Summary of Financial Results for the Fiscal Year Ended March 31, 2010
(From April 1, 2009 to March 31, 2010)

May 12, 2010

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
E-mail to: dh.ir.communications@daiwahouse.jp

Scheduled Date of Ordinary General Meeting of Shareholders: June 29, 2010
Scheduled Date of Commencement of Dividend Payment: June 30, 2010
Scheduled Date of Filing Securities Report: June 29, 2010

(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 Fiscal Year Ended March 31, 2010 (From April 1, 2009 to March 31, 2010)

(1) Consolidated Results of Operation

(% 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	%
Fiscal year ended March 31, 2010	1,609,883	(4.8)	62,714	(14.8)	60,036	50.6	19,113	358.3
Fiscal year ended March 31, 2009	1,690,956	(1.1)	73,580	(17.4)	39,855	(35.0)	4,170	(68.1)

	Basic net income per share	Diluted net income per share	Return on equity (ROE)	Ordinary income to total assets ratio	Operating income to net sales ratio
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2010	33.00	—	3.1	3.2	3.9
Fiscal year ended March 31, 2009	7.20	—	0.7	2.2	4.4

(Reference) Equity in earnings of affiliates
Fiscal year ended March 31, 2010: 1,242 million yen; Fiscal year ended March 31, 2009: 542 million yen

(2) Consolidated Financial Conditions

	Total assets	Net assets	Net assets ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2010	1,916,927	617,769	32.2	1,065.15
March 31, 2009	1,810,573	607,427	33.5	1,047.50

(Reference)
Net assets ratio = (Net assets – Minority interests)/Total assets
(Net assets – Minority interests) is as follows. March 31, 2010: 616,821 million yen; March 31, 2009: 606,682 million yen

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents, end of the year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended March 31, 2010	133,314	(138,237)	79,269	179,743
Fiscal year ended March 31, 2009	109,810	(199,679)	96,503	105,381

2. Dividends

(Record date)	Dividend per share: End of 1st quarter (June 30)	End of 2nd quarter (Sept. 30)	End of 3rd quarter (Dec. 31)	Fiscal year-end (March 31)	Annual	Total dividends (annual)	Dividend payout ratio (consolidated)	Dividends to net assets ratio (consolidated)
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2009	—	0.00	—	24.00	24.00	13,900	333.4	2.2
Fiscal year ended March 31, 2010	—	0.00	—	17.00	17.00	9,844	51.5	1.6
Fiscal year ending March 31, 2011 (forecasts)	—	0.00	—	17.00	17.00		41.0	

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
Six months ending September 30, 2010	768,000	(4.5)	34,500	(11.0)	32,000	(17.3)	14,000	(34.5)	24.18
Fiscal year ending March 31, 2011	1,610,000	0.0	66,000	5.2	60,500	0.8	24,000	25.6	41.44

4. Others

(1) Changes in Significant Subsidiaries during the Fiscal Year (Changes in specified subsidiaries associated with changes in the scope of consolidation): None

Note: Please refer to “Corporate Group” on page 13.

(2) Changes in Accounting Policies, Procedures and Methods of Presentation for the Preparation of Consolidated Financial Statements (Items recorded under changes under Basic Significant Matters Regarding Preparation of Consolidated Financial Statements)

1) Changes due to amendment of accounting standards: Yes
2) Changes due to reasons other than 1): None

Note: For details, please refer to “(6) Basic Significant Matters Regarding Preparation of Consolidated Financial Statements” on page 24.

(3) Number of Issued and Outstanding Shares (common stock)

1) Number of shares at fiscal year-ends (including treasury stock)
   Fiscal year ended March 31, 2010 599,921,851 shares
   Fiscal year ended March 31, 2009 599,921,851 shares
2) Number of treasury stock at fiscal year-ends
   Fiscal year ended March 31, 2010 20,829,959 shares
   Fiscal year ended March 31, 2009 20,750,714 shares

Note: For the number of shares used as the basis of calculating basic net income per share (consolidated), please refer to “Per Share Information” on page 38.

(Reference) Summary of Non-Consolidated Results of Operation

1. Non-Consolidated Results of Operation for the Fiscal Year Ended March 31, 2010 (From April 1, 2009 to March 31, 2010)

(1) Non-Consolidated Results of Operation

(% figures represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2010	1,034,834	(10.2)	38,782	(18.4)	39,045	37.9	12,969	132.5
Fiscal year ended March 31, 2009	1,152,431	(0.5)	47,503	(24.9)	28,320	(43.3)	5,578	(25.1)

	Basic net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended March 31, 2010	22.39	—
Fiscal year ended March 31, 2009	9.63	—

(2) Non-Consolidated Financial Conditions

	Total assets	Net assets	Net assets ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2010	1,418,199	545,317	38.5	941.68
March 31, 2009	1,337,500	542,193	40.5	936.15

(Reference) Net assets: March 31, 2010: 545,317 million yen; March 31, 2009: 542,193 million yen

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

(Notes regarding forward-looking statements)

Consolidated and non-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 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 "(1) Analysis on Business Results" of "1. Business Results" on page 6 for the assumptions and other factors on which the business forecasts are based.

<Reference Material> Key Performance Indicators

1. Performance Indicators

Fiscal years	Fiscal year ended March 31, 2007	Fiscal year ended March 31, 2008	Fiscal year ended March 31, 2009	Fiscal year ended March 31, 2010	Forecast for the fiscal year ending March 31, 2011
Net sales (millions of yen)	1,618,450	1,709,254	1,690,956	1,609,883	1,610,000
Cost of sales (millions of yen)	1,283,587	1,360,348	1,357,820	1,303,881	1,296,000
Selling, general and administrative expenses (millions of yen)	249,183	259,784	259,555	243,288	248,000
Operating income (millions of yen)	85,678	89,120	73,580	62,714	66,000
Ordinary income (millions of yen)	89,356	61,290	39,855	60,036	60,500
Net income (millions of yen)	46,393	13,079	4,170	19,113	24,000
Basic net income per share (yen)	81.15	22.46	7.20	33.00	41.44
Return on equity (ROE) (%)	7.5	2.0	0.7	3.1	—
Ordinary income to total assets ratio (%)	5.8	3.6	2.2	3.2	—
Dividend per share (yen) (of which interim dividend per share)	20 (—)	24 (—)	24 (—)	17 (—)	17 (—)
Total annual dividends (millions of yen)	11,743	13,902	13,900	9,844	—
Dividend payout ratio (%)	24.6	106.8	333.4	51.5	41.0
Dividends to net assets ratio (%)	1.8	2.2	2.2	1.6	—
Total assets (millions of yen)	1,630,022	1,791,052	1,810,573	1,916,927	—
Net assets (millions of yen)	661,145	649,440	607,427	617,769	—
Net assets ratio (%)	40.4	35.3	33.5	32.2	—
Net assets per share (yen)	1,122.88	1,092.04	1,047.50	1,065.15	—
Depreciation (millions of yen)	29,536	35,621	39,318	43,917	46,000
Capital investments (millions of yen)	136,171	103,856	160,600	99,786	68,500
Cash flows from operating activities (millions of yen)	136,060	(15,738)	109,810	133,314	—
Cash flows from investing activities (millions of yen)	(172,074)	(123,296)	(199,679)	(138,237)	—
Cash flows from financing activities (millions of yen)	14,317	135,796	96,503	79,269	—
Cash and cash equivalents, end of year (millions of yen)	102,126	98,888	105,381	179,743	—

2. Sales and Operating Income by Segment

(Millions of yen)

Fiscal years		Fiscal year ended March 31, 2007	Fiscal year ended March 31, 2008	Fiscal year ended March 31, 2009	Fiscal year ended March 31, 2010	Forecast for the fiscal year ending March 31, 2011
Net sales		1,618,450	1,709,254	1,690,956	1,609,883	1,610,000
Sales by segment	Residential Business	965,898	1,004,365	959,026	941,528	—
	Commercial Construction Business	477,692	512,734	545,141	480,520	—
	Resort Hotels and Sports Life Business	67,762	63,701	60,107	56,079	—
	Home Center Business	62,241	62,623	63,505	61,211	—
	Other Businesses	124,646	143,346	143,978	137,997	—
	Eliminations/Corporate	(79,790)	(77,517)	(80,802)	(67,452)	—
Sales by new segment*	Single-Family Houses	—	—	—	325,908	313,500
	Rental Housing	—	—	—	449,006	474,500
	Condominiums	—	—	—	119,308	116,000
	Existing Home Business	—	—	—	46,974	53,500
	Commercial Facilities	—	—	—	285,679	279,500
	Business & Corporate Facilities	—	—	—	196,270	177,500
	Health & Leisure	—	—	—	57,131	58,500
	Other Businesses	—	—	—	210,901	219,000
	Eliminations/Corporate	—	—	—	(81,297)	(82,000)
Operating income		85,678	89,120	73,580	62,714	66,000
Operating income by segment	Residential Business	53,166	53,738	28,533	29,110	—
	Commercial Construction Business	46,933	50,507	66,181	55,291	—
	Resort Hotels and Sports Life Business	1,013	40	(1,115)	(531)	—
	Home Center Business	1,771	1,807	1,153	780	—
	Other Businesses	4,373	4,560	2,504	(262)	—
	Eliminations/Corporate	(21,579)	(21,533)	(23,677)	(21,674)	—
Operating income by new segment*	Single-Family Houses	—	—	—	6,204	6,700
	Rental Housing	—	—	—	38,655	32,000
	Condominiums	—	—	—	(18,323)	100
	Existing Home Business	—	—	—	1,739	3,500
	Commercial Facilities	—	—	—	34,431	31,000
	Business & Corporate Facilities	—	—	—	21,768	14,000
	Health & Leisure	—	—	—	(505)	0
	Other Businesses	—	—	—	1,039	2,700
	Eliminations/Corporate	—	—	—	(22,295)	(24,000)

Notes: 1. Figures for new segments in sales and operating income for the fiscal year ended March 2010 have not been audited by an independent certified accountant.

2. New segments* are based on a management approach in accordance with the "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (ASBJ Statement No. 17, issued on March 21, 2008)" and the "Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information. (ASBJ Guidance No. 20, issued on March 21, 2008). "

1. Business Results

(1) Analysis on Business Results

During fiscal 2009, the fiscal year ended March 31, 2010, the Japanese economy showed signs of recovery in terms of increased exports and a pickup in industrial production, due to improvements in the world economy, centered on Asia, and the government's economic stimulus measures. Despite these positive factors, however, corporate earnings and capital investment remained weak, and consumer spending was stagnant amid weak personal income and continuing high unemployment. Overall economic conditions were again tough.

In the housing industry, the Group's principal business field, some positive effects were seen from government measures such as revisions to the taxation system related to home acquisition and renovation, and interest rate incentives on mortgage loans, triggering signs of recovery in starts for owner-occupied houses, but the overall number of new construction housing starts was low amid deteriorating employment and income conditions.

In these circumstances, the Daiwa House Group positioned still greater management efficiency as an urgent task, and worked to improve business performance through a focus on three policies - reorganizing the Group's core business structure, investing management resources in businesses in growing markets, and ensuring financial strength and enhancing profitability.

In particular, we expanded our product lineup in the Residential Business, through addition of new environmentally friendly models in the mainstay “xevo” series of single-family houses. At the same time, we have actively been seeking approvals under the government’s High Quality, Long-Term Housing Model system of certification, and providing homes with high environment performance and asset value. We have also launched full operations of our AQ Asset long-term support service for owners of single-family houses, hoping to strengthen our relationship with them further.

Meanwhile, as part of measures to help prevent global warming, we set up a new department to handle our environment and energy business, with marketing offices in 28 locations around Japan, through which we plan to develop new businesses. We have so far marketed energy-saving and low-carbon products such as our highly efficient reflective panels used with existing fluorescent lights.

In CSR measures, we are adopting a bottom-up approach to improving the workplace environment and raising employee awareness, using our proprietary indicators for self-assessment of CSR activities with questionnaires sent to employees and business partners. We have also deepened stakeholder relations through a program of lectures given at elementary and junior high schools by visiting company employees, public invitation to stakeholder meetings, and community contribution activities at our business locations across Japan.

As a result of the above factors, net sales for fiscal 2009 came to 1,609,883 million yen on a consolidated basis, down 4.8% year-on-year. Operating income was 62,714 million yen, down 14.8% year-on-year. However, ordinary income was 60,036 million yen, up 50.6% year-on-year, and net income amounted to 19,113 million yen, up 358.3% year-on-year.

Results by business segment are as follows.

Residential Business

In the Single-Family Houses Division, following the establishment in June 2009 of the government’s system for certification of High Quality, Long-Term Housing Models, we strengthened marketing activities, taking advantage of the government’s incentive program promoting home acquisitions. For example, we appealed to potential customers with the durability of models in our “xevo” series, which incorporate the government’s certification criteria as standard, and the available tax benefits. In addition, we are encouraging the widespread adoption of solar-power generation by taking advantage of government subsidies for photovoltaic power generation systems. We have also strengthened business based on maintaining and improving the asset value of housing, through launch of offerings such as our AQ Asset long-term support service for owners of single-family houses from construction through to maintenance and contract of sale. At the same time, our "xevo" series now includes more environmentally friendly homes – the xevoFU, a house with a lightweight steel framework, and xevoKU, with a wooden framework. Further measures include the launch of xevoAI, a lightweight, steel-frame eco-friendly house designed for families with children to bring up, the xevoEDDI, a "designer's eco-housing model" principally targeting the younger generation, and xevo+R, the first housing model including rental apartment space in the "xevo" line.

In the Rental Housing Division, we introduced an eco-friendly model SÉJOUR ECOHA, featuring reduced CO_2 emissions to combat global warming and reduce environmental load, and which promotes the popularization of energy-saving rental housing. At the same time, our measures to reorganize the mainstay products in the rental housing segment include improvements in product quality, features and specifications, as well as an increase in the exterior design variations being offered. For example, we launched the SÉJOUR WIT, a model allowing freedom of choice with regard to the floor plan, thus responding to landowners' needs with greater flexibility. Daiwa House won the "2009 Global Warming Prevention Activity Award" from Japan's Ministry of the Environment, in recognition of its efforts to reduce CO_2 emissions in rental housing.

In the Condominiums Division, we worked to strengthen development of new condominium projects in response to the specific demand characteristics of each region of Japan, and expanded after-purchase support to maximize safety and address buyers' concerns. We also continued providing services aimed at maintaining the asset value of real estate properties. For example, we have developed an online system that enables viewing of information such as housing performance evaluations and condominium management services.

In the Home Renovation Division, we have strengthened marketing of renovation solutions through our nationwide campaign to encourage energy-saving and environment-friendly housing, and proposal of renovation plans leveraging the eco-point system for housing. We have expanded the coverage of our renovation services to include rental housing units in addition to our traditional target of single-family houses. At the same time, we have strengthened design, construction and inspection systems, upgraded our technological capabilities and formed a stronger alliances with our marketing department.

However, the division's performance was adversely affected by the deterioration of the market environment. Consequently, sales of the Residential Business came to 941,528 million yen, down 1.8% year-on-year. Operating income came to 29,110 million yen, up 2.0% year-on-year.

Commercial Construction Business

In the Commercial Facilities Division, the Group made use of planning and proposal-driven sales centered on road-side store development, leveraging its abundant land-related data and store opening support know-how for tenant businesses. In November 2009 we opened the open-mall-type commercial facilities Foleo Sendai Miyanomori (Miyagi) and Foleo Hiroshima-Higashi (Hiroshima), while building a management and support system for the operation of these shopping centers.

In the Distribution, Medical/Nursing Care, and Corporate Facilities Division, we continued to undertake construction of large-scale logistics centers, production plants, and logistics facilities for foodstuff sector enterprises. We also made active use of proposal-based marketing for private housing-type nursing homes and rental houses for the aged, and provided support services for corporate customers for the construction of facilities for their marketing operations.

However, sales of the Commercial Construction Business came to 480,520 million yen, down 11.9% year-on-year, due primarily to the general trend among companies to curb capital investment, while operating income came to 55,291 million yen, down 16.5% year-on-year.

Resort Hotels and Sports Life Business

In the Resort Hotels Division, we made every effort to raise customer satisfaction levels by offering high-quality services, so as to increase the number of repeat guests. As a result, we registered a large number of guests during long holiday weekends and the summer vacation period.

In the Sports Life Division, we opened new sports facilities NAS Wakabadai (Tokyo) and NAS Fushimi-Momoyama (Kyoto). We also commenced other initiatives including new membership plans meeting diverse customer needs, to attract a wide range of new members to our fitness clubs.

However, our operations have been affected by the spread of the H1N1 influenza virus and the trend among consumers to cut back on expenditures amid the current economic downturn. As a result, sales in this segment came to 56,079 million yen, down 6.7% year-on-year, and the operating loss came to 531 million yen, compared with the operating loss of 1,115 million yen in the previous fiscal year.

Home Center Business

In the Home Center Segment, in April 2009 we opened the Royal Kanamono Kitamoto (Saitama). Then, in October 2009 we opened the ROYMALL online shopping website. As part of a new product strategy, we have increased the number of products in our “RoyValue” private brand, meeting requirements for high quality and low prices, and have taken various steps to stimulate sales.

However, as a result of an increasing consumer tendency to avoid unnecessary expenditure amid the economic downturn, sales of this segment were 61,211 million yen, down 3.6% year-on-year, and operating income came to 780 million yen, down 32.4% year-on-year.

Other Businesses

In the Housing Construction Material Manufacturing and Marketing Division, we aggressively marketed products for housing manufacturers. We also made proposals for interior renovation services, primarily for large-scale multifunctional commercial facilities and hotels. Meanwhile, we strengthened our marketing capabilities through total interior coordination proposals by our own specialist staff, and took steps to cut manufacturing and logistics costs.

In the Logistics Division, we established a section specializing in our environment- and energy-related logistics business, and started up an eco-friendly logistics business, including an efficient joint delivery system with construction material makers, and a maintenance service involving the re-use of interior fixtures and facilities for multi-store operators.

In the City Hotels Division, we opened the Daiwa Roynet Hotel Hachinohe (Aomori), the Daiwa Roynet Hotel Hakata-Gion (Fukuoka), the Daiwa Roynet Hotel Tsukuba (Ibaraki), the Daiwa Roynet Hotel Morioka (Iwate), the Daiwa Roynet Hotel Hiroshima (Hiroshima), and the Daiwa Roynet Hotel Yokohama-Koen (Kanagawa), bringing the total number of our city hotels to 22 nationwide. Further measures include the expansion of our menu of special services for individual guest-club members in order to attract new customers.

As a result, sales recorded for this segment came to 137,997 million yen, down 4.2% year-on-year. Operating losses came to 262 million yen, compared with operating income of 2,504 million yen in previous fiscal year, due to the increased expenses for new businesses.

Business Prospects for Fiscal 2010

Despite expectations of recovery in the Japanese economy on the back of stimulus policies by the government and growth in emerging economies, we expect the outlook to remain uncertain amid employment instability and deflation.

In the housing sector, we expect the market to pick up on the strength of an expansion of the scope of exclusion for the gift tax and application of the eco-point system for housing. But overall we expect the business environment to remain difficult, with no real improvement in the employment and income pictures.

Against this backdrop, we will strengthen our profitability and balance sheet by upgrading our solution-proposal capability in core businesses, targeting environmental fields and demand from the increase in the elderly population, and through a closer management focus on cash flow.

In consideration of the factors described above, we forecast net sales of 1,610 billion yen, operating income of 66.0 billion yen, ordinary income of 60.5 billion yen, and net income of 24.0 billion yen for fiscal 2010.

(2) Analysis on Financial Conditions

1. Financial Position

Total assets on a consolidated basis at the end of the fiscal year stood at 1,916,927 million yen, for an increase of 106,354 million yen compared with the 1,810,573 million yen at the end of the previous fiscal year. The main factors were the acquisition of property, plant and equipment such as high-rise rental housing and large-scale multifunctional commercial facilities, investment in the real estate business, and an increase in cash and deposits as a result of an issuance of bonds, which exceeded decreases in inventories in current assets due to disposal of real estate for sale, and a decline in costs on uncompleted construction contracts.

Total liabilities at the end of the fiscal year stood at 1,299,157 million yen, an increase of 96,012 million yen compared with 1,203,145 million yen at the end of the previous fiscal year. The main factors were the fund procurement through the issuance of bonds and long-term loans payable, which exceeded decreases in notes and accounts payable-trade, including accounts payable for completed construction contracts and others, and in advances received on uncompleted construction contacts.

Net assets at the end of the fiscal year stood at 617,769 million yen, an increase of 10,342 million yen compared with 607,427 million yen at the end of the previous fiscal year. The main factors were the posting of net income in the amount of 19,113 million yen, and an increase in net valuation difference on available-for-sale securities, which exceeded cash outflows for the payment of term-end dividends for the previous fiscal year.

The net assets ratio stood at 32.2% at the end of the fiscal year under review, broadly unchanged from the figure for the previous fiscal year-end, 33.5%.

2. Cash Flows During the Fiscal Year Under Review

With regard to cash and cash equivalents (hereinafter “cash”) for the fiscal year under review, net cash provided by operating activities stood at 133,314 million yen, and net cash used in investing activities came to 138,237 million yen, while net cash provided by financing activities was 79,269 million yen. In total, the net increase in cash and cash equivalents was 74,362 million yen, and consequently, cash and cash equivalents at the end of the fiscal year under review amounted to 179,743 million yen.

(Cash flows from operating activities)
During the fiscal year under review, net cash provided by operating activities stood at 133,314 million yen, up 21.4% year-on-year from the end of the previous fiscal year. This was mainly as a result of continued disposal of real estate for sale, and a large decrease in income tax paid compared with the figure for the previous fiscal year.

(Cash flows from investing activities)
During the fiscal year under review, net cash used in investing activities was 138,237 million yen (199,679 million yen used in the previous fiscal year). This was as a result of purchase of property, plant and equipment including real estate for large-scale commercial facilities and rental housing in our residential and commercial construction businesses, as well as purchases of investments in subsidiaries resulting in changes in scope of consolidation following inclusion of Cosmos Life Co., Ltd. within the Group as a consolidated subsidiary.

(Cash flows from financing activities)
During the fiscal year under review, net cash provided by financing activities was 79,269 million yen, down 17.9% year-on-year from the previous year. This was primarily as a result of proceeds from fund

procurement through issuance of bonds and long-term loans payable to provide for investing activities.

3. Cash Flow Indicators

	Fiscal year ended March 31, 2008	Fiscal year ended March 31, 2009	Fiscal year ended March 31, 2010
Net assets ratio	35.3%	33.5%	32.2%
Net assets ratio on market-value basis	31.9%	25.3%	31.9%
Repayment years of interest-bearing debt	—	3.1 (year)	3.5 (year)
Interest coverage ratio	—	31.5	30.0

*The standards for the indicators are as follows. All have been computed based on consolidated financial figures.

Net assets ratio: (Net assets – Minority interests)/Total assets
Net assets ratio on market-value basis: Total market capitalization/Total assets
Repayment years of interest-bearing debt: Interest-bearing liabilities/Operating cash flows
Interest coverage ratio: Operating cash flows/Interest expenses
Total market capitalization: Closing stock price at the fiscal year-end × Number of shares issued at the fiscal year-end (after deduction of treasury stock)
Operating cash flows: Net cash provided by (used in) operating activities on the Consolidated Statements of Cash Flows
Interest expenses: Interest expenses paid on the Consolidated Statements of Cash Flows

As operating cash flows for the fiscal year ended March 31, 2008 resulted in an outflow of 15,738 million yen, there is no remark on repayment years of interest-bearing debt and interest coverage ratio.

4. Outlook on Financial Conditions for the Fiscal Year Ending March 31, 2011 (Consolidated)

The Company estimates for the fiscal year ending March 31, 2011, 68.5 billion yen in capital investments and 46.0 billion yen in depreciation.

(3) Basic Policies on Profit Distribution and Dividends for the Fiscal Year under Review and the Fiscal Year Ending March 31, 2011

The Company, in the interest of maintaining a good balance between the appropriation of profits to shareholders and securing sufficient retained earnings for future business expansion and the reinforcement of the business base, operates on the basic policy of paying out dividends. With the goal of enhancing our corporate base by investing in research and development and production facilities and expanding our business premises to raise our competitiveness and improve profitability, we will endeavor to strengthen our financial soundness and target a dividend payout ratio of at least 30%. Simultaneously, by pursuing acquisition of treasury stock as necessary, we will make efforts to flexibly distribute profit.

In appropriating the profits for the fiscal year ended March 31, 2010, we plan on offering an annual dividend of 17 yen per share as initially planned.

For the fiscal year ending March 31, 2011, we plan on offering an annual dividend of 17 yen per share.

(4) Risks Associated with Businesses

There are risks associated with the businesses of the Daiwa House Group that may possibly have a material impact on the decisions of investors, as indicated below. The future risks described herein have been identified as of March 31, 2010.

1) Risks associated with changes in the business environment
Businesses operated by the Daiwa House Group are exposed to a possible impact from the uncertain nature of external factors such as the volatility of the prices of raw and construction materials and land

prices and interest rates, which could result in an adverse effect on business performance and financial conditions.

2) Risks associated with declined values of real estate and fixed assets
The Daiwa House Group is engaged in acquisition, development and sales of real estate in all parts of the country. Deterioration in the real estate market may have an adverse effect on the Group's business performance and financial conditions.

In case there is a drop in land and rental prices, the Group may be required to apply impairment accounting for the losses on revaluation of real estate owned by the Group.

In addition to real estate, fixed assets owned by the Group are also exposed to the risk of impairment loss, which could have an adverse effect on Group's business performance and financial conditions.

3) Risks concerning retirement benefit expenses
In the event the stock market takes a turn for the worse in the future, the value of the Group's pension plan assets may decline. As a result, a possible rise in costs related to pensions or additional accumulation of pension assets may have an adverse effect on the Group's business performance and financial conditions.

4) Risks associated with foreign businesses
The Daiwa House Group is engaged in foreign businesses primarily in China and is exposed to the risk of a delay or suspension in the execution of business or the collection of proceeds due to the political and economic situation in each country or region.

5) Risks associated with guarantees for product quality
In its residential businesses, the Daiwa House Group has committed to offering a long-term guarantee system to ensure a higher level of customer satisfaction, and maintaining effective quality management. During a long period of support, however, an unpredictable major issue on quality may arise and adversely impact the business performance of the Group.

6) Risks associated with legal regulations
The Daiwa House Group is engaged not only in construction and real estate-related businesses in the country, but is also aggressively pursuing a wide range of businesses including foreign businesses. Hence, these businesses are subject to a number of applicable laws and regulations. Specifically in Japan, we are subject to the Corporate Law, the Financial Instruments and Exchange Law, environment-related laws, construction and real estate-related laws and various other laws and regulations. In addition, our businesses are subject to applicable laws and regulations of each country or region in which we operate. To ensure that the Group complies with these laws and regulations, we enforce strict legal compliance and conduct legal risk management among our executives and other employees. In the event that, in spite of our efforts, it is found that a regulation has not been followed, or in the event that our business situation is drastically changed by the abolition of a law or the enactment of new legislation, this could have an adverse effect on the business performance of the Group.

7) Risks associated with the leakage of confidential personal information and other sensitive information
The Group is not only in possession of personal information relating to a large number of individuals who are our customers, but also a large amount of confidential corporate information relating to the Group itself. Each member company in the Group has laid down its own policies and specific procedures for the management of such information, and the Group is constantly working to upgrade its information security level though training courses for executives and other employees, and by ensuring that all staff are fully aware of the importance of properly managing information. Despite these efforts, there is a possibility that important information may be leaked to persons outside the Group. In such an event, the Group would suffer damage to its reputation for trustworthiness among the general public, may suffer considerable financial losses in the form of the costs of remedial action, and may suffer damage to its business performance as a result of the tarnishing of its brand image.

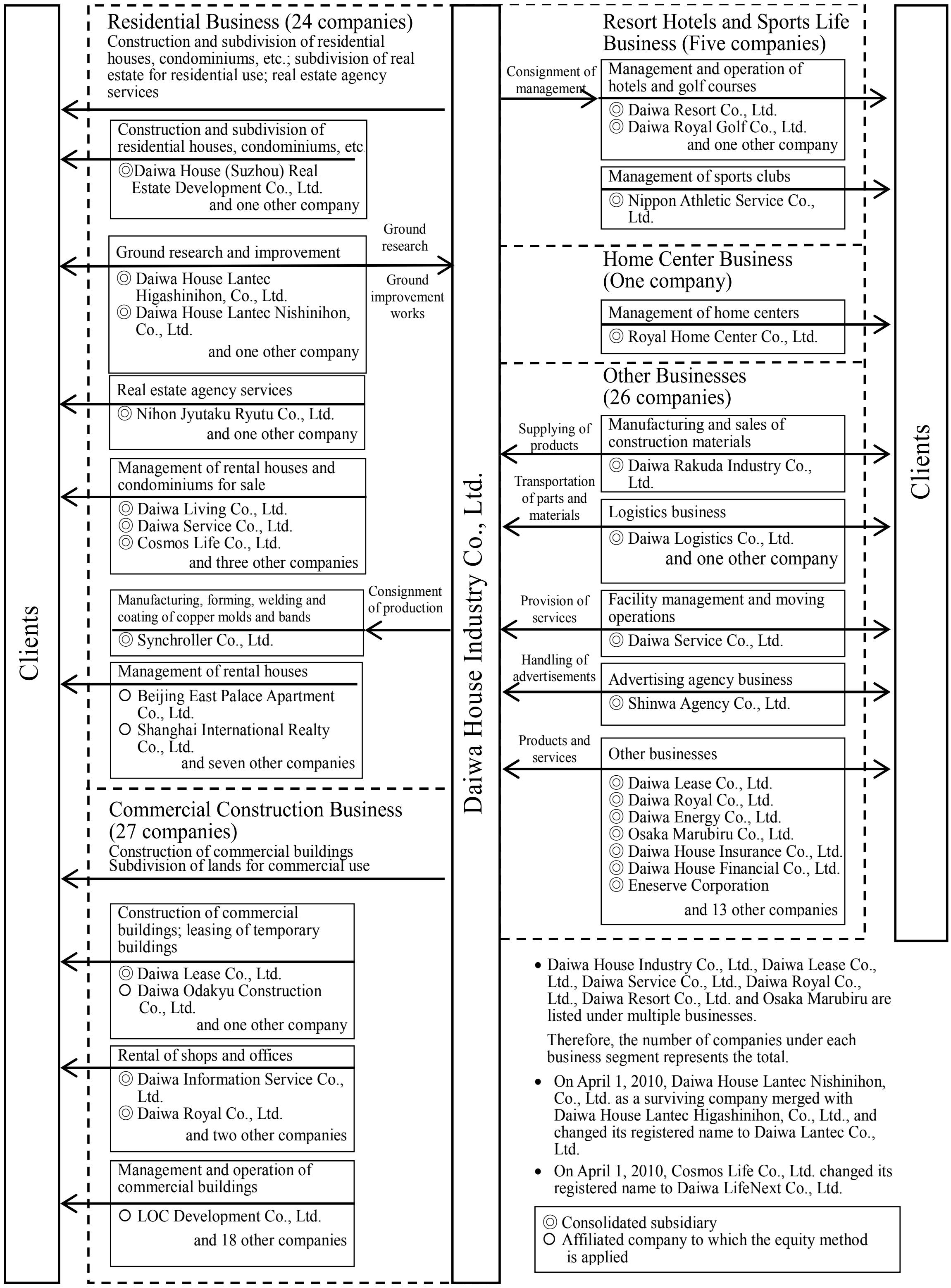
8) Risks associated with workplace safety and environmental protection
The Group places a high priority on both safety and consideration for the natural environment in the

course of conduct of business operations in its manufacturing plants, as well as at construction sites, and therefore takes appropriate measures to realize workplace safety and environmental protection. In spite of these measures, however, there is a possibility that accidents at construction sites and/or incidents of pollution may occur. Such accidents or incidents could have an adverse effect on the business performance of the Group, as a result of harm to personnel and/or material damage, such as pollution of the environment.

2. Corporate Group

The Daiwa House Group consists primarily of Daiwa House Industry Co., Ltd. (the Company), 60 consolidated subsidiaries and 13 affiliated companies (as of March 31, 2010). The Group is engaged in wide range of business related to people's daily lives such as the residential business centered on construction and subdivision of residential houses, development and sales of residential land, the commercial construction business focused on construction of commercial buildings such as shops and offices, the resort hotels and sports life business mainly involving management of resort hotels, golf courses and sports clubs and the home center business.

(1) Business Organization Chart



(2) Affiliated companies

(As of March 31, 2010)

Name	Address	Capital (millions of Yen)	Major Business	Voting Rights Holding Ratio (%)	Relationship
(Subsidiary)					
Daiwa Lease Co., Ltd. *1	Chuo-ku, Osaka	21,768	Commercial Construction Business, Other Businesses	100	Construction orders for temporary buildings and leasing of automobiles Rental of buildings owned by the Company Concurrent assignment of directors: None
Daiwa Rakuda Industry Co., Ltd.	Nishi-ku, Osaka	450	Other Businesses	100	Purchase of construction materials and leasing of buildings for exhibitions Rental of buildings owned by the Company Concurrent assignment of directors: Yes
Daiwa Logistics Co., Ltd.	Nishi-ku, Osaka	3,764	Other Businesses	100	Transportation of products of the Company's production plants Rental of buildings owned by the Company Lending of funds Concurrent assignment of directors: Yes
Daiwa Service Co., Ltd.	Nishi-ku, Osaka	130	Residential Business, Commercial Construction Business, Other Businesses	100 (50.0)	Security and cleaning of offices of the Company; Security of construction sites Rental of buildings owned by the Company Concurrent assignment of directors: None
Daiwa Living Co., Ltd.	Chiyoda-ku, Tokyo	140	Residential Business	100	Rental of buildings owned by the Company Concurrent assignment of directors: Yes
Daiwa Information Service Co., Ltd.	Taito-ku, Tokyo	200	Commercial Construction Business	100	Rental of buildings owned by the Company Concurrent assignment of directors: Yes
Daiwa Royal Co., Ltd.	Taito-ku, Tokyo *2	500	Commercial Construction Business, Other Businesses	100	Rental of buildings owned by the Company Lending of funds Concurrent assignment of directors: None
Nihon Jyutaku Ryutu Co., Ltd.	Kita-ku, Osaka	729	Residential Business	100	Rental of buildings owned by the Company Concurrent assignment of directors: Yes
Royal Home Center Co., Ltd.	Nishi-ku, Osaka	100	Home Center Business	100	Rental of buildings owned by the Company Lending of funds Concurrent assignment of directors: None
Daiwa Resort Co., Ltd.	Chuo-ku, Osaka	10,084	Resort Hotels and Sports Life Business, Other Businesses	100	Consignment of operation & management of hotels of the Company Rental of buildings owned by the Company Concurrent assignment of directors: Yes
Cosmos Life Co., Ltd. *3	Minato-ku, Tokyo	519	Residential Business	100	Lending of funds Concurrent assignment of directors: None
49 other companies					
(Affiliated companies)					
LOC Development Co., Ltd.	Chiyoda-ku, Tokyo	100	Commercial Construction Business	50.0	Concurrent assignment of directors: None
Daiwa Odakyu Construction Co., Ltd. *4	Shinjuku-ku, Tokyo	1,086	Commercial Construction Business	33.0	Concurrent assignment of directors: Yes
11 other companies					

Notes: 1. Under the "Major Business" column, business segment categories are indicated.
2. Figures in parenthesis under the "Voting Rights Holding Ratio" column represent the inclusive indirect holding ratio.
3. *1: Applicable as a specified subsidiary.
4. *2: On May 6, 2010, this company changed its registered head office address from Taito-ku, Tokyo to Chiyoda-ku, Tokyo.
5. *3: On April 1, 2010, this company changed its registered name to Daiwa Lifenext Co., Ltd.
6. *4: The firm is listed on the first section of the Tokyo Stock Exchange.

3. Management policy

(1) Basic Management Policy of the Company

The Company was founded in 1955 under the principle of the “industrialization of construction,” and since then has continued to grow as a prefabricated housing manufacturer in line with the expansion of demand for housing. We have promoted business diversification to meet our customers’ needs, and have expanded the size of our corporate group as a “comprehensive lifestyle industry.”

In fiscal 2005, we launched a new management vision called “Connecting Hearts” to mark our 50th anniversary and created a new Group symbol, the “Endless Heart.” Under this vision, we clarified our corporate mission as a multi-business enterprise that co-creates, enhances and makes use of new value with customers to help realize a society in which people can enjoy more enriched lives, and made a fresh start toward our 100th anniversary.

The Daiwa House Group is engaged in a wide range of housing-related activities, including the construction of single-family houses and rental housing, subdivision development for single-family houses and condominiums, and the home renovation business (“Housing”). We also undertake activities that support the business sector through the development of commercial facilities, logistic centers and medical/nursing care facilities (“Business”), and those that support people’s everyday lives, such as our resort hotels business, home center business, and fitness club management business (“Life”). By pursuing these various business activities, the Group, working as one, is committed to honoring its relationship with each and every customer, and to promoting partnerships with customers to share joy throughout our customers’ whole lives and build long-lasting ties of trust.

As described above, our management vision “Connecting Hearts” and our Group symbol “Endless Heart” signify enduring ties with our stakeholders, including our customers, shareholders, business partners, employees and local communities. As a “Group that co-creates value for individuals, communities and people’s lifestyles,” we will continue to offer reliable, environmental-friendly products and relaxing, pleasant spaces.

(2) Performance Indicators and Targets

The performance indicators that serve as the Daiwa House Group’s primary targets are net sales, operating income, operating income ratio (ratio of operating income to sales) and ROE. Net sales and operating income signify growth from the perspective of earnings while the operating income ratio and ROE indicate business efficiency.

Under Challenge 2010, our 2nd Medium-Term Management Plan covering the three years to March 2011, we set the following targets for fiscal 2010, the final year of the three-year plan: net sales of 1,850 billion yen on a consolidated basis, operating income of 115 billion yen, operating income ratio of 6.2% and ROE of 9.0%. However, in light of the business environment in recent years, initial targets have become unachievable. Fiscal 2010 targets have been revised as follows:

Results for fiscal 2008 and 2009, and targets for fiscal 2010

	Results for fiscal 2008 (ended March 31, 2009)	Results for fiscal 2009 (ended March 31, 2010)	Targets for fiscal 2010 (ending March 31, 2011)
Sales	¥1,690.9 billion	¥1,609.8 billion	¥1,610 billion
Operating income	¥73.5 billion	¥62.7 billion	¥66 billion
Operating income ratio	4.4%	3.9%	4.1%

(3) Medium to Long-Term Management Strategy of the Company

To cope with a changing business environment, the Group is working to increase added value in its established businesses, to realize further growth through closer collaboration within the Group. We are also creating new businesses and markets, with the aim of becoming an “indispensable supplier to society of indispensible products.” This initiative is summarized in the slogan “A-su-fu-ka-ke-tsu-no,” Japanese syllables meaning “indispensable for tomorrow” that can also be read as abbreviations for Safety & Comfort, Speed/Stock, Welfare, Environment, Health, Information-Communication Technology and Agriculture.

A particular focus is the environmental market. We plan to offer more environmentally-friendly product solutions with reduced carbon dioxide emissions compared with conventional products, and build up our energy business by stepping up sales of lithium-ion batteries and LED lighting systems.

In our renovation business for existing homes, we are broadening and strengthening our customer base by targeting not only traditional customers who are owners of our single-family houses, but also owners of apartment buildings and properties of other companies. At the same time, we plan to adopt takeover tactics, including acquisitions in the condominium management domain.

(4) Issues Facing the Company

Despite expectations of recovery in the Japanese economy on the back of stimulus policies by the government and growth in emerging economies, we expect the outlook to remain uncertain amid employment instability and deflation.

In the housing sector, we expect the market to pick up on the strength of an expansion of the scope of exclusion for the gift tax and application of the eco-point system for housing. But overall we expect the business environment to remain difficult, with no real improvement in the employment and income pictures.

The Group will contine to implement management reforms with the aim of providing a swift and efficient response to changes in the business environment.

Particular focuses are the single-family houses and condominium businesses, earmarked for “value restoration” in the Second Medium-Term Management Plan "Challenge 2010." By making our products and services more environmentally-friendly and gearing them to the needs of the elderly population, we will build up the strength of our core businesses.

Turning to the home renovation business, one of our “nurturing businesses,” we will overhaul operations and establish a specialist unit handling both rental housing and single-family houses, and increase the pace of business expansion by centralizing databases and enhancing efficiency.

With regard to development of high-rise rental units, commercial facilities, and logistics centers, we are cutting back on previously planned capital budgets, but will continue to invest in developments to ensure a sufficient level of cash flow.

New business ventures include real estate development in China, and the nationwide marketing of environmental solutions, including LED and high-efficiency lighting systems and lithium-ion batteries. At the same time, we will nurture new businesses as future earnings drivers leveraging synergies with existing businesses.

4. Consolidated Financial Statements

(1) Consolidated balance sheets

(Millions of yen)

	Previous fiscal year (as of March 31, 2009)	Current fiscal year (as of March 31, 2010)
Assets		
Current assets		
Cash and deposits	105,840	179,792
Notes receivable, accounts receivable from completed construction contracts and other	51,445	75,815
Lease investment assets	5,627	9,740
Short-term investment securities	—	6
Costs on uncompleted construction contracts	57,444	15,098
Real estate for sale	263,444	227,842
Real estate for sale in process	46,962	33,380
Land for development	3,789	3,761
Merchandise and finished goods	11,622	10,996
Work in process	8,729	2,758
Raw materials and supplies	4,450	6,165
Deferred tax assets	35,717	46,680
Other	67,455	69,409
Allowance for doubtful accounts	(1,342)	(2,690)
Total current assets	661,187	678,757
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	553,389	594,317
Accumulated depreciation	(237,715)	(260,585)
Buildings and structures, net	315,673	333,731
Machinery, equipment and vehicles	93,671	93,242
Accumulated depreciation	(57,910)	(59,922)
Machinery, equipment and vehicles, net	35,761	33,319
Tools, furniture and fixtures	35,340	36,610
Accumulated depreciation	(24,637)	(27,412)
Tools, furniture and fixtures, net	10,703	9,197
Land	356,002	389,587
Lease assets	1,645	4,587
Accumulated depreciation	(184)	(744)
Lease assets, net	1,460	3,842
Construction in progress	9,351	8,932
Total property, plant and equipment	728,953	778,610
Intangible assets	13,176	20,153
Investments and other assets		
Investment securities	98,743	104,588
Long-term loans receivable	6,977	7,164
Lease and guarantee deposits	170,681	190,024
Deferred tax assets	104,947	109,604
Other	34,630	36,657
Allowance for doubtful accounts	(8,725)	(8,632)
Total investments and other assets	407,255	439,406
Total noncurrent assets	1,149,385	1,238,170
Total assets	1,810,573	1,916,927

(Millions of yen)

	Previous fiscal year (as of March 31, 2009)	Current fiscal year (as of March 31, 2010)
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	129,843	113,807
Short-term loans payable	16,407	14,771
Current portion of long-term loans payable	5,610	2,901
Lease obligations	431	1,113
Accounts payable-other	70,173	71,848
Income taxes payable	6,962	24,037
Advances received on uncompleted construction contracts	61,054	27,403
Provision for bonuses	17,855	21,160
Provision for warranties for completed construction	6,895	6,769
Other	57,401	60,786
Total current liabilities	372,636	344,601
Noncurrent liabilities		
Bonds payable	—	105,300
Long-term loans payable	319,956	335,388
Lease obligations	2,128	5,994
Deposits received from members	43,094	40,749
Long-term lease and guarantee deposited	217,860	226,322
Deferred tax liabilities for land revaluation	28,433	28,539
Provision for retirement benefits	160,202	163,711
Other	58,834	48,551
Total noncurrent liabilities	830,509	954,556
Total liabilities	1,203,145	1,299,157
Net assets		
Shareholders' equity		
Capital stock	110,120	110,120
Capital surplus	226,824	226,824
Retained earnings	370,240	375,154
Treasury stock	(19,553)	(19,615)
Total shareholders' equity	687,632	692,484
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	2,034	6,696
Revaluation reserve for land	(77,878)	(77,593)
Foreign currency translation adjustment	(5,105)	(4,765)
Total valuation and translation adjustments	(80,949)	(75,662)
Minority interests	744	948
Total net assets	607,427	617,769
Total liabilities and net assets	1,810,573	1,916,927

(2) Consolidated statements of income

(Millions of yen)

	Previous fiscal year (From April 1, 2008 to March 31, 2009)	Current fiscal year (From April 1, 2009 to March 31, 2010)
Net sales	1,690,956	1,609,883
Cost of sales	1,357,820	1,303,881
Gross profit	333,135	306,002
Selling, general and administrative expenses		
Sales commission	11,946	10,786
Advertising expenses	24,759	19,224
Promotion expenses	6,745	5,421
Provision of allowance for doubtful accounts	1,432	1,712
Directors' compensations	2,895	2,621
Employees' salaries and allowances	96,072	92,027
Provision for bonuses	11,453	13,256
Retirement benefit expenses	13,369	14,168
Legal welfare expenses	13,856	13,474
Stationery expenses	9,508	8,227
Correspondence and transportation expenses	14,913	12,626
Rents	11,532	10,693
Depreciation	7,411	6,884
Tax and dues	11,067	11,124
Other	22,591	21,037
Total selling, general and administrative expenses	259,555	243,288
Operating income	73,580	62,714
Non-operating income		
Interest income	1,470	1,971
Dividends income	1,370	1,132
Equity in earnings of affiliates	542	1,242
Amortization of actuarial gain for employees' retirement benefits	—	472
Gain on settlement of derivatives	855	500
Gain on valuation of derivatives	2,143	360
Miscellaneous income	6,281	6,673
Total non-operating income	12,663	12,352
Non-operating expenses		
Interest expenses	5,160	6,869
Tax and dues	1,160	1,858
Provision of allowance for doubtful accounts	413	949
Amortization of actuarial loss for employee's retirement benefits	31,495	—
Loss on settlement of derivatives	354	—
Loss on valuation of derivatives	2,794	829
Miscellaneous expenses	5,008	4,523
Total non-operating expenses	46,388	15,030
Ordinary income	39,855	60,036

(Millions of yen)

	Previous fiscal year (From April 1, 2008 to March 31, 2009)	Current fiscal year (From April 1, 2009 to March 31, 2010)
Extraordinary income		
Gain on sales of noncurrent assets	566	57
Gain on sales of investment securities	3	—
Gain on sales of golf club memberships	1	—
Reversal of directors' retirement benefits	472	—
Reversal of allowance for doubtful accounts	1	—
Gain on amortization of prior service cost	—	204
Total extraordinary income	1,046	261
Extraordinary loss		
Loss on sales of noncurrent assets	303	107
Loss on retirement of noncurrent assets	1,757	1,548
Impairment loss	*1 14,892	*1 10,904
Loss on valuation of investment securities	7,533	9,649
Loss on valuation of golf club memberships	97	16
Loss on sales of golf club memberships	1	1
Loss on liquidation of subsidiaries and affiliates	22	—
Salaries and allowance for prior periods	248	—
Loss on disaster	2,014	—
Bad debts written off	311	—
Total extraordinary losses	27,181	22,229
Income before income taxes and minority interests	13,720	38,069
Income taxes-current	24,891	35,491
Income taxes-deferred	(14,861)	(16,558)
Total income taxes	10,029	18,933
Minority interests in income (loss)	(479)	22
Net income	4,170	19,113

(3) Consolidated statements of changes in net assets

(Millions of yen)

	Previous fiscal year (From April 1, 2008 to March 31, 2009)	Current fiscal year (From April 1, 2009 to March 31, 2010)
Shareholders' equity		
Capital stock		
Balance at the end of previous period	110,120	110,120
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	110,120	110,120
Capital surplus		
Balance at the end of previous period	226,824	226,824
Changes of items during the period		
Disposal of treasury stock	—	—
Total changes of items during the period	—	—
Balance at the end of current period	226,824	226,824
Retained earnings		
Balance at the end of previous period	381,479	370,240
Effect of changes in accounting policies applied to foreign subsidiaries	41	—
Changes of items during the period		
Dividends from surplus	(13,902)	(13,900)
Net income	4,170	19,113
Change of scope of consolidation	(141)	—
Reversal of revaluation reserve for land	(1,346)	(284)
Disposal of treasury stock	(61)	(14)
Total changes of items during the period	(11,281)	4,914
Balance at the end of current period	370,240	375,154
Treasury stock		
Balance at the end of previous period	(19,534)	(19,553)
Changes of items during the period		
Purchase of treasury stock	(138)	(93)
Disposal of treasury stock	119	30
Total changes of items during the period	(19)	(62)
Balance at the end of current period	(19,553)	(19,615)
Total shareholders' equity		
Balance at the end of previous period	698,891	687,632
Effect of changes in accounting policies applied to foreign subsidiaries	41	—
Changes of items during the period		
Dividends from surplus	(13,902)	(13,900)
Net income	4,170	19,113
Change of scope of consolidation	(141)	—
Reversal of revaluation reserve for land	(1,346)	(284)
Purchase of treasury stock	(138)	(93)
Disposal of treasury stock	57	16
Total changes of items during the period	(11,300)	4,852
Balance at the end of current period	687,632	692,484

(Millions of yen)

	Previous fiscal year (From April 1, 2008 to March 31, 2009)	Current fiscal year (From April 1, 2009 to March 31, 2010)
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	13,432	2,034
Changes of items during the period		
Net changes of items other than shareholders' equity	(11,397)	4,661
Total changes of items during the period	(11,397)	4,661
Balance at the end of current period	2,034	6,696
Revaluation reserve for land		
Balance at the end of previous period	(79,195)	(77,878)
Changes of items during the period		
Net changes of items other than shareholders' equity	1,317	284
Total changes of items during the period	1,317	284
Balance at the end of current period	(77,878)	(77,593)
Foreign currency translation adjustment		
Balance at the end of previous period	(556)	(5,105)
Changes of items during the period		
Net changes of items other than shareholders' equity	(4,548)	339
Total changes of items during the period	(4,548)	339
Balance at the end of current period	(5,105)	(4,765)
Total valuation and translation adjustments		
Balance at the end of previous period	(66,320)	(80,949)
Changes of items during the period		
Net changes of items other than shareholders' equity	(14,629)	5,286
Total changes of items during the period	(14,629)	5,286
Balance at the end of current period	(80,949)	(75,662)
Minority interests		
Balance at the end of previous period	16,869	744
Changes of items during the period		
Net changes of items other than shareholders' equity	(16,125)	203
Total changes of items during the period	(16,125)	203
Balance at the end of current period	744	948
Total net assets		
Balance at the end of previous period	649,440	607,427
Effect of changes in accounting policies applied to foreign subsidiaries	41	—
Changes of items during the period		
Dividends from surplus	(13,902)	(13,900)
Net income	4,170	19,113
Change of scope of consolidation	(141)	—
Reversal of revaluation reserve for land	(1,346)	(284)
Purchase of treasury stock	(138)	(93)
Disposal of treasury stock	57	16
Net changes of items other than shareholders' equity	(30,754)	5,490
Total changes of items during the period	(42,055)	10,342
Balance at the end of current period	607,427	617,769

(4) Consolidated statements of cash flows

(Millions of yen)

	Previous fiscal year (From April 1, 2008 to March 31, 2009)	Current fiscal year (From April 1, 2009 to March 31, 2010)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	13,720	38,069
Depreciation and amortization	39,318	43,917
Increase (decrease) in provision for retirement benefits	36,032	3,109
Interest and dividends income	(2,840)	(3,103)
Interest expenses	5,160	6,869
Equity in (earnings) losses of affiliates	(542)	(1,242)
Loss (gain) on sales and retirement of noncurrent assets	1,493	1,599
Impairment loss	14,892	10,904
Loss (gain) on valuation of investment securities	7,533	9,649
Loss on valuation of golf club memberships	97	16
Decrease (increase) in notes and accounts receivable-trade	11,579	(22,871)
Decrease (increase) in inventories	71,622	97,760
Increase (decrease) in advances received on uncompleted construction contracts	2,410	(33,667)
Increase (decrease) in notes and accounts payable-trade	(65,520)	(22,444)
Other, net	17,947	25,330
Subtotal	152,904	153,897
Interest and dividends income received	2,186	1,808
Interest expenses paid	(3,480)	(4,449)
Income taxes paid	(41,799)	(17,942)
Net cash provided by (used in) operating activities	109,810	133,314
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment and intangible assets	(153,736)	(93,548)
Proceeds from sales of property, plant and equipment	2,488	261
Purchase of investment securities	(26,715)	(9,841)
Proceeds from sales and redemption of investment securities	376	949
Purchase of investments in subsidiaries	(12,443)	(85)
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	595	1,636
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(157)	*2 (13,323)
Payments for lease and guarantee deposits	(5,882)	(19,951)
Other, net	(4,204)	(4,335)
Net cash provided by (used in) investing activities	(199,679)	(138,237)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	3,739	(1,636)
Increase (decrease) in commercial papers	(20,000)	—
Proceeds from long-term loans payable	132,850	27,587
Repayment of long-term loans payable	(2,255)	(31,464)
Proceeds from issuance of bonds	—	105,300
Repayments of finance lease obligations	(208)	(737)
Purchase of treasury stock	(138)	(93)
Proceeds from sales of treasury stock	57	16
Cash dividends paid	(13,902)	(13,900)
Proceeds from fluidity of lease receivables	3,005	—
Repayments of payables under fluidity lease receivables	(6,645)	(5,803)
Net cash provided by (used in) financing activities	96,503	79,269
Effect of exchange rate change on cash and cash equivalents	(142)	16
Net increase (decrease) in cash and cash equivalents	6,492	74,362
Cash and cash equivalents at beginning of period	98,888	105,381
Cash and cash equivalents at end of period	*1 105,381	*1 179,743

(5) Events and Conditions on Premise of Going Concern

No items to report.

(6) Basic Significant Matters Regarding Preparation of Consolidated Financial Statements

	Previous consolidated fiscal year (From April 1, 2008 to March 31, 2009)	Current consolidated fiscal year (From April 1, 2009 to March 31, 2010)
1. Scope of consolidation	(1) Number of subsidiaries All 59 subsidiaries including 9 companies that were newly included during the fiscal year under review are consolidated subsidiaries. (2) Names, etc. of non-consolidated subsidiaries (Name of non-consolidated subsidiary) Daiwa House REIT Investment Corporation (Reasons for exclusion from the scope of consolidation) The firm's total assets, net sales, net income/loss (the amount corresponding to the equity) and retained earnings (the amount corresponding to the equity) all did not have material impact on the consolidated financial statements.	(1) Number of subsidiaries All 63 subsidiaries including 6 companies that were newly included during the fiscal year under review are consolidated subsidiaries. (2) Names, etc. of non-consolidated subsidiaries (Name of non-consolidated subsidiary) Same as left (Reasons for exclusion from the scope of consolidation) Same as left
2. Application of the equity method	(1) Number of affiliated companies to which the equity method is applied The Company applies the equity method to 13 affiliated companies. (2) The non-consolidated subsidiary (Daiwa House REIT Investment Corporation), to which the equity method is not applied, was excluded from the application of the equity method, as such exclusion did not have material impact on the consolidated financial statements in terms of the firm's net income/loss (the amount corresponding to the equity) and retained earnings (the amount corresponding to the equity); and was insignificant as a whole.	(1) Number of affiliated companies to which the equity method is applied Same as left (2) Same as left
3. Fiscal years of consolidated subsidiaries	Of the subsidiaries, the fiscal year-end of Royal Parks Co., Ltd. is September 30, that for Royal Parks Toyosu Co., Ltd. is November 30, that for DH (Dalian) Administrative Management Consulting Center Co., Ltd. and three other companies is December 31, that for DH Property One Joint Company and three other companies is January 31, and that for Shinmisato Development One Special Purpose Company is February 28. In preparing the consolidated financial statements, the financial statements for DH (Dalian) Administrative Management Consulting Center Co., Ltd. were provisionally closed for the purpose of consolidation as of March 31. For Royal Parks Co., Ltd. and one other company, the financial statements provisionally closed as of December 31 were applied, while for other subsidiaries the financial statements as of their respective fiscal closing dates were used. Appropriate adjustments have been made for significant transactions that took place between the respective fiscal year-ends of subsidiaries and the date of the Company's consolidated fiscal year-end of March 31.	Of the subsidiaries, the fiscal year-end of Royal Parks Co., Ltd. is September 30, that for Royal Parks Toyosu Co., Ltd. is November 30, that for DH (Dalian) Administrative Management Consulting Center Co., Ltd. and four other companies is December 31, that for DH Property One Joint Company and four other companies is January 31. , and that for Hachioji Shisetsu Kaihatsu Special Purpose Company is February 28. In preparing the consolidated financial statements, the financial statements for DH (Dalian) Administrative Management Consulting Center Co., Ltd. were provisionally closed for the purpose of consolidation as of March 31. For Royal Parks Co., Ltd. and one other company, the financial statements provisionally closed as of December 31 were applied, while for other subsidiaries the financial statements as of their respective fiscal closing dates were used. Appropriate adjustments have been made for significant transactions that took place between the respective fiscal year-ends of subsidiaries and the date of the Company's consolidated fiscal year-end of March 31.

	Previous consolidated fiscal year (From April 1, 2008 to March 31, 2009)	Current consolidated fiscal year (From April 1, 2009 to March 31, 2010)
4. Accounting policies	The following accounting policies served as the basis of presenting the consolidated financial statements. (1) Valuation standards and methods for major assets [1] Marketable securities Held-to-maturity debt securities Amortization by the cost method Available-for-sale securities Securities with market value Fair value method based primarily on the average quoted market price over the one month preceding the fiscal closing date (the net unrealized gain on available-for-sale securities is booked directly to equity and the cost of securities sold is calculated using the moving average method) Securities without market value Cost method based on the moving average method [2] Derivatives Fair value method [3] Inventories Revaluation standard is the cost method (Write-down method based on falling profitability in the amount on the balance sheets)	The following accounting policies served as the basis of presenting the consolidated financial statements. (1) Valuation standards and methods for major assets [1] Marketable securities Held-to-maturity debt securities Same as left Available-for-sale securities Securities with market value Same as left Securities without market value Same as left [2] Derivatives Same as left [3] Inventories Same as left
	Construction projects in progress Identified cost method Real Estate for sale (including real estate for sale in process and land for development) Identified cost method (Except in the case of residential land developed by the Company, where the periodic average method by project is employed) Merchandise and finished goods Mainly retail method Work in progress Identified cost method Raw materials and supplies Periodic average method (Change in accounting policies for the valuation of inventories) Beginning the current consolidated accounting period, the "Accounting Standard for Measuremen of Inventories" (ASBJ Statement No. 9, released on July 5, 2006) has been applied for the calculation of inventories. As a result of this change, operating income, ordinary income and income before income taxes each decreased by 7,881 million yen. The impact of these changes on business segment information is described in the section in question.	Construction projects in progress Same as left Real Estate for sale (including real estate for sale in process and land for development) Same as left Merchandise and finished goods Same as left Work in progress Same as left Raw materials and supplies Same as left

	Previous consolidated fiscal year (From April 1, 2008 to March 31, 2009)	Current consolidated fiscal year (From April 1, 2009 to March 31, 2010)
	(2) Method of depreciation for major depreciable assets [1] Property, plant and equipment (excluding lease assets) Primarily by the declining-balance method Provided however, the Company applies the straight-line method on buildings (excluding structures attached to the building) acquired on and after April 1, 1998. [2] Intangible fixed assets (except lease assets) Straight-line method [3] Lease assets Finance and lease transactions, not involving the transfer of ownership Lease assets are depreciated using the straight-line method on the assumption that the lease term is the useful life of the assets and the residual value is zero. However, for finance and lease transactions not involving the transfer of ownership, lease transaction terms commenced on or prior to March 31, 2008 are accounted for using the same method as applied to ordinary operating lease transactions. (3) Accounting for major allowances and reserves [1] Allowance for doubtful accounts To provide for possible losses arising from default on trade receivables, loans, etc., the Company studies the possibility of recovery based on the default ratio of general loans in case of a general receivable and on an item-by-item review in case of a doubtful account or other special receivables, and records the anticipated unrecoverable amount. [2] Provision for bonuses Reserve for employee bonuses is provided to prepare for future bonus payments in the amount of estimated bonuses. [3] Provision for warranties for completed construction To provide for indemnification under the liability to offer guarantee against any defect in the Company's products, the amount based on the actual indemnification associated with the completed construction of the past is recorded. [4] Provision for retirement benefits The Company provides for the payment of employee retirement benefits in the amount estimated based on the projected retirement benefit obligation and the fair value of pension plan assets at the end of the consolidated fiscal year under review. Unrecognized actuarial differences are recorded lump-sum in the consolidated fiscal year the transactions took place.	(2) Method of depreciation for major depreciable assets [1] Property, plant and equipment (excluding lease assets) Primarily by the declining-balance method Same as left [2] Intangible fixed assets (except lease assets) Same as left [3] Lease assets Finance and lease transactions, not involving the transfer of ownership Same as left (3) Accounting for major allowances and reserves [1] Allowance for doubtful accounts Same as left [2] Provision for bonuses Same as left [3] Provision for warranties for completed construction Same as left [4] Provision for retirement benefits Same as left

	Previous consolidated fiscal year (From April 1, 2008 to March 31, 2009)	Current consolidated fiscal year (From April 1, 2009 to March 31, 2010)
		(4) Accounting standard for recognition of major revenues and expenses [1] Construction revenues and cost of completed works For the portion of works certain to be completed up to the end of the current consolidated fiscal year Percentage-of-completion method (Estimate is based on the proportion of direct costs) Other construction contracts Completed-contract method (Changes in accounting policies for construction revenues and cost of completed works) With regard to accounting standards employed for the recognition of revenues resulting from construction work undertaken for customers, we previously recognized the total lump-sum amount of the completed contract values at completion, using the completed-contract method. However, with effect from the fiscal year ended March 31, 2010, the Accounting Standards for Construction Contracts (ASBJ Statement No. 15, issued on December 27, 2007) and the Guidance on Application of Accounting Standards for Construction Contracts (ASBJ Guidance No. 18, issued on December 27, 2007) have been applied to construction contracts. The percentage-of-completion method is applied to construction contracts meeting the following criteria: construction had started before the end of the fiscal year under review (except for short-period work); and the percentage of construction already completed by the end of the reporting period can be estimated fairly reliably. (The estimation is based on the proportion of direct costs incurred for each work phase as compared with the estimated total cost for the entire contract.) Other than the above-mentioned construction contracts, the completed-contract method has been applied. As a result of this change, net sales for the reporting period increased by 38,574 million yen, while operating income, ordinary income, and income before income taxes and minority interests increased by 7,632 million yen, respectively, compared with the application of the previous accounting standards. The effects of this change on each business segment are indicated in the relevant sections. [2] Revenue from finance lease transactions Lease fees are recognized in sales and cost of sales at time of receipt.

	Previous consolidated fiscal year (From April 1, 2008 to March 31, 2009)	Current consolidated fiscal year (From April 1, 2009 to March 31, 2010)
	(4) Method of hedge accounting [1] Method of hedge accounting The Company applies deferred hedge accounting. For interest rate swap transactions that satisfy the conditions for special treatment, the special treatment is applied. [2] Hedging instruments and hedge targets Hedging instruments: interest rate swaps Hedge targets: borrowings [3] Hedge policy The Company conducts hedging activities to reduce interest rate risks and improve its financial base. [4] Method of assessing hedge effectiveness The Company assesses the effectiveness of hedges based on the data derived by comparing the accumulated gains or losses on volatility of hedged targets and hedging instruments during the period between the commencement of the hedges and the time of assessment of effectiveness. The assessment is omitted for transactions applicable to the special treatment. (5) Other significant matters regarding preparation of consolidated financial statements [1] Accounting for consumption tax, etc. All figures are net of consumption tax and local consumption tax. Deductible consumption tax and local consumption tax are accounted for as period expenses. [2] Revenue and expense recognition Recognition of revenues from finance lease transactions Sales and cost of sales are recognized at the time of receiving of lease payments.	(5) Method of hedge accounting [1] Method of hedge accounting Same as left [2] Hedging instruments and hedge targets Same as left [3] Hedge policy Same as left [4] Method of assessing hedge effectiveness Same as left (6) Other significant matters regarding preparation of consolidated financial statements [1] Accounting for consumption tax, etc. Same as left
5. Valuation of assets and liabilities of consolidated subsidiaries	All assets and liabilities of consolidated subsidiaries are valued based on fair value.	Same as left
6. Amortization of goodwill and negative goodwill	For goodwill and negative goodwill, the effective period is estimated and equally amortized over a rational period of 20 years or less by a straight-line method. Amounts of immaterial impact have been amortized on a lump-sum basis during the fiscal year transactions took place.	Same as left
7. Scope of cash on the consolidated statements of cash flows	The scope of cash consists of cash on hand, deposits available for withdrawal at any time and short-term investments that are easily convertible to cash and which bear minimal risk in terms of market volatility and whose maturity arrives within three months of the date of purchase.	Same as left

(7) Change in Basic Significant Matters Regarding Preparation of Consolidated Financial Statements

Previous consolidated fiscal year (From April 1, 2008 to March 31, 2009)	Current consolidated fiscal year (From April 1, 2009 to March 31, 2010)
(Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements) Beginning the current consolidated accounting period, “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (ASBJ PITF No. 18 on May 17, 2006) 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.	―――――――――
(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 differed depending on the accounting method of lease transaction. However, because the “Accounting Standard for Lease Transactions” (ASBJ Statement No.13 on June 17, 1993 (First Session, Business Accounting Council, amended on March 30, 2007)) and the “Guidance on Accounting Standard for Lease Transactions” (ASBJ Guidance No.16 on January 18, 1994 (Accounting System Committee, JICPA, amended on March 30, 2007)) are applied to the consolidated financial statements for the current consolidated accounting period beginning April 1, 2008, the same accounting method as for regular sales transactions has been applied. However, finance and lease transactions not involving the transfer of ownership, whose lease terms commenced prior to the first fiscal year to which the accounting standard for lease transactions was applied, are accounted for using the same method as applied to ordinary operating lease transactions. The impact of these changes on profit or loss is insignificant.	―――――――――

(8) Change in Methods of Presentation

Previous consolidated fiscal year (From April 1, 2008 to March 31, 2009)	Current consolidated fiscal year (From April 1, 2009 to March 31, 2010)
(Consolidated Balance Sheets) In line with the mandatory application of new classifications for use in financial statements and the consequent revision of the methods of preparation of said statements, issued by the Cabinet Office (Cabinet Office Ordinance No. 50, August 7, 2008), the following changes have been made to the classifications employed in the financial statements on a consolidated basis for the Company for the fiscal year ended March 31, 2009. Inventories that were classified under the categories of “land for sale,” “buildings for sale,” and “other inventories,” employed in the Company’s previous financial statements have been reclassified under the categories of “real estate for sale,” “real estate for sale in process,” “land for development,” “merchandise and finished goods,” “work in progress,” and “raw materials and supplies,” with effect from the financial statements for the fiscal year ended March 31, 2009. The amounts for the categories “real estate for sale,” “real estate for sale in process,” “land for development,” “merchandise and finished goods,” “work in progress,” and “raw materials and supplies” that were included within the former categories of “land for sale,” “buildings for sale,” and “other inventories” in the financial statements for fiscal 2007 came to, respectively, 325,891 million yen, 66,009 million yen, 3,841 million yen, 12,444 million yen, 10,497 million yen, and 4,325 million yen.	―――――――
(Consolidated Cash Flow Statement) To improve comparability of consolidated financial statements in line with the introduction of XBRL for EDINET, the item in the previous fiscal year “net of purchases and proceeds from sales of treasury stock” in “cash flows from financing activities” is now separately recorded as “purchase of treasury stock” and “proceeds from sales of treasury stock.” Please note that “purchase of treasury stock,” and “proceeds from sales of treasury stock,” included in “net of purchases and proceeds from sales of treasury stock” in the previous fiscal year, came respectively to11,909 million yen and 53 million yen.	―――――――

(9) Notes to Consolidated Financial Statements

(Notes to Consolidated Balance Sheets)

	Previous consolidated fiscal year (as of March 31, 2009)		Current consolidated fiscal year (as of March 31, 2010)
1	Debt guarantee (1) The Company has guaranteed the short-term bank loans of the following companies. Dalian Dahezhongsheng Estate Co, Ltd. 1,438 million yen (100,000 thousand RMB) Daiwa House REIT Investment Corporation 15,000 Total 16,438 [RMB: Chinese Ren Min Bi] (2) The Company has provided financial institutions with debt guarantees for purchasers of housing loans. 23,718 million yen (3) The Company provides employees with debt guarantees for their loans from banks under the employee home-ownership plan. 44 million yen (4) The Company provides debt guarantees for employees' loans from financial institutions. 183 million yen (5) The Company provides debt guarantees for deposits and guarantees paid to landlords by financial institutions as agents. 7,893 million yen (6) The Company provides leasing companies with debt guarantees for obligations of clients under leasing agreements. 3 million yen	1	Debt guarantee (1) The Company has guaranteed the short-term bank loans of the following company. Daiwa House REIT Investment Corporation 14,250 million yen (2) The Company has provided financial institutions with debt guarantees for purchasers of housing loans. 20,512 million yen (3) The Company provides employees with debt guarantees for their loans from banks under the employee home-ownership plan. 33 million yen (4) The Company provides debt guarantees for employees' loans from financial institutions. 116 million yen (5) The Company provides leasing companies with debt guarantees for obligations of clients under leasing agreements. 1 million yen
2	Balance of notes endorsed and transferred 1,385 million yen	2	Balance of notes endorsed and transferred 1,266 million yen

(Notes to Consolidated Statements of Income)

Previous consolidated fiscal year (From April 1, 2008 to March 31, 2009)

*1 In the consolidated fiscal year under review, the Group recognized an impairment loss on the assets described below:

Purposes	Items	Places	Impairment loss (millions of yen)
Hotels	Buildings and structures; machinery and equipment; furniture and fixtures; land; and lease assets	Fukuoka Pref. and others	4,879
Golf courses	Buildings and structures; machinery and equipment; furniture and fixtures; and land	Miyagi Pref. and others	3,497
Assets used under lease agreements	Buildings and structures; furniture and fixtures; land; lease assets; and intangible assets	Chiba Pref. and others	5,391
Idle assets	Land	Niigata Pref. and others	48
Home centers	Buildings and structures; furniture and fixtures; and lease assets	Chiba Pref. and others	83
Sports facilities	Buildings and structures; furniture and fixtures; lease assets; and intangible assets	Tokyo Pref. and others	608
Offices and plants, and others	Buildings and structures; machinery and equipment; furniture and fixtures; land; and lease assets	Ishikawa Pref. and others	383

Principally, the Group classified the property, plant and equipment by management accounting control unit, such as branch office, plant, business office, and each property leased, which controls its revenue and expenditure continuously.
Book values of the above assets were written down to the recoverable amounts due to decreases in land prices and significant declines in profitability caused by severe competition, and the decrease in question is recorded under impairment loss (14,892 million yen) under extraordinary expenses.
The breakdown of the impairment loss is 6,238 million yen in building and structures, 311 million yen in machinery and equipment, 250 million yen in furniture and fixtures, 7,174 million yen in land, 484 million yen in lease assets, and 432 million yen in intangible assets, respectively.
The recoverable amount of assets is mainly measured by its discount cash flow in use and its net selling price based on real estate appraisal standards.

Current consolidated fiscal year (From April 1, 2009 to March 31, 2010)

*1 In the consolidated fiscal year under review, the Group recognized an impairment loss on the assets described below:

Purposes	Items	Places	Impairment loss (millions of yen)
Hotels	Buildings and structures; machinery and equipment; furniture and fixtures; land; and lease assets	Kyoto Pref. and others	3,745
Assets used under lease agreements	Buildings and structures; machinery and equipment; furniture and fixtures; land; and lease assets	Osaka Pref. and others	4,737
Idle assets	Buildings and structures; machinery and equipment; furniture and fixtures; and land	Shizuoka Pref. and others	321
Home centers	Buildings and structures; machinery and equipment; furniture and fixtures; intangible assets; and lease assets	Kanagawa Pref. and others	981
Sports facilities	Buildings and structures; furniture and fixtures; and lease assets	Kanagawa Pref	2
Offices and plants, and others	Buildings and structures; machinery and equipment; furniture and fixtures; land; intangible assets; and deferred charges	Osaka Pref. and others	1,115

Principally, the Group classified the property, plant and equipment by management accounting control unit such as branch office, plant, business office, and each property leased, which controls its revenue and expenditure continuously.
Book values of the above assets were written down to the recoverable amounts due to decreases in the land prices and significant declines in profitability caused by severe competition, and the decrease in question is recorded under impairment loss (10,904 million yen) under extraordinary expenses.
The breakdown of the impairment loss is 5,446 million yen in building and structures, 167 million yen in machinery and equipment, 289 million yen in furniture and fixtures, 3,515 million yen in land, 894million yen in lease assets, 272 million yen in intangible assets, and 318 million yen in deferred charges, respectively.
The recoverable amount of assets is mainly measured by its discount cash flow in use and its net selling price based on real estate appraisal standards.

(Notes to Consolidated Statements of Changes in Net assets)

Previous consolidated fiscal year (From April 1, 2008 to March 31, 2009)

1. Type and total number of issued shares and type and number of treasury stock

	Number of shares at the end of previous consolidated fiscal year (1,000 shares)	Increased number of shares for consolidated fiscal year under review (1,000 shares)	Decreased number of shares for consolidated fiscal year under review (1,000 shares)	Number of shares at the end of consolidated fiscal year under review (1,000 shares)
Number of shares issued				
Common stock	599,921	—	—	599,921
Total	599,921	—	—	599,921
Treasury stock				
Common stock	20,665	152	66	20,750
Total	20,665	152	66	20,750

Notes: 1. Breakdown of increase in treasury stock in common stock
Increase as a result of purchase of odd-lots 152 thousand shares
2. Breakdown of decrease in treasury stock in common stock
Decrease due to request for additional purchase of odd-lots 66 thousand shares

2. Subscription rights and matters related to subscription rights
Not applicable

3. Dividends

(1) Dividend payment amount

Date of resolution	Type of stock	Total dividends (millions of yen)	Dividend per share (yen)	Record date	Effective date
Ordinary general meeting of shareholders on June 27, 2008	Common stock	13,902	24.0	March 31, 2008	June 30, 2008

(2) Of the dividends for which the record date falls during the fiscal year under review, such dividends the effective date of which arrives in the following fiscal period

Date of scheduled resolution	Type of stock	Total dividends (millions of yen)	Source of dividend	Dividend per share (yen)	Record date	Effective date
Ordinary general meeting of shareholders on June 26, 2009	Common stock	13,900	Retained earnings	24.0	March 31, 2009	June 29, 2009

Current consolidated fiscal year (From April 1, 2009 to March 31, 2010)

1. Type and total number of issued shares and type and number of treasury stock

	Number of shares at the end of previous consolidated fiscal year (1,000 shares)	Increased number of shares for consolidated fiscal year under review (1,000 shares)	Decreased number of shares for consolidated fiscal year under review (1,000 shares)	Number of shares at the end of consolidated fiscal year under review (1,000 shares)
Number of shares issued				
Common stock	599,921	—	—	599,921
Total	599,921	—	—	599,921
Treasury stock				
Common stock	20,750	96	17	20,829
Total	20,750	96	17	20,829

Notes:
1. Breakdown of increase in treasury stock in common stock
   Increase as a result of purchase of odd-lots 96 thousand shares
2. Breakdown of decrease in treasury stock in common stock
   Decrease due to request for additional purchase of odd-lots 17 thousand shares

2. Subscription rights and matters related to subscription rights
   Not applicable

3. Dividends
   (1) Dividend payment amount

Date of resolution	Type of stock	Total dividends (millions of yen)	Dividend per share (yen)	Record date	Effective date
Ordinary general meeting of shareholders on June 26, 2009	Common stock	13,900	24.0	March 31, 2009	June 29, 2009

(2) Of the dividends for which the record date falls during the fiscal year under review, such dividends the effective date of which arrives in the following fiscal period
The Company plans on reaching a resolution as follows.

Date of resolution	Type of stock	Total dividends (millions of yen)	Source of dividend	Dividend per share (yen)	Record date	Effective date
Ordinary general meeting of shareholders on June 29, 2010	Common stock	9,844	Retained earnings	17.0	March 31, 2010	June 30, 2010

(Notes to Consolidated Statements of Cash Flows)

<table>
<tr><th colspan="2">Previous consolidated fiscal year
(From April 1, 2008 to March 31, 2009)</th><th colspan="2">Current consolidated fiscal year
(From April 1, 2009 to March 31, 2010)</th></tr>
<tr><td>*1</td><td>Balance of cash and cash equivalents at year-end and relevance to the amounts of items recorded on the consolidated balance sheets
(As of March 31, 2009)
Cash and deposits 105,840 million yen
Time deposits with terms in excess of three months (458)
Cash and cash equivalents 105,381</td><td>*1</td><td>Balance of cash and cash equivalents at year-end and relevance to the amounts of items recorded on the consolidated balance sheets
(As of March 31, 2010)
Cash and deposits 179,792 million yen
Time deposits with terms in excess of three months (49)
Cash and cash equivalents 179,743</td></tr>
<tr><td></td><td>―</td><td>*2</td><td>Assets and liabilities for the newly consolidated subsidiaries, following acquisition of their equity.

Assets and liabilities of Cosmos Life Co., Ltd. and Life Clean Service Co., Ltd. upon their consolidation through acquisition of their equity; and
Acquisition costs and total expenses incurred in the consolidation of the companies in question.

Current assets 5,832 million yen
Noncurrent assets 6,520
Goodwill 11,175
Current liabilities (4,333)
Noncurrent liabilities (3,172)
Acquisition costs 16,021
Cash and cash equivalents of the subsidiaries 2,698
Total: Purchase of investment in subsidiaries resulting in change in scope of consolidation 13,323
Cosmos Life Co., Ltd. changed its registered name to Daiwa LifeNext Co., Ltd. on April 1, 2010,</td></tr>
</table>

(Notes to Stock Options)

No item to report.

(Segment Information)

a. Information by business segment

Previous consolidated fiscal year (From April 1, 2008 to March 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)
I Sales and operating income								
Sales								
(1) Sales to customers	957,188	530,108	60,077	61,744	81,837	1,690,956	—	1,690,956
(2) Inter-segment sales or transfers	1,838	15,032	29	1,761	62,141	80,802	(80,802)	—
Total sales	959,026	545,141	60,107	63,505	143,978	1,771,758	(80,802)	1,690,956
Operating expenses	930,492	478,959	61,223	62,351	141,474	1,674,501	(57,125)	1,617,376
Operating income (loss)	28,533	66,181	(1,115)	1,153	2,504	97,257	(23,677)	73,580
II Assets, depreciation, impairment loss, and capital investments								
Assets	607,233	705,606	91,825	44,895	201,081	1,650,642	159,930	1,810,573
Depreciation	7,248	13,979	2,859	980	13,190	38,258	1,059	39,318
Impairment loss	198	5,507	8,985	83	9	14,784	107	14,892
Capital investments	50,112	89,259	2,378	1,074	19,424	162,249	(1,648)	160,600

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 24,238 million yen, consisting principally of expenses for corporate image advertisements and general corporate expenses incurred by the Administration Headquarters of the Company.

4. Under assets, the amount of corporate assets included in elimination/corporate totaled 222,418 million yen, consisting primarily of surplus funds (cash and cash equivalents), long-term investment funds (investment securities) and assets associated with the Administration Headquarters of the Company.

5. Change in the accounting policies

   (Change in accounting policies for the valuation of inventories)

   As described in the Basic Significant Matters Regarding Preparation of Consolidated Financial Statements, beginning the consolidated fiscal year ended March 31, 2009, the "Accounting Standard for Measurement of Inventories" (ASBJ Statement No. 9, released on July 5, 2006) has been applied for the calculation of inventories.

   As a result of this change, operating income decreased by 7,586 million yen for the Residential Business, by 106 million yen for the Commercial Construction Business, by 0 million yen for the Resort hotels and Sports Life Business, by 179 million yen for the Home Center Business, and by 8 million yen for the Other Businesses, respectively.

Current consolidated fiscal year (From April 1, 2009 to March 31, 2010)

	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)
I Sales and operating income								
Sales								
(1) Sales to customers	939,771	471,288	56,043	59,909	82,870	1,609,883	—	1,609,883
(2) Inter-segment sales or transfers	1,756	9,232	35	1,301	55,127	67,452	(67,452)	—
Total sales	941,528	480,520	56,079	61,211	137,997	1,677,336	(67,452)	1,609,883
Operating expenses	912,417	425,228	56,610	60,430	138,260	1,592,947	(45,778)	1,547,169
Operating income (loss)	29,110	55,291	(531)	780	(262)	84,388	(21,674)	62,714
II Assets, depreciation, impairment loss, and capital investments								
Assets	585,291	713,174	87,780	42,581	212,472	1,641,300	275,626	1,916,927
Depreciation	9,917	16,715	2,524	1,009	12,827	42,994	923	43,917
Impairment loss	555	5,002	3,748	981	615	10,904	—	10,904
Capital investments	33,784	46,159	2,564	524	17,310	100,343	(557)	99,786

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 22,374 million yen, consisting principally of expenses for corporate image advertisements and general corporate expenses incurred by the Administration Headquarters of the Company.
4. Under assets, the amount of corporate assets included in elimination/corporate totaled 375,778 million yen, consisting primarily of surplus funds (cash and cash equivalents), long-term investment funds (investment securities) and assets associated with the Administration Headquarters of the Company.
5. Change in the accounting policies
   (Change in accounting policies for construction contracts)
   As described in the “Changes in Accounting Policies, Procedures and Methods of Presentation for Preparation of Consolidated Financial Statements,” beginning the fiscal year ended March 31, 2010, the “Accounting Standard for Construction Contracts” (ASBJ Statement No. 15, issued on December 27, 2007), and the “Guidance on Application of Accounting Standards for Construction Contracts” (ASBJ Guidance No. 18, issued on December 27, 2007) have been applied for construction contracts.
   As a result of this change, net sales increased by 14,444 million yen for the Residential Business, by 23,939 million yen for the Commercial Construction Business, and by 190 million yen for the Other Businesses, and operating income increased by 3,467 million yen for the Residential Business, by 4,145 million yen for the Commercial Construction Business, and by 19 million yen for the Other Businesses, compared with the application of the previous accounting standards.

b. Segment information by geographic region
Previous consolidated fiscal year (From April 1, 2008 to March 31, 2009)
Description has been omitted as the ratio of Japan to total segment sales and to total segment assets exceeded 90%, respectively.

Current consolidated fiscal year (From April 1, 2009 to March 31, 2010)
Description has been omitted as the ratio of Japan to total segment sales and to total segment assets exceeded 90%, respectively.

c. Overseas sales
Previous consolidated fiscal year (From April 1, 2008 to March 31, 2009)
Description has been omitted as the ratio of overseas sales to consolidated net sales was below 10%.

Current consolidated fiscal year (From April 1, 2009 to March 31, 2010)
Description has been omitted as the ratio of overseas sales to consolidated net sales was below 10%.

(Per Share Information)

Previous consolidated fiscal year (From April 1, 2008 to March 31, 2009)			Current consolidated fiscal year (From April 1, 2009 to March 31, 2010)		
Net assets per share	1,047.50	yen	Net assets per share	1,065.15	yen
Basic net income per share	7.20	yen	Basic net income per share	33.00	yen
Diluted net income per share	—	yen	Diluted net income per share	—	yen
1. Diluted net income per share is not disclosed because the Company does not issue warrants with dilutive effects.			1. Diluted net income per share is not disclosed because the Company does not issue warrants with dilutive effects.		
2. The basis of calculation for basic net income per share is as follows.			2. The basis of calculation for basic net income per share is as follows.		
Net income (millions of yen)	4,170		Net income (millions of yen)	19,113	
Amount not belonging to general shareholders (millions of yen)	—		Amount not belonging to general shareholders (millions of yen)	—	
Basic net income related to common stock (millions of yen)	4,170		Basic net income related to common stock (millions of yen)	19,113	
Average amount of common stock during the year (thousand shares)	579,216		Average amount of common stock during the year (thousand shares)	579,133	

(Significant Subsequent Event)
No item to report

(Omission of Disclosure)
Disclosure of information concerning lease transactions, transactions with associated parties, tax effect accounting, financial instruments, derivatives transactions, retirement benefits, business consolidations and lease properties has been omitted, due to the insignificance of disclosure of such information in the summary of financial statements.

(Orders Received and Sales)

Orders received

	Previous consolidated fiscal year (From April 1, 2008 to March 31, 2009)		Current consolidated fiscal year (From April 1, 2009 to March 31, 2010)		YoY	
	Amount (millions of yen)	Composition ratio (%)	Amount (millions of yen)	Composition ratio (%)	Amount (millions of yen)	Ratio of increase (decrease) (%)
Residential Business	883,305	55.4	898,557	57.6	15,252	1.7
Commercial Construction Business	508,643	31.9	464,190	29.7	(44,453)	(8.7)
Resort Hotels and Sports Life Business	60,077	3.7	56,043	3.6	(4,033)	(6.7)
Home Center Business	61,744	3.9	59,909	3.8	(1,834)	(3.0)
Other Businesses	81,837	5.1	82,870	5.3	1,033	1.3
Total orders received	1,595,608	100	1,561,572	100	(34,036)	(2.1)

Sales

	Previous consolidated fiscal year (From April 1, 2008 to March 31, 2009)		Current consolidated fiscal year (From April 1, 2009 to March 31, 2010)		YoY	
	Amount (millions of yen)	Composition ratio (%)	Amount (millions of yen)	Composition ratio (%)	Amount (millions of yen)	Ratio of increase (decrease) (%)
Residential Business	957,188	56.6	939,771	58.4	(17,416)	(1.8)
Commercial Construction Business	530,108	31.3	471,288	29.3	(58,820)	(11.1)
Resort Hotels and Sports Life Business	60,077	3.6	56,043	3.5	(4,033)	(6.7)
Home Center Business	61,744	3.7	59,909	3.7	(1,834)	(3.0)
Other Businesses	81,837	4.8	82,870	5.1	1,033	1.3
Total sales	1,690,956	100	1,609,883	100	(81,072)	(4.8)

Orders outstanding

	Previous consolidated fiscal year (As of March 31, 2009)		Current consolidated fiscal year (As of March 31, 2010)		YoY	
	Amount (millions of yen)	Composition ratio (%)	Amount (millions of yen)	Composition ratio (%)	Amount (millions of yen)	Ratio of increase (decrease) (%)
Residential Business	257,722	67.6	216,508	65.0	(41,213)	(16.0)
Commercial Construction Business	123,514	32.4	116,416	35.0	(7,097)	(5.7)
Resort Hotels and Sports Life Business	—	—	—	—	—	—
Home Center Business	—	—	—	—	—	—
Other Businesses	—	—	—	—	—	—
Total orders outstanding	381,236	100	332,925	100	(48,311)	(12.7)

Note: Figures for orders received, sales and orders outstanding represent those pertaining to customers.

Disclaimer:
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