



Daiwa House[®]
Group

Financial Highlights of 1Q of FY2009

Daiwa House Industry Co.,Ltd.

Daiwa House
Group

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

Daiwa House Group

- Sales, operating income, ordinary income, and net income all exceeded the previous year's level, on both a consolidated and non-consolidated basis, due to the application of the percentage-of-completion method.

(¥ Billion)

	Consolidated			Non-consolidated		
	1Q/FY2008	1Q/FY2009	YOY	1Q/FY2008	1Q/FY2009	YOY
Net sales	354.6	377.4	6.4%	231.5	248.2	7.2%
Operating income	4.7	13.8	193.8%	2.5	11.2	336.6%
Ordinary income	5.3	15.0	180.1%	6.7	14.7	117.3%
Net income	2.2	8.0	257.2%	4.9	9.4	90.6%
Basic net income per share (in Yen)	3.90	13.92	257.3%	8.52	16.24	90.6%

	Consolidated			Non-consolidated		
	FY2008	1Q/FY2009	YOY	FY2008	1Q/FY2009	YOY
Total assets	1,810.5	1,812.2	0.1%	1,337.5	1,337.8	0.0%
Net assets	607.4	609.2	0.3%	542.1	542.9	0.1%
Net assets per share (in Yen)	1,047.50	1,050.95	0.3%	936.15	937.47	0.1%

2. Group Companies

	Number of companies			Changes in Group Composition during 1Q/FY2009
	March 31, 2009	June 30, 2009	Changes	
Parent company (Daiwa House Industry)	1	1	—	
Consolidated companies	57	55	—2 (—2 companies)	<ul style="list-style-type: none"> ■ No companies were newly included in the scope of consolidation during the term under review. ■ Shinmisato Development One, a special purpose company, terminated business operation and was removed from the scope of consolidation. ■ A signage company was removed from the scope of consolidation following the completion of the liquidation process. (A Daiwa Rakuda Industry's subsidiary)
Equity-method associates	13	13	—	
Unconsolidated	1	1	—	
Total	72	70	—2	

3. Summary of Profits & Losses

- Net sales increased as a result of the application of the percentage-of-completion method.
- Income increased as a result of the application of the percentage-of-completion method as well as successful cost-cutting measures.

(¥ Billion)

	1Q/FY2008	(Reference) Effect on the percentage-of-completion method (1Q/FY2009)			1Q /FY2009	
	Results	Before application	Composition	Amount	Results	Composition
Net sales	354.6	348.4	100.0%	29.0	377.4	100.0%
Cost of sales	284.7	282.8	81.2%	21.9	304.8	80.8%
Gross profit	69.9	65.5	18.8%	7.1	72.6	19.2%
SG&A expenses	65.2	58.8	16.9%	—	58.8	15.6%
Operating income	4.7	6.7	1.9%	7.1	13.8	3.7%
Non-operating income	5.5	4.0	1.2%	—	4.0	1.1%
Non-operating expenses	4.8	2.8	0.8%	—	2.8	0.8%
Ordinary income	5.3	7.9	2.3%	7.1	15.0	4.0%
Extraordinary income	0.5	0.2	0.1%	—	0.2	0.1%
Extraordinary losses	0.8	0.4	0.1%	—	0.4	0.1%
Income before taxes	4.9	7.7	2.2%	7.1	14.8	3.9%
Net income	2.2				8.0	2.1%

Inventory lower cost methods: —¥1.2 BN

■ **SG&A expenses** (¥ BN)

	1Q/FY08	1Q/FY09
Employment costs (incl. welfare expense)	37.1	35.3
Advertising & promotion expenses	7.7	5.4
Sales commission	2.0	2.0
Goodwill Amortization	0.9	—
Others	17.3	15.9
Total	65.2	58.8

Write-down of marketable and investment securities: — ¥0.3 BN

4. Segment Information

- Sales and income of the Residential Business posted year-on-year growth accompanying the application of the percentage-of-completion method.
- The Commercial Construction Business also posted year-on-year growth in sales and operating income without the application of the percentage-of-completion method.
- The Resort Hotels and Sports Life Business and the Home Center Business reported declines in sales, but the Resort Hotels and Sports Life Business reduced operating losses, and Home Center Business increased operating income.
- Other Businesses posted a decline in sales, and increased operating losses, due mainly to a rise in the operational costs of the environment and energy business.

(¥ Billion)

		1Q/FY2008	(Reference) Effect on percentage-of-completion method (1Q/FY2009)		1Q/FY2009	
		Results	Before application	Amount	Results	YOY ratio
Sales	Residential	205.2	196.1	19.6	215.8	5.2%
	Commercial Construction	104.7	108.6	9.3	118.0	12.7%
	Resort Hotels and Sports Life	14.7	13.2	—	13.2	—10.2%
	Home Center	17.2	16.1	—	16.1	—6.3%
	Other Businesses	33.0	29.9	—	29.9	—9.4%
	(Elimination/Corporate)	(20.4)	(15.8)	—	(15.8)	—
	Total	354.6	348.4	29.0	377.4	6.4%
Operating Income	Residential	3.0	1.1	4.9	6.1	102.3%
	Commercial Construction	8.5	11.1	2.1	13.2	54.9%
	Resort Hotels and Sports Life	—1.0	—0.7	—	—0.7	—
	Home Center	0.4	0.7	—	0.7	79.1%
	Other Businesses	—0.0	—0.6	—	—0.6	—
	(Elimination/Corporate)	(6.1)	(4.9)	—	(4.9)	—
	Total	4.7	6.7	7.1	13.8	193.8%

*Sales and Operating income by segment are shown prior to consolidate adjustments.

5. Consolidated Balance Sheets ① Assets

- Decline in value of land for sale.
- Decline in costs on uncompleted construction contracts accompanying the application of the percentage-of-completion method.
- Increase in property, plant and equipment due to the acquisition of land and buildings.

	(¥ Billion)			
	March 31, 2009	June 30, 2009	Changes	Percentage changes
Current assets	661.1	629.2	-31.8	-4.8%
Noncurrent assets	1,149.3	1,182.9	33.6	2.9%
Property, plant and equipment	728.9	752.1	23.1	3.2%
Intangible assets	13.1	12.8	-0.3	-2.3%
Investments and other assets	407.2	417.9	10.7	2.6%
Total assets	1,810.5	1,812.2	1.7	0.1%

Inventories (¥ BN)			
	Mar. 31, 2009	June 30, 2009	Changes
Costs on uncompleted construction contracts	57.4	36.3	-21.1
Land for sale	237.6	223.8	-13.7
for houses	100.4	94.2	-6.1
for condominiums	96.3	88.5	-7.8
Buildings for sale	76.5	70.4	-6.0
for houses	15.0	13.9	-1.0
for condominiums	57.0	53.7	-3.2
Others	24.8	23.2	-1.5
Total	396.4	353.9	-42.4

Property, plant and equipment (¥ BN)			
	Mar. 31, 2009	June 30, 2009	Changes
Buildings & structures	315.6	329.3	13.6
Land	356.0	362.7	6.7
Other	57.2	60.0	2.7
Total	728.9	752.1	23.1

5. Consolidated Balance Sheets ② Liabilities & Net Assets

Daiwa House Group

■ Due to an issuance of commercial paper, the D/E ratio became to 0.67, and the net D/E ratio to 0.49.

■ The equity ratio* improved by 0.1 percentage point year-on-year, to 33.6%.

(¥ Billion)

	Mar. 31, 2009	June 30, 2009	Changes	Percentage Changes
Liabilities	1,203.1	1,202.9	-0.1	-0.0%
Current liabilities	372.6	377.4	4.8	1.3%
Noncurrent liabilities	830.5	825.5	-4.9	-0.6%
Net assets	607.4	609.2	1.8	0.3%
Shareholders' equity	687.6	681.6	-5.9	-0.9%
Valuation and translation adjustments	-80.9	-73.0	7.9	—
Minority interests	0.7	0.6	-0.1	-13.9%
Total liabilities and net assets	1,810.5	1,812.2	1.7	0.1%

■ Interest-bearing liabilities (¥ BN)

	Mar. 31, 2009	June 30, 2009	Changes
Short-term loans payable	16.4	19.9	3.5
Current portion of long-term loans payable	5.6	5.8	0.2
Commercial papers (within one year)	—	59.0	59.0
Lease obligations (current)	0.4	0.5	0.1
Long-term loans payable	319.9	320.3	0.3
Long-term lease obligation (noncurrent)	2.1	2.4	0.3
Total	344.5	408.1	63.6
D/E ratio	0.57	0.67	0.10pt
Net D/E ratio	0.39	0.49	0.10pt

*Equity ratio=(Net Assets – Minority Interests)/Total Assets x 100

6. Non-Consolidated Results ① Orders received

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(¥ Billion)

		1Q/FY2008		1Q/FY 2009		YOY	
		Units	Amounts	Units	Amounts	Amounts	Ratio
Housing	Single-family houses, contracting	2,279	66.5	2,220	61.7	-4.7	-7.2%
	Subdivisions	405	9.6	320	8.0	-1.6	-17.2%
	Land for Sub-divisions	—	15.7	—	12.1	-3.6	-23.0%
	Sub-total	2,684	92.0	2,540	81.9	-10.0	-11.0%
Home Renovations		—	6.7	—	8.4	1.6	24.0%
Rental houses		6,926	69.6	6,731	64.0	-5.6	-8.1%
Condominiums		721	22.5	732	22.9	0.3	1.5%
Commercial facilities		—	54.5	—	40.1	-14.4	-26.5%
Business and corporate facilities		—	31.5	—	32.1	0.6	2.0%
Real estate agency services, etc.		—	0.9	—	1.1	0.1	20.0%
Resort hotels and golf courses		—	2.1	—	1.8	-0.2	-13.3%
Total		10,331	280.2	10,003	252.6	-27.6	-9.9%

6. Non-Consolidated Results ②Sales

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(¥ Billion)

		1Q/FY2008		1Q/FY 2009			YOY	
		Units	Amounts	Units	Amounts	(Amounts of percentage-of-completion method)	Amounts	Ratio
Housing	Single-family houses, contracting	1,645	49.4	1,411	53.7	(12.7)	4.3	8.7%
	Subdivisions	364	8.5	253	6.2		-2.3	-27.0%
	Land for Sub-divisions	—	11.4	—	9.9		-1.5	-13.1%
	Sub-total	2,009	69.4	1,664	69.9	(12.7)	0.4	0.7%
Home Renovations		—	6.7	—	7.8		1.1	16.3%
Rental houses		6,029	59.3	5,658	63.0	(6.8)	3.6	6.2%
Condominiums		795	26.2	850	25.8		-0.3	-1.3%
Commercial facilities		—	36.8	—	39.1	(4.0)	2.3	6.4%
Business and corporate facilities		—	29.7	—	39.3	(3.2)	9.5	32.1%
Real estate agency services, etc.		—	1.0	—	1.2		0.1	11.4%
Resort hotels and golf courses		—	2.1	—	1.8		-0.2	-13.3%
Total		8,833	231.5	8,172	248.2	(26.8)	16.6	7.2%