in Accounting Policies, Procedures and Methods of Presentation for the Preparation of the Quarterly Consolidated Financial Statements, recorded in "Changes under Basic Significant Matters Regarding Preparation of the Quarterly Consolidated Financial Statements."

(4) Number of Issued and Outstanding Shares (Common Stock)

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

As of December 31, 2010	599,921,851 shares	As of March 31, 2010	599,921,851 shares

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

As of December 31, 2010	21,013,216 shares	As of March 31, 2010	20,829,959 shares

3) Average number of shares during the period (for the nine months under review)

Nine months ended December 31, 2010	579,061,891 shares	Nine months ended December 31, 2009	579,144,903 shares

*** Presentation of implementing the quarterly review procedures**

As of the time when the financial results for the period under review are disclosed, the Group had completed the reviewing (checking) procedures for the quarterly consolidated financial statements as laid down by the Financial Instruments and Exchange Law.

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

(Notes regarding forward-looking statements)

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 Group's actual results may differ significantly from those presented herein as a consequence of numerous factors such as the financial market, economic conditions, competitor situations and fluctuations in land prices. Please refer to the section of "Qualitative Information Regarding Consolidated Business Forecasts" of "the Attached Material" on page 7 for details.

○Contents of the Attached Material

1. Qualitative Information Regarding Consolidated Results for the First Nine Months under Review

(1) Qualitative Information Regarding Consolidated Business Results

The Japanese economic environment remained severe during the first nine months of fiscal 2010 (the year ending March 31, 2011). This was due principally to the rapid appreciation of the yen, a slowdown in global economic growth, and the diminishing effects of the government's economic stimulus measures. All this exacerbated the sluggishness of exports and production.

In the housing industry, the authorities expanded the scope of tax exemption for gifts for the purpose of housing acquisition, and also extended the terms of application of the preferential interest-rate for *Flat 35* fixed mortgage loans, and expanded the scope of the eco-points system for housing. These measures were seen to be effective, and new housing construction starts during the period under review (excluding rental housing) showed a slight overall recovery trend.

Amid these economic circumstances, the Daiwa House Group recognized that realizing further management efficiency was an issue of urgent importance. We therefore took steps to improve performance in all our business segments by focusing on four key policies: bolstering our proposal ability in core businesses; expanding the scale of our business in growing markets; promoting real estate development in China; and placing priority on rigorous cash flow management.

In our Single-Family Houses Business, which is one of the keys to our plan to bolster our proposal ability in core businesses, as one of our eco-friendly initiatives we opened the SMA×Eco HOUSE, a model house fitted with lithium-ion storage batteries – the first such in Japan – and have commenced testing to demonstrate the effectiveness of this system. Among new products, we launched the xevo YU, a flexible-design house that can be easily adapted to changes in the makeup of the owner's family and different stages of their life cycle, enabling two generations to live together. It also features zero net energy consumption thanks to our newly-designed Hybrid Ecology Roof, which enables installation of a large-scale photoelectric power generation system. We also launched the xevo CLEVA house model, targeted at double-income households. This house features as standard a new type of space specially designed for women, with make-up facilities, called the Cocoom.

In initiatives to expand the scale of our business in growing markets, we strengthened collaboration among Group member companies in the home renovation business, with the aim of improving our collection of market data and raising operational efficiency.

With regard to our plans to promote real estate development in China, we took the decision to commence work on a development project in the city of Wuxi, Jiangsu Province, in China's coastal belt. The project will comprise approximately 400 residential units, including both single-family houses and condominiums.

In the Group's CSR initiatives, with the goal of helping create a society in which people can live in harmony with the natural environment, we became the first housing maker to adopt a comprehensive basic policy on biodiversity and to draw up a specific action agenda. We also laid down guidelines on the development of lot-subdivision land for housing and methods of procurement of wooden building materials. In addition, we held meetings with our stakeholders – inviting public participation – to strengthen the Group's relationships with its stakeholders as a whole.

As a result of the above, the Daiwa House Group posted consolidated net sales for the nine months under review of 1,235,026 million yen, up 5.9% year-on-year. Ordinary income was 72,868 million yen, up 45.4 % year-on-year. Net income amounted to 44,703 million yen, up 59.3% year-on-year.

Results by business segment are as follows.

Single-Family Houses Business

In the Single-Family Houses Business we took steps to expand the marketing of houses in our xevo series in conformity with the Japanese government's measures to support home buyers. Our xevo models feature standard specifications that satisfy the certification criteria of the High Quality Long-Term Housing Model adopted by the government, and qualify for housing eco-point system. Also, as our own housing acquisition support initiatives, for customers wishing to buy a single-family house, we began issuing "xevo eco-points," and our "Daiwa House Child Allowances," as well as running a campaign titled "Daiwa House Reduced-Interest Rate Housing Loans."

Among new products, we launched the xevo YU, a flexible-design house that can be easily adapted to changes in the makeup of the owner's family and different stages of their life cycle, enabling two generations to live together. It also features zero net energy consumption thanks to our newly-designed Hybrid Ecology Roof, enabling installation of a large-scale photoelectric power generation system. And in a collaboration with the skincare brand SK-II (MAX Factor), we designed and launched the xevo CLEVA house model. This model is targeted at double-income households, and features as standard our new Cocoom Space specially designed for women, with make-up facilities.

As a result, sales of this segment amounted to 239,182 million yen, and operating income was 10,942 million yen.

Rental Housing Business

In the Rental Housing Business, we launched on the market two models featuring enhanced security – the two-story Séjour WIT-S and the three-story Séjour OTT's-S – which both come with ALSOK's Home Security System as standard. We also took steps to expand our business with the launch of the four-story Urbanwel Dizzo, which addresses the diverse land-use needs of landowners as well as the wide variety of tenant lifestyles.

As a result, sales of this segment amounted to 366,092 million yen, and operating income was 35,999 million yen.

Condominiums Business

During the nine-month period under review, we continued to supply the kind of high-value-added condominium developments needed in today's society. These included The Residence CHITOSE FUNABASHI (Tokyo), which embodies our theme of "green" living in harmony with nature, as well as the Premist Chihaya Tower Twin Marks (Fukuoka), a high-rise seismic isolation twin-tower condominium project featuring superior services and common facilities. Meanwhile, we also began selling condominium units at the D'Grafort Lake Town development (Saitama), which became the first condominium development in Japan to issue and sell the "Certificate of Green Power" (in this program, a condominium development can be awarded this Certificate if it has excellent energy-saving performance, and can then sell on the certificate as a kind of 'credit') thanks to the solar heating panel system that we have installed, which provides the development with "environmental value-added."

As a result, sales of this segment amounted to 94,677 million yen, and operating income was 2,444 million yen.

Existing Home Business

In the Existing Home Business, we made efforts to strengthen collaboration between Group companies while also putting in place even more effective systems for marketing, design, construction and installation, and implemented measures to raise our comprehensive proposal capabilities. We also took advantage of the government's housing eco-point system in our marketing, and succeeded in realizing increased orders for renovation work.

As a result, sales of this segment amounted to 44,428 million yen, and operating income was 3,299 million yen.

Commercial Facilities Business

In the Commercial Facilities Business, the Group made use of planning and proposal-driven sales centered on roadside store development, leveraging its abundant land-related data and expertise in store-opening support for tenant businesses. In April 2010 we opened the commercial complex Foleo Shobu (Saitama), and in October we welcomed new tenants to a newly renovated and reopened commercial complex under the name of Foleo Hakata (formerly QiZ Mall Hakata, Fukuoka).

Daiwa Lease Co., Ltd., which manages commercial facilities, promoted the nationwide deployment of Frespo open mall commercial facilities designed for small trading areas. With the opening of four Frespo facilities: the Frespo Houki (Tottori), the Frespo Seifushinto (Hiroshima), the Frespo Rokucho-no-me (Miyagi), the Frespo Yokote II (Akita) and, Isezaki Commercial Facilities (Gumma), there is now a total of 126 Frespo facilities in Japan.

As a result, sales of this segment amounted to 199,776 million yen, and operating income was 24,216 million yen.

Business and Corporate Facilities Business

In the Business and Corporate Facilities Business, we leveraged Group synergies to develop large-scale logistics facilities and to overhaul and construct retail stores as well as manufacturing and food-production facilities that were consolidated as a result of corporate mergers. In addition, we actively pursued development proposals for private nursing care facilities and rental housing for the elderly. We received an order for the Hokusetsu-Sanda Techno ParkII (Hyogo), a large industrial park development project, by making use of our effective consulting services through accumulated construction know-how and market data.

As a result, sales of this segment amounted to 138,528 million yen, and operating income was 9,517 million yen.

Health & Leisure Business

Circumstances remained severe in the Resort Hotels Division, as consumers continued to keep a tight hold on their money amid persistent deflation. However, customer footfall during the Golden Week holidays, the summer vacation period, and the autumn travel period rose year-on-year thanks to our quality guest service and our marketing efforts, emphasizing the customer satisfaction and encouraging repeat visits.

In the Fitness Clubs Division, we continued to develop new-concept urban-type fitness facilities clubs designed to optimally meet the individual needs of their respective local markets. Under this initiative, we opened the Premium Sports Club NAS GINZA (Tokyo) in June 2010 and the Premium Sports Club NAS Roppongi (Tokyo) in July. In November, in line with the reopening after renovation of the Foleo Hakata commercial facility, we opened the Sports Club NAS Hakata (Fukuoka). This fitness club offers a full range of facilities and can be used in reasonable prices.

In October Nippon Athletic Service (NAS) Co., Ltd. changed its name to Sports Club NAS Co., Ltd., to more closely integrate the corporate name and concept.

As a result, sales of this segment amounted to 46,031 million yen, and operating income was 258 million yen.

Other Businesses

In the Environment and Energy Business Division, we provided comprehensive solutions to energy-related issues that our customers face in areas: energy-saving systems such as LEDs and other high-efficiency lighting, air conditioning and other uses; energy-creating system such as solar power generation systems; and energy storage systems such as lithium-ion batteries. We also teamed up with a major convenience store operator for a nationwide rollout of the “Next-Generation CO_2 Model for Convenience Store” proposed by the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) as one of its model projects for CO_2 emissions reduction in housing and buildings. In addition, we applied for the first emissions credits under the Tokyo Metropolitan Government’s carbon-credit system for emissions trading. This marks a new departure for the Group in the emissions credits business, and we explored many different projects in the environmental field during the term under review.

In the City Hotels Division, during the period under review we opened six new Daiwa Roynet Hotels: the Okinawa Kencho-Mae (Okinawa), the Osaka Uehonmachi (Osaka), the Sendai (Miyagi), the Nagoya Shinkansen-Guchi (Aichi), the Kyoto Hachijo-Guchi (Kyoto), and the Yokohama-Kannai (Kanagawa), giving us a total of 28 city hotels in 23 cities. We also actively introduced new marketing plans, such as special packages combining hotel stays with airline tickets, and acceptance of payments with the China UnionPay card used by tourists from China.

As a result, sales of this segment amounted to 165,092 million yen, and operating income was 3,043 million yen.

(2) Qualitative Information Regarding Consolidated Financial Condition

Total assets as of December 31, 2010 decreased by 16,909 million yen from 1,916,927 million yen as of March 31, 2010, to 1,900,018 million yen. This was mainly attributable to a decrease in cash and deposits due to payment of income taxes and repayment of loans, despite an increase in accounts receivable-trade.

Total liabilities as of December 31, 2010 decreased by 50,748 million yen from 1,299,157 million yen as of March 31, 2010, to 1,248,409 million yen. This was mainly attributable to a decrease in income tax payable and loans payable, despite the recording of asset retirement obligations under application of the “Account Standard for Asset Retirement Obligations.”

Net assets as of December 31, 2010 increased by 33,839 million yen from 617,769 million yen as of March 31, 2010, to 651,609 million yen. This result principally reflected the recording of net income in the amount of 44,703 million yen for the nine months under review, despite the recording of cash dividends paid for the previous fiscal year.

(3) Qualitative Information Regarding Consolidated Business Forecasts

No changes have been made to the forecasts for fiscal 2010 (ending March 31, 2011) issued at the time of the Group’s Summary of Financial Results for the First Six Months of the Fiscal Year Ending March 31, 2011, made public on November 9, 2010.

Although the unrecognized actuarial differences for employees’ retirement benefits are posted lump-sum in the consolidated fiscal years that they occur, the forecasts do not include an operating gain or loss on pension assets, nor actuarial differences arising from a change in discount rates in cases where the market interest rate diverges substantially from the discount rate used to calculate retirement benefit liabilities. In future, financial market trends, including stock market trends, could have a material impact on the Group’s business performance and financial standing.

2. Other Information

(1) Outline of Changes in Accounting Policies, Procedures and Methods of Presentation

● Changes in matters related to accounting standards

1. Application of Accounting Standard for Equity Method of Accounting for Investments and Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method

With effect from the first quarter of FY2010, we have applied the Accounting Standard for Equity Method of Accounting for Investments (ASBJ Statement No. 16, issued on March 10, 2008) and the Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method (PITF No. 24, issued on March 10, 2008).

No effects of this change on the financial statements are recorded.

2. Application of Accounting Standard for Asset Retirement Obligations

With effect from the first quarter of FY2010, we have applied the Accounting Standard for Asset Retirement Obligations (ASBJ Statement No.18, issued on March 31, 2008) and the Guidance on Accounting Standard for Asset Retirement Obligations (ASBJ Guidance No. 21, issued on March 31, 2008).

As a result of this application, operating income and ordinary income for the nine months under review decreased by 1,157 million yen, respectively, and income before income taxes and minority interests for the nine months under review decreased by 3,962 million yen. The change in the asset retirement obligation amount resulting from the application of this accounting standard, etc. is 22,583 million yen.

● Changes in methods of presentation

Consolidated quarterly statements of income

We have applied the Cabinet Office Ordinance partially revising rules for financial statements, etc. (Cabinet Office Ordinance No.5, issued on March 24, 2009), which is based on the Accounting Standard for Consolidated Financial Reporting (ASBJ Statement No. 22, issued on December 26, 2008). Accordingly, an item, "Income before minority interests" is presented for the nine months under review.

(Additional information)

●Discrepancy arising from incorrect accounting procedures at a subsidiary

It was recently discovered that the Auto & Leasing Division of wholly-owned subsidiary Daiwa Lease Co., Ltd. of the Company had carried out incorrect accounting procedures over a number of prior years. Specifically, the Division did not appropriately transfer expenses involved in leasing operations during that period to "cost of sales."

In line with the results of investigations by Daiwa Lease and the Company, in the consolidated financial statements of the Company for the first nine months under review, the aggregate amount of 1,415 million yen understated up to the March 31, 2010 term-end is recognized in the loss on prior period adjustment under extraordinary loss. The 42 million yen loss for the first nine-month period under review is recognized as cost of sales, after the 1,457 million yen prepaid expense excessively posted in "other" in current assets.

3. Quarterly Consolidated Financial Statements

(1) Consolidated quarterly balance sheets

(Millions of yen)

	As of December 31, 2010	As of March 31, 2010
Assets		
Current assets		
Cash and deposits	126,058	179,792
Notes receivable, accounts receivable from completed construction contracts and other	86,488	75,815
Short-term investment securities	6	6
Costs on uncompleted construction contracts	15,418	15,098
Real estate for sale	214,391	227,842
Real estate for sale in process	45,397	33,380
Land for development	3,275	3,761
Merchandise and finished goods	11,321	10,996
Work in process	5,729	2,758
Raw materials and supplies	6,409	6,165
Other	123,147	125,830
Allowance for doubtful accounts	(1,765)	(2,690)
Total current assets	635,879	678,757
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	613,672	594,317
Accumulated depreciation	(273,317)	(260,585)
Buildings and structures, net	340,355	333,731
Land	393,258	389,587
Other	141,160	143,371
Accumulated depreciation	(92,463)	(88,079)
Other, net	48,697	55,291
Total property, plant and equipment	782,311	778,610
Intangible assets	20,462	20,153
Investments and other assets		
Investment securities	110,579	104,588
Lease and guarantee deposits	190,972	190,024
Other	168,412	153,426
Allowance for doubtful accounts	(8,598)	(8,632)
Total investments and other assets	461,365	439,406
Total noncurrent assets	1,264,139	1,238,170
Total assets	1,900,018	1,916,927

(Millions of yen)

	As of December 31, 2010	As of March 31, 2010
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	109,734	113,807
Short-term loans payable	10,580	14,771
Current portion of bonds payable	4,500	—
Current portion of long-term loans payable	17,854	2,901
Income taxes payable	3,239	24,037
Advances received on uncompleted construction contracts	37,335	27,403
Provision for bonuses	11,334	21,160
Provision for warranties for completed construction	6,427	6,769
Asset retirement obligations	1,574	—
Other	139,081	133,748
Total current liabilities	341,661	344,601
Noncurrent liabilities		
Bonds payable	100,800	105,300
Long-term loans payable	265,577	335,388
Long-term lease and guarantee deposited	226,777	226,322
Provision for retirement benefits	168,410	163,711
Asset retirement obligations	21,867	—
Other	123,314	123,834
Total noncurrent liabilities	906,747	954,556
Total liabilities	1,248,409	1,299,157
Net assets		
Shareholders' equity		
Capital stock	110,120	110,120
Capital surplus	226,824	226,824
Retained earnings	397,001	375,154
Treasury stock	(19,777)	(19,615)
Total shareholders' equity	714,169	692,484
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	7,728	6,696
Revaluation reserve for land	(64,592)	(77,593)
Foreign currency translation adjustment	(6,721)	(4,765)
Total valuation and translation adjustments	(63,585)	(75,662)
Minority interests	1,025	948
Total net assets	651,609	617,769
Total liabilities and net assets	1,900,018	1,916,927

(2) Consolidated quarterly statements of income

For the nine months ended December 31, 2009 and 2010

(Millions of yen)

	Nine months ended December 31, 2009 (From April 1, 2009 to December 31, 2009)	Nine months ended December 31, 2010 (From April 1, 2010 to December 31, 2010)
Net sales	1,166,473	1,235,026
Cost of sales	936,270	977,380
Gross profit	230,202	257,645
Selling, general and administrative expenses	179,864	185,837
Operating income	50,337	71,807
Non-operating income		
Interest income	996	1,684
Dividends income	1,051	2,051
Equity in earnings of affiliates	829	404
Gain on settlement of derivatives	375	375
Gain on valuation of derivatives	487	201
Miscellaneous income	4,746	4,505
Total non-operating income	8,487	9,223
Non-operating expenses		
Interest expenses	4,487	5,568
Provision of allowance for doubtful accounts	268	—
Loss on valuation of derivatives	832	545
Miscellaneous expenses	3,115	2,048
Total non-operating expenses	8,704	8,163
Ordinary income	50,121	72,868
Extraordinary income		
Gain on sales of noncurrent assets	39	103
Gain on sales of investment securities	—	1,652
Gain on sales of investments in capital of subsidiaries and affiliates	—	170
Gain on transfer of business	—	280
Gain on amortization of prior service cost	204	—
Reversal of liability for loss on disaster	—	1,303
Total extraordinary income	244	3,508
Extraordinary loss		
Loss on sales of noncurrent assets	61	1,516
Loss on retirement of noncurrent assets	452	362
Impairment loss	156	810
Loss on valuation of investment securities	434	986
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	2,804
Loss on prior period adjustment	—	1,415
Other	12	135
Total extraordinary losses	1,117	8,032
Income before income taxes and minority interests	49,248	68,344
Income taxes-current	17,388	13,645
Income taxes-deferred	3,772	9,935
Total income taxes	21,161	23,580
Income before minority interests	—	44,763
Minority interests in income	16	59
Net income	28,070	44,703

(3) Consolidated quarterly statements of cash flows

For the nine months ended December 31, 2009 and 2010

(Millions of yen)

	Nine months ended December 31, 2009 (From April 1, 2009 to December 31, 2009)	Nine months ended December 31, 2010 (From April 1, 2010 to December 31, 2010)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	49,248	68,344
Depreciation and amortization	32,239	32,848
Increase (decrease) in provision for retirement benefits	3,612	4,699
Interest and dividends income	(2,048)	(3,736)
Interest expenses	4,487	5,568
Equity in (earnings) losses of affiliates	(829)	(404)
Loss (gain) on sales and retirement of noncurrent assets	474	1,775
Impairment loss	156	810
Loss (gain) on valuation of investment securities	434	986
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	2,804
Decrease (increase) in notes and accounts receivable-trade	(20,063)	(10,672)
Decrease (increase) in inventories	75,555	(2,208)
Increase (decrease) in advances received on uncompleted construction contracts	(27,985)	10,469
Increase (decrease) in notes and accounts payable-trade	(31,598)	(1,299)
Other, net	(7,564)	12,371
Subtotal	76,118	122,359
Interest and dividends income received	1,531	2,632
Interest expenses paid	(3,764)	(4,634)
Income taxes paid	(17,678)	(40,742)
Net cash provided by (used in) operating activities	56,207	79,614
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment and intangible assets	(71,495)	(46,780)
Proceeds from sales of property, plant and equipment	192	246
Purchase of investment securities	(3,246)	(7,011)
Proceeds from sales and redemption of investment securities	452	3,364
Purchase of investments in subsidiaries	(85)	(9)
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	(13,323)	—
Proceeds from transfer of business	—	280
Proceeds from acquisition of business	—	3,193
Payments for lease and guarantee deposits	(14,547)	—
Proceeds from collection of lease and guarantee deposits	—	267
Other, net	(461)	(14,045)
Net cash provided by (used in) investing activities	(102,515)	(60,494)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	3,228	(4,191)
Increase (decrease) in commercial papers	63,000	—
Proceeds from long-term loans payable	12,057	41,706
Repayment of long-term loans payable	(5,732)	(96,522)
Proceeds from issuance of bonds	4,500	—
Repayments of finance lease obligations	(496)	(829)
Purchase of treasury stock	(65)	(193)
Proceeds from sales of treasury stock	11	16
Cash dividends paid	(13,900)	(9,844)
Repayments of payables under fluidity lease receivables	(4,425)	(2,945)
Net cash provided by (used in) financing activities	58,177	(72,803)
Effect of exchange rate change on cash and cash equivalents	(9)	(50)
Net increase (decrease) in cash and cash equivalents	11,860	(53,734)
Cash and cash equivalents at beginning of period	105,381	179,743
Cash and cash equivalents at end of period	117,242	126,009

(4) Notes on Premise of Going Concern

No items to report.

(5) Segment Information

[Information by business segment]

The first nine months ended December 31, 2009 (From April 1, 2009 to December 31, 2009)

	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	674,244	343,135	43,712	46,381	58,998	1,166,473	—	1,166,473
(2) Inter-segment sales or transfers	1,265	6,937	26	1,007	39,812	49,050	(49,050)	—
Total	675,509	350,073	43,739	47,389	98,811	1,215,523	(49,050)	1,166,473
Operating income (loss)	24,986	40,395	5	1,359	(247)	66,499	(16,161)	50,337

[Segment Information]

1. Outline of reportable business segments during the period under review

The reportable business segments of the Group consist of those for which separate financial information is available within the Group's structural units. Segments are also subject to regular reviews as the Management determines the allocation of management resources and assesses the business performance.

The Daiwa House Group engages in a comprehensive business across a broad range of fields, including the construction of residential housing and commercial buildings. The Group established eight business segments, set up a comprehensive strategy for each business segment and operates based on its 2nd Medium-Term Management Plan, Challenge 2010, to enhance competitiveness with prompt decision-making and sophisticated expertise, integrating its value chain and sharing its customer base.

Accordingly, our business segments consist of different products and services, based on their business domains. Excluding the Other Businesses segment, there are seven reportable business segments: Single-Family Houses, Rental Housing, Condominiums, Existing Home Business, Commercial Facilities, Business and Corporate Facilities, and Health and Leisure segments.

In the Single-Family Houses segment, we engage in construction by order of single-family houses and sale of a package of a new house with lands. In Rental Housing segment, the Group conducts rental housing development, construction, management, operation, and real estate agency services. In the Condominium segment, we develop, and sell, and manage condominiums. In the Existing Home Business segment, the Group engages in renovation and real estate agency services. The Commercial Facilities segment develops, builds, manages, and operates commercial facilities. The Business and Corporate Facilities segment develops and builds logistics, manufacturing facilities and medical and nursing facilities, and builds, manages, and operates temporary facilities. The Health and Leisure segment engages in the management and operation of resort hotels, golf courses, fitness clubs and nursing facilities.

2. Sales and operating income by reportable business segment

The first nine months ended December 31, 2010 (From April 1, 2010 to December 31, 2010)

(Millions of yen)

	Reportable Business Segments					
	Single-Family Houses	Rental Housing	Condominiums	Existing Home Business	Commercial Facilities	Business & Corporate Facilities
Sales (1) Sales to customers	238,491	365,144	94,676	44,361	196,537	135,099
(2)Inter-segment sales or transfers	690	947	0	66	3,239	3,429
Total	239,182	366,092	94,677	44,428	199,776	138,528
Operating income	10,942	35,999	2,444	3,299	24,216	9,517

	Reportable Business Segments		Other Businesses (Note: 1)	Subtotal	Adjustment (Note: 2)	Amounts on the consolidated quarterly statements of income
	Health & Leisure	Total				
Sales (1) Sales to customers	46,007	1,120,319	114,706	1,235,026	—	1,235,026
(2)Inter-segment sales or transfers	23	8,398	50,386	58,784	(58,784)	—
Total	46,031	1,128,717	165,092	1,293,810	(58,784)	1,235,026
Operating income	258	86,677	3,043	89,721	(17,913)	71,807

Notes:

1. Other Businesses include construction support, city hotels, overseas businesses and others.
2. 17,913 million yen in adjustments to operating income by business segment includes 1,119 million yen in elimination within business segments, 539 million yen in the impairment loss on the amortization of goodwill and 17,333 million yen in corporate expenses not allocated to each business segment. Corporate expenses mainly consist of general and administrative expenses and experiment and research expenses not attributable to reportable business segments.
3. Operating income by business segment is adjusted to correspond to operating income in the consolidated quarterly statements of income.

(Additional Information)

Effective from the first quarter of FY2010, the Group applied the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (ASBJ Statement No. 17, issued on March 27, 2009) and Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (ASJB Guidance No. 20, issued on March 21, 2008.)

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

No items to report.