



Daiwa House[®]
Group

Financial Highlights for FY2009 3Q

(For nine months from April 1 to December 31, 2009)

Daiwa House Industry Co., Ltd.

(2010.2KG)

1. Summary of Accounts Settlement in FY2009 3Q: Overview

Comparison with actual results: On both a consolidated and non-consolidated basis, net sales, operating income, and ordinary income decreased year-on-year in the reporting 9-month period, while net income exceeded the previous term's level.

(¥ Billion)

	Consolidated (A)				Non-consolidated (B)				(A) / (B)	
	3QFY08	3QFY09	Amounts change	YOY	3QFY08	3QFY09	Amounts change	YOY	3QFY08	3QFY09
Net sales	1,224.5	1,166.4	-58.1	-4.7%	823.7	745.8	-77.9	-9.5%	1.49	1.56
Cost of Sales	975.4	936.2	-39.2	-4.0%	657.4	593.2	-64.1	-9.8%	—	—
SG&A expenses	196.5	179.8	-16.6	-8.5%	133.4	120.5	-12.8	-9.7%	—	—
Operating income	52.5	50.3	-2.2	-4.2%	32.9	32.0	-0.8	-2.6%	1.60	1.57
Ordinary income	51.5	50.1	-1.4	-2.8%	36.2	34.3	-1.9	-5.4%	1.42	1.46
Net income	25.4	28.0	2.6	10.3%	16.9	20.4	3.5	20.7%	1.50	1.37
Net income per share (¥)	43.95	48.47	4.51	10.3%	29.33	35.40	6.07	20.7%		

(¥ Billion)

	Consolidated				Non-consolidated			
	Mar. 31, 2009	Dec. 31, 2009	Amounts change	YOY	Mar. 31, 2009	Dec. 31, 2009	Amounts change	YOY
Total assets	1,810.5	1,842.0	31.4	1.7%	1,337.5	1,357.0	19.5	1.5%
Net assets	607.4	625.2	17.8	2.9%	542.1	552.2	10.0	1.8%
Net assets per share (¥)	1,047.50	1,078.02	30.52	2.9%	936.15	953.53	17.38	1.9%

2. Summary of Profits (for 9 months ended Dec. 31, 2009)

Effect of the adoption of percentage-of-completion method: Net sales increased ¥46.2 billion; and operating income, ordinary income, and income before taxes increased ¥9.4 billion yoy.

SG&A expenses decreased ¥16.6 billion yoy, due to cost-cutting measures.

	(¥ Billion)							
	3QFY08	3QFY09			Results	Compo.	Amounts change	YOY
		(Ref) Effect on Percentage-of-completion method	Results	Compo.				
		Bef. Appli	Compo.	Amounts				
Net sales	1,224.5	1,120.2	100.0%	46.2	1,166.4	100.0%	-58.1	-4.7%
Cost of sales	975.4	899.4	80.3%	36.7	936.2	80.3%	-39.2	-4.0%
Gross profit	249.1	220.7	19.7%	9.4	230.2	19.7%	-18.9	-7.6%
SG&A expenses	196.5	179.8	16.1%	—	179.8	15.4%	-16.6	-8.5%
Operating income	52.5	40.8	3.6%	9.4	50.3	4.3%	-2.2	-4.2%
Non-operating income	10.0	8.4	0.8%	—	8.4	0.7%	-1.6	-15.9%
Non-operating expenses	11.0	8.7	0.8%	—	8.7	0.7%	-2.3	-21.4%
Ordinary income	51.5	40.6	3.6%	9.4	50.1	4.3%	-1.4	-2.8%
Extraordinary income	0.5	0.2	0.0%	—	0.2	0.0%	-0.3	-55.9%
Extraordinary losses	8.9	1.1	0.1%	—	1.1	0.1%	-7.8	-87.5%
Income before taxes	43.1	39.7	3.5%	9.4	49.2	4.2%	6.0	14.0%
Net income	25.4				28.0	2.4%	2.6	10.3%

■ Cost of sales (¥ BN)			
	3QFY08	3QFY09	Amount change
Lower of cost or market methods (inventories)	4.1	5.7	1.5

■ SG&A expenses (¥ BN)			
	3QFY08	3QFY09	Amount change
Personnel costs (incl. welfare expense)	110.4	106.8	-3.6
Advertising & promotion expenses	23.9	18.2	-5.7
Sales commission	8.4	7.4	-0.9
Goodwill amortization	1.2	—	-1.2
Communication & transportation expenses	11.8	9.5	-2.2
Others	40.5	37.7	-2.8
Total	196.5	179.8	-16.6

■ Extraordinary losses (¥ BN)			
	3QFY08	3QFY09	Amount change
Write-down of marketable & investment securities	6.8	0.4	-6.3

3. Business Segment Information

In the Residential Business and Home Center Business, sales decreased, but operating income increased.

In the Commercial Business, sales decreased and operating income decreased.

In Resort Hotels and Sports Life Business, sales decreased, but operating loss decreased.

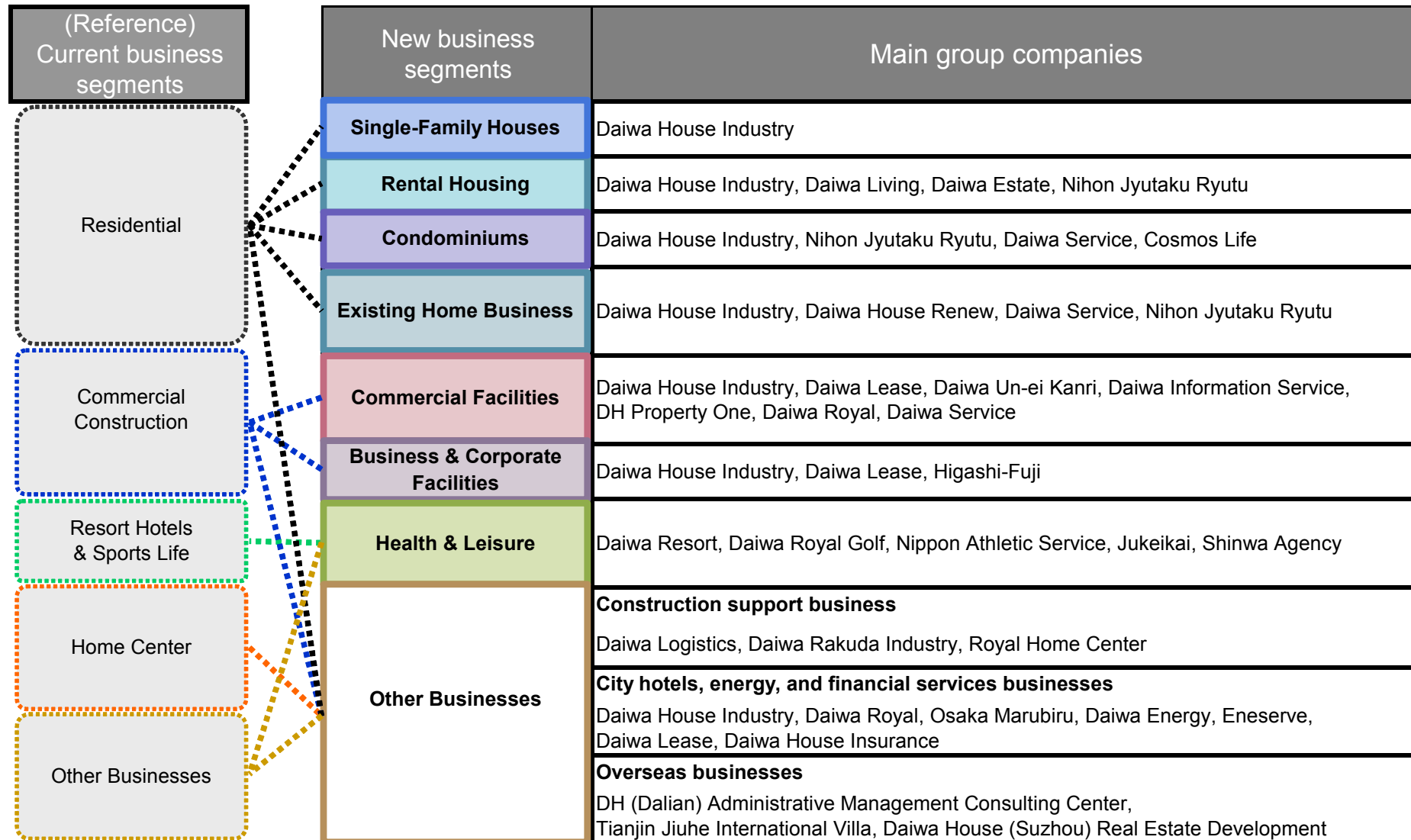
In Other Businesses, sales decreased and operating loss increased.

(¥ Billion)

		3QFY08	3QFY09				
		Results	(Ref) Effect on Percentage-of-completion method		Results	Amounts change	YOY
			Before application	Amounts			
Sales	Residential	703.1	651.1	24.3	675.5	-27.6	-3.9%
	Commercial Construction	378.0	328.2	21.8	350.0	-27.9	-7.4%
	Resort Hotels and Sports Life	47.5	43.7	—	43.7	-3.8	-8.1%
	Home Center	49.7	47.3	—	47.3	-2.3	-4.7%
	Other Businesses	107.1	98.7	0.0	98.8	-8.3	-7.8%
	(Elimination/Corporate)	(61.1)	(49.0)	—	(49.0)	—	—
	Total	1,224.5	1,120.2	46.2	1,166.4	-58.1	-4.7%
Operating income	Residential	24.3	19.2	5.7	24.9	0.6	2.8%
	Commercial Construction	43.7	36.6	3.7	40.3	-3.3	-7.7%
	Resort Hotels and Sports Life	-0.2	0.0	—	0.0	0.2	—
	Home Center	1.1	1.3	—	1.3	0.2	19.6%
	Other Businesses	1.7	-0.2	0.0	-0.2	-1.9	—
	(Elimination/Corporate)	(18.1)	(16.1)	—	(16.1)	—	—
	Total	52.5	40.8	9.4	50.3	-2.2	-4.2%

4. New 8 Business Segments

① Business Segments and Group Companies



4. New 8 Business Segments ② Net Sales and Operating Income

Net sales fell owing to a decline in the sales recorded by the parent company (a ¥ 29.3 billion decrease in the Single-Family Houses Business and a ¥ 22.6 billion decrease in Business & Corporate Facilities Business) .

Operating income increased for the Rental Housing Business and the Commercial Facilities Business due to a decrease in the cost of sales, and other cost-cutting measures. Operating income in the Condominiums Business and Business & Corporate Facilities Business declined, owing to a deterioration in the cost of sales ratio.

(¥ Billion)

	3QFY08		3QFY09						
	Results	Composition	(Ref) Effect on %-of-completion method		Results	Composition	Amounts change	YOY	
			Bef. Application	Amounts					
Sales	Single-Family Houses	264.2	21.6%	220.9	14.0	235.0	20.1%	-29.2	-11.1%
	Rental Housing	323.7	26.4%	314.7	10.0	324.7	27.8%	1.0	0.3%
	Condominiums	88.6	7.2%	82.1	0.1	82.3	7.1%	-6.3	-7.2%
	Existing Home Business	26.1	2.1%	33.1	—	33.1	2.8%	7.0	27.1%
	Commercial Facilities	211.1	17.2%	202.0	9.8	211.9	18.2%	0.8	0.4%
	Business & Corporate Facilities	168.3	13.7%	126.9	11.9	138.9	11.9%	-29.4	-17.5%
	Health & Leisure	48.4	4.0%	44.5	—	44.5	3.8%	-3.8	-8.1%
	Other Businesses	168.2	13.7%	154.6	0.0	154.7	13.3%	-13.5	-8.0%
	(Elimination/Corporate)	(74.3)	-5.9%	(58.9)	—	(58.9)	-5.0%	—	—
Total	1,224.5	100.0%	1,120.2	46.2	1,166.4	100.0%	-58.1	-4.7%	
Operating income	Single-Family Houses	4.5	8.7%	0.6	3.4	4.0	8.0%	-0.5	-11.8%
	Rental Housing	23.3	44.4%	25.2	2.2	27.5	54.7%	4.2	18.0%
	Condominiums	-4.2	-8.1%	-8.5	0.0	-8.5	-17.0%	-4.3	—
	Existing Home Business	0.3	0.7%	1.3	—	1.3	2.6%	0.9	249.3%
	Commercial Facilities	19.9	38.0%	23.6	1.8	25.5	50.7%	5.5	27.7%
	Business & Corporate Facilities	23.7	45.3%	13.4	1.9	15.3	30.5%	-8.4	-35.5%
	Health & Leisure	-0.1	-0.2%	0.0	—	0.0	0.1%	0.1	—
	Other Businesses	3.6	7.0%	1.5	0.0	1.5	3.0%	-2.1	-59.0%
	(Elimination/Corporate)	(18.7)	-35.8%	(16.4)	—	(16.4)	-32.6%	—	—
Total	52.5	100.0%	40.8	9.4	50.3	100.0%	-2.2	-4.2%	

5. Consolidated Balance Sheets ① Assets

Real Estate for sale decreased.

Costs on uncompleted construction contracts decreased due to the application of the percentage-of-completion method.

Property, plant and equipment increased owing to the acquisition of land and buildings.

	(¥ Billion)			
	Mar. 31, 2009	Dec. 31, 2009	Amounts change	YOY
Current assets	661.1	612.0	-49.0	-7.4%
Noncurrent assets	1,149.3	1,229.9	80.5	7.0%
Property, plant and equipment	728.9	779.4	50.5	6.9%
Intangible assets	13.1	20.8	7.7	58.5%
Investment and other assets	407.2	429.5	22.3	5.5%
Total assets	1,810.5	1,842.0	31.4	1.7%

■ Inventories

(¥ BN)

	Mar. 31, 2009	Dec. 31, 2009	Amounts change	YOY
Costs on uncompleted construction contracts	57.4	21.6	-35.7	-62.3%
Land for sale	237.6	211.6	-25.9	-10.9%
for houses	100.4	84.5	-15.8	-15.8%
for condominiums	96.3	85.6	-10.7	-11.1%
Buildings for sale	76.5	58.0	-18.4	-24.2%
for houses	15.0	11.5	-3.4	-22.9%
for condominiums	57.0	45.0	-12.0	-21.1%
Others	24.8	22.1	-2.6	-10.8%
Total	396.4	313.5	-82.8	-20.9%

■ Noncurrent assets

(¥ BN)

	Mar. 31, 2009	Dec. 31, 2009	Amounts change	YOY	Main properties /reasons
Buildings & structures	315.6	346.0	30.3	9.6%	Pacific Royal Court-Minato Mirai Urban Tower
Land	356.0	381.0	25.0	7.0%	D-Project Kita Hachioji and Kawagoe
Other	57.2	52.3	-4.8	-8.5%	
Property, plant and equipment	728.9	779.4	50.5	6.9%	
Intangible assets	13.1	20.8	7.7	58.5%	Goodwill for consolidation of Cosmos Life

5. Consolidated Balance Sheets ② Liabilities and Net Assets

D/E Ratio is 0.68 and Net D/E Ratio is 0.50, owing to an increase of Commercial Paper.
The equity ratio increased by 0.4 points yoy to 33.9%

(¥ Billion)

	Mar. 31, 2009	Dec. 31, 2009	Amounts change	YOY
Liabilities	1,203.1	1,216.7	13.6	1.1%
Current liabilities	372.6	372.1	-0.5	-0.1%
Noncurrent liabilities	830.5	844.6	14.1	1.7%
Net assets	607.4	625.2	17.8	2.9%
Shareholders' equity	687.6	701.4	13.8	2.0%
Valuation & translation adjustments	-80.9	-77.1	3.7	—
Minority interests	0.7	0.9	0.1	26.4%
Total liabilities & net assets	1,810.5	1,842.0	31.4	1.7%

Interest-bearing liabilities

(¥ Billion)

	Mar. 31, 2009	Dec. 31, 2009	Amounts change	YOY
Short-term loans payable	16.4	19.6	3.2	19.7%
Current portion of long-term loans payable	5.6	5.9	0.3	5.6%
Commercial paper	—	63.0	63.0	—
Lease obligations (current)	0.4	0.8	0.4	97.7%
Bonds payable	—	4.5	4.5	—
Long-term loans payable	319.9	329.4	9.5	3.0%
Long-term lease obligations	2.1	3.6	1.5	70.9%
Total	344.5	427.0	82.4	23.9%
Debt-Equity Ratio	0.57	0.68	0.11pt	
Net Debt-Equity Ratio	0.39	0.50	0.11pt	
Net asset ratio	33.5%	33.9%	0.4pt	

6. Full-Year Forecasts for FY2009

■ Comparison with actual results

(¥ Billion)

	Consolidated					Non-consolidated				
	FY2008	FY2009 (forecasts)			YOY	FY2008	FY2009 (forecasts)			YOY
		Results	(Reference) Effect on %-of-completion method	Revised forecasts			Results	(Reference) Effect on %-of-completion method	Revised forecasts	
		Before application	Amounts			Before application	Amounts			
Net sales	1,690.9	1,545.0	25.0	1,570.0	-7.2%	1,152.4	982.0	25.0	1,007.0	-12.6%
Cost of sales	1,357.8	1,243.5	20.0	1,263.5	-6.9%	927.8	782.6	20.0	802.6	-13.5%
SG&A expenses	259.5	244.5	—	244.5	-5.8%	177.0	163.7	—	163.7	-7.5%
Operating income	73.5	57.0	5.0	62.0	-15.7%	47.5	35.7	5.0	40.7	-14.3%
Ordinary income	39.8	51.5	5.0	56.5	41.8%	28.3	33.0	5.0	38.0	34.2%
Net income	4.1	—	—	24.0	475.5%	5.5	—	—	20.2	262.1%

■ Comparison with amounts initially forecasted in May 2009

(¥ Billion)

	Consolidated					Non-consolidated				
	FY2009 (forecasts)					FY2009 (forecasts)				
	Revised forecasts in Nov. 2009	(Reference) Effect on %-of-completion method	Revised forecasts in Feb. 2010	YOY	Revised forecasts in Nov. 2009	(Reference) Effect on %-of-completion method	Revised forecasts in Feb. 2010	YOY		
	Before application	Amounts			Before application	Amounts				
Net sales	1,570.0	1,545.0	25.0	1,570.0	—	1,000.0	982.0	25.0	1,007.0	0.7%
Cost of sales	1,263.5	1,243.5	20.0	1,263.5	—	795.6	782.6	20.0	802.6	0.9%
SG&A expenses	244.5	244.5	—	244.5	—	163.7	163.7	—	163.7	—
Operating income	62.0	57.0	5.0	62.0	—	40.7	35.7	5.0	40.7	—
Ordinary income	56.5	51.5	5.0	56.5	—	38.0	33.0	5.0	38.0	—
Net income	24.0	—	—	24.0	—	20.2	—	—	20.2	—

7. Full-Year Forecasts in Current Business Segments

(¥ Billion)

		FY2008	FY2009 (forecasts)						
			Results	Revised forecasts in Nov. 2009	(Reference) Effect on %-of-completion method		Revised forecasts in Feb. 2010	Amounts change	YOY
					Before application	Amounts			
Sales	Residential	959.0	925.0	920.4	10.0	930.4	-28.6	-3.0%	
	Commercial Construction	545.1	459.8	446.4	15.0	461.4	-83.7	-15.4%	
	Resort Hotels and Sports Life	60.1	56.5	56.5	—	56.5	-3.6	-6.0%	
	Home Center	63.5	61.0	61.0	—	61.0	-2.5	-3.9%	
	Other Businesses	143.9	137.0	135.0	—	135.0	-8.9	-6.2%	
	(Elimination/Corporate)	(80.8)	69.3	(74.3)	—	(74.3)	—	—	
	Total	1,690.9	1,570.0	1,545.0	25.0	1,570.0	-120.9	-7.2%	
Operating income	Residential	28.5	34.5	31.4	2.0	33.4	4.8	17.1%	
	Commercial Construction	66.1	48.0	46.2	3.0	49.2	-16.9	-25.7%	
	Resort Hotels and Sports Life	-1.1	0.0	0.0	—	0.0	1.1	—	
	Home Center	1.1	1.2	1.0	—	1.0	-0.1	-13.3%	
	Other Businesses	2.5	1.0	1.1	—	1.1	-1.4	-56.1%	
	(Elimination/Corporate)	(23.6)	(22.7)	(22.7)	—	(22.7)	—	—	
	Total	73.5	62.0	57.0	5.0	62.0	-11.5	-15.7%	

8. Forecasts in New 8 Business Segments

(¥ Billion)

	FY2008		FY2009 (forecasts)									
	Results	Compositon	Revised forecasts in Nov. 2009	(Reference) Effect on %-of-completion method		Revised forecasts	Compositon	Comparision to results		Comparision to actual results (revised)		
				Before application	Amounts			Amounts change	YOY	Amounts change	YOY	
Sales	Single-Family Houses	356.1	21.1%	322.0	315.2	5.0	320.2	20.4%	-35.9	-10.1%	-1.8	-0.6%
	Rental Housing	449.6	26.6%	447.0	442.0	5.0	447.0	28.5%	-2.6	-0.6%	—	—
	Condominiums	118.7	7.0%	114.0	117.8	—	117.8	7.5%	-0.9	-0.8%	3.8	3.3%
	Existing Home Business	34.8	2.1%	42.0	45.4	—	45.4	2.9%	10.5	30.3%	3.4	8.1%
	Commercial Facilities	303.9	18.0%	282.0	269.0	8.0	277.0	17.6%	-26.8	-8.8%	-5.0	-1.8%
	Business & Corporate Facilities	243.5	14.4%	179.3	178.8	7.0	185.8	11.8%	-57.6	-23.7%	6.5	3.6%
	Health & Leisure	61.2	3.6%	57.5	57.5	—	57.5	3.7%	-3.6	-6.0%	—	—
	Other Businesses	222.3	13.1%	213.0	211.0	—	211.0	13.4%	-11.3	-5.1%	-2.0	0.9%
	(Elimination/Corporate)	(99.2)	-5.9%	86.8	(91.7)	—	(91.7)	-5.8%	—	—	—	—
	Total	1,690.9	100.0%	1,570.0	1,545.0	25.0	1,570.0	100.0%	-120.9	-7.2%	—	—
Operating income	Single-Family Houses	3.0	4.1%	6.0	3.3	1.0	4.3	6.9%	1.3	43.5%	-1.7	-28.3%
	Rental Housing	34.1	46.3%	35.8	37.2	1.0	38.2	61.6%	4.0	12.0%	2.4	6.7%
	Condominiums	-10.1	-13.8%	-9.5	-12.5	—	-12.5	-20.2%	-2.3	—	-3.0	—
	Existing Home Business	0.7	0.9%	1.2	2.4	—	2.4	3.9%	1.7	264.2%	1.2	100.0%
	Commercial Facilities	33.9	46.1%	31.0	28.0	1.6	29.6	47.7%	-4.2	-12.6%	-1.4	-4.5%
	Business & Corporate Facilities	33.3	45.2%	18.0	19.1	1.4	20.5	33.1%	-12.7	-38.4%	2.5	13.9%
	Health & Leisure	-1.0	-1.4%	0.0	0.0	—	0.0	—	1.0	—	—	—
	Other Businesses	4.9	6.7%	2.6	2.5	—	2.5	4.0%	-2.4	-49.1%	-0.1	-3.8%
	(Elimination/Corporate)	(25.3)	-34.1%	(23.1)	(23.0)	—	(23.0)	-37.0%	—	—	—	—
	Total	73.5	100.0%	62.0	57.0	5.0	62.0	100.0%	-11.5	-15.7%	—	—

(Ref) Order Received and Sales (Non-consolidated)

(¥ Billion)

		Dec. 31, 2008		Dec. 31, 2009				
		Units	Amounts	Units	Amounts	Amounts change	YOY	
Order received	Housing	Single-family houses, contracting	6,098	180.1	6,315	179.3	-0.7	-0.4%
		Subdivisions	1,259	30.2	919	22.5	-7.6	-25.4%
		Land for subdivisions	—	44.2	—	31.3	-12.9	-29.3%
		Subtotal	7,357	254.6	7,234	233.2	-21.4	-8.4%
		Home Renovations	—	20.4	—	28.2	7.8	38.2%
		Rental houses	21,616	212.3	19,963	195.1	-17.2	-8.1%
		Condominiums	2,087	62.7	2,000	65.1	2.3	3.8%
		Commercial facilities	—	143.6	—	119.9	-23.6	-16.5%
		Business and corporate facilities	—	109.7	—	85.4	-24.3	-22.2%
		Real estate agency services, etc.	—	3.3	—	4.8	1.5	45.8%
	Resort hotels and golf courses	—	6.4	—	5.8	-0.5	-8.7%	
	Total	31,060	813.3	29,197	737.8	-75.5	-9.3%	

(¥ Billion)

		Dec. 31, 2008			Dec. 31, 2009						
		Units	Amounts	Gross profit ratio (%)	Units	Amounts	% of completion method	Amounts change	YOY	Gross profit ratio (%)	
Sales	Housing	Single-family houses, contracting	6,497	192.4	23.0	5,897	180.9	14.1	-11.4	-5.9%	22.8
		Subdivisions	1,178	28.0	18.3	864	21.1	—	-6.9	-24.8%	20.1
		Land for subdivisions	—	42.1	1.2	—	31.1	—	-10.9	-26.0%	-12.9
		Subtotal	7,675	262.6	19.0	6,761	233.2	14.1	-29.3	-11.2%	17.7
		Home Renovations	—	21.3	28.3	—	27.4	—	6.0	28.3%	30.3
		Rental houses	20,381	201.2	21.9	18,430	189.2	10.3	-12.0	-6.0%	25.5
		Condominiums	2,584	82.7	7.2	2,095	65.9	—	-16.8	-20.4%	-3.8
		Commercial facilities	—	128.5	21.8	—	125.1	10.4	-3.4	-2.7%	25.0
		Business and corporate facilities	—	117.3	24.4	—	94.6	10.5	-22.6	-19.3%	23.3
		Real estate agency services, etc.	—	3.3	65.1	—	4.3	0.0	0.9	28.4%	60.0
	Resort hotels and golf courses	—	6.4	22.8	—	5.8	—	-0.5	-8.7%	22.2	
	Total	30,640	823.7	20.2	27,286	745.8	45.5	-77.9	-9.5%	20.5	