Summary of Financial Results for the Fiscal Year Ended March 31, 2011 [Consolidated]
(From April 1, 2010 to March 31, 2011)
[Japanese GAAP]

May 10, 2011

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:	Naotake Ohno, President and COO
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Scheduled Date of Ordinary General Meeting of Shareholders:	June 29, 2011
Scheduled Date of Commencement of Dividend Payment:	June 30, 2011
Scheduled Date of Filing Securities Report:	June 29, 2011
Supplemental documents for the financial results provided:	Yes
Results briefing for the period under review provided:	Yes (for institutional investors and securities analysts)

(Amounts below one million yen are omitted)

1. Consolidated Results of Operation for the Fiscal Year Ended March 31, 2011 (From April 1, 2010 to March 31, 2011)

(1) Consolidated Business Results

(% 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, 2011	1,690,151	5.0	87,697	39.8	79,049	31.7	27,267	42.7
Fiscal year ended March 31, 2010	1,609,883	(4.8)	62,714	(14.8)	60,036	50.6	19,113	358.3

Note: Comprehensive income
Fiscal year ended March 31, 2011: 27,528 million yen (14.0%); Fiscal year ended March 31, 2010: 24,137 million yen (−%)

	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, 2011	47.09	—	4.4	4.1	5.2
Fiscal year ended March 31, 2010	33.00	—	3.1	3.2	3.9

(Reference) Equity in earnings of affiliates
Fiscal year ended March 31, 2011: 992 million yen; Fiscal year ended March 31, 2010: 1,242 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, 2011	1,934,236	635,186	32.8	1,095.62
March 31, 2010	1,916,927	617,769	32.2	1,065.15

(Reference) Net assets ratio = (Net assets – Minority interests)/Total assets
(Net assets – Minority interests) is as follows. March 31, 2011: 634,151 million yen; March 31, 2010: 616,821 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, 2011	127,957	(83,594)	(77,834)	146,243
Fiscal year ended March 31, 2010	133,314	(138,237)	79,269	179,743

2. Dividends

	Dividend per share					Total dividends (annual)	Dividend payout ratio (consolidated)	Dividends to net assets ratio (consolidated)
(Record date)	End of 1st quarter (June 30)	End of 2nd quarter (Sept. 30)	End of 3rd quarter (Dec. 31)	Fiscal year-end (March 31)	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2010	—	0.00	—	17.00	17.00	9,844	51.5	1.6
Fiscal year ended March 31, 2011	—	0.00	—	20.00	20.00	11,576	42.5	1.9
Fiscal year ending March 31, 2012 (forecasts)	—	—	—	—	—		—	

Notes: 1. Cash dividends for the fiscal year ended March 31, 2011 comprise:
¥17.00 per share as an ordinary dividend, and ¥3.00 per share as a commemorative dividend.
2. Our dividend forecasts for the fiscal year ending March 31, 2012 have not yet been made due to the difficulty of making such forecasts at present.

3. Consolidated Business Forecasts for the Fiscal Year Ending March 31, 2012 (From April 1, 2011 to March 31, 2012)

Due to the impact of the Great East Japan Earthquake of March 11, 2011, it is difficult at present to make any reasonable forecasts for the fiscal year ending March 31, 2012. After closely investigating the impact of the disaster, we plan to release forecasts on June 10, 2011.

4. Others

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

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

1) Changes due to amendment of accounting standards: Yes

2) Changes due to reasons other than 1): Yes

Note: For details, please refer to “Basic Significant Matters Regarding Preparation of Consolidated Financial Statements” in the attached materials on page 23.

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

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

As of March 31, 2011 599,921,851 shares

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

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

As of March 31, 2011 21,115,009 shares

As of March 31, 2010 20,829,959 shares

3) Average number of shares during the period

Fiscal year ended March 31, 2011 579,009,313 shares

Fiscal year ended March 31, 2010 579,133,639 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 29.

(Reference) Summary of Non-Consolidated Results of Operation

1. Non-Consolidated Results of Operation for the Fiscal Year Ended March 31, 2011 (From April 1, 2010 to March 31, 2011)

(1) Non-Consolidated Business Results

(% 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, 2011	1,058,103	2.2	58,458	50.7	57,817	48.1	12,713	(2.0)
Fiscal year ended March 31, 2010	1,034,834	(10.2)	38,782	(18.4)	39,045	37.9	12,969	132.5

	Basic net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended March 31, 2011	21.96	—
Fiscal year ended March 31, 2010	22.39	—

(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, 2011	1,400,310	549,017	39.2	948.53
March 31, 2010	1,418,199	545,317	38.5	941.68

(Reference) Net assets: March 31, 2011: 549,017 million yen; March 31, 2010: 545,317 million yen

*** Status of auditing procedures**
As of the time when the financial results for the period under review are disclosed, the Group had not completed auditing procedures for the consolidated financial statements as laid down by the Financial Instruments and Exchange Law.

*** Remarks on appropriate use of forecasted results of operation and other special matters**
(Notes regarding forward-looking statements)
Consolidated 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. Actual results may differ significantly from those presented herein as a consequence of numerous factors such as financial markets, economic conditions, competitor situations and fluctuations in land prices.

(Obtaining supplementary explanatory materials)
The Company plans to hold a briefing for analysts and institutional investors on May 10, 2011. Relevant financial statements to be handed out at the briefing will be posted on our official website at the same time.

Contents of the Attached Material

<Reference Material> Key Performance Indicators

1. Performance Indicators

Fiscal years	Fiscal year ended March 31, 2008	Fiscal year ended March 31, 2009	Fiscal year ended March 31, 2010	Fiscal year ended March 31, 2011
Net sales (millions of yen)	1,709,254	1,690,956	1,609,883	1,690,151
Cost of sales (millions of yen)	1,360,348	1,357,820	1,303,881	1,352,937
Selling, general and administrative expenses (millions of yen)	259,784	259,555	243,288	249,516
Operating income (millions of yen)	89,120	73,580	62,714	87,697
Ordinary income (millions of yen)	61,290	39,855	60,036	79,049
Net income (millions of yen)	13,079	4,170	19,113	24,267
Basic net income per share (yen)	22.46	7.20	33.00	47.09
Return on equity (ROE) (%)	2.0	0.7	3.1	4.4
Ordinary income to total assets ratio (%)	3.6	2.2	3.2	4.1
Dividend per share (yen) (of which interim dividend per share)	24 (—)	24 (—)	17 (—)	20 (—)
Total annual dividends (millions of yen)	13,902	13,900	9,844	11,576
Dividend payout ratio (%)	106.8	333.4	51.5	42.5
Dividends to net assets ratio (%)	2.2	2.2	1.6	1.9
Total assets (millions of yen)	1,791,052	1,810,573	1,916,927	1,934,236
Net assets (millions of yen)	649,440	607,427	617,769	635,186
Net assets ratio (%)	35.3	33.5	32.2	32.8
Net assets per share (yen)	1,092.04	1,047.50	1,065.15	1,095.62
Depreciation (millions of yen)	35,621	39,318	43,917	44,613
Net increase in property, plant and equipment and intangible assets (millions of yen)	103,856	160,600	99,786	93,874
Cash flows from operating activities (millions of yen)	(15,738)	109,810	133,314	127,957
Cash flows from investing activities (millions of yen)	(123,296)	(199,679)	(138,237)	(83,594)
Cash flows from financing activities (millions of yen)	135,796	96,503	79,269	(77,834)
Cash and cash equivalents, end of year (millions of yen)	98,888	105,381	179,743	146,243

2. Sales and Operating Income by Segment

(Millions of yen)

Fiscal years		Fiscal year ended March 31, 2008	Fiscal year ended March 31, 2009	Fiscal year ended March 31, 2010	Fiscal year ended March 31, 2011
Net sales		1,709,254	1,690,956	1,609,883	1,690,151
Sales by segment	Residential Business	1,004,365	959,026	941,528	—
	Commercial Construction Business	512,734	545,141	480,520	—
	Resort Hotels and Sports Life Business	63,701	60,107	56,079	—
	Home Center Business	62,623	63,505	61,211	—
	Other Businesses	143,346	143,978	137,997	—
	Eliminations/Corporate	(77,517)	(80,802)	(67,452)	—
Sales by new segment*	Single-Family Houses	—	—	325,908	322,479
	Rental Housing	—	—	449,006	496,158
	Condominiums	—	—	119,308	140,933
	Existing Home Business	—	—	46,974	60,781
	Commercial Facilities	—	—	285,679	274,066
	Business & Corporate Facilities	—	—	196,270	194,306
	Health & Leisure	—	—	57,131	58,048
	Other Businesses	—	—	210,901	223,664
	Adjustments	—	—	(81,297)	(80,288)
Operating income		89,120	73,580	62,714	87,697
Operating income by segment	Residential Business	53,738	28,533	29,110	—
	Commercial Construction Business	50,507	66,181	55,291	—
	Resort Hotels and Sports Life Business	40	(1,115)	(531)	—
	Home Center Business	1,807	1,153	780	—
	Other Businesses	4,560	2,504	(262)	—
	Eliminations/Corporate	(21,533)	(23,677)	(21,674)	—
Operating income by new segment*	Single-Family Houses	—	—	6,204	7,210
	Rental Housing	—	—	38,655	46,999
	Condominiums	—	—	(18,323)	5,370
	Existing Home Business	—	—	1,739	4,237
	Commercial Facilities	—	—	34,431	33,564
	Business & Corporate Facilities	—	—	21,768	11,516
	Health & Leisure	—	—	(505)	(828)
	Other Businesses	—	—	1,039	3,644
	Adjustments	—	—	(22,295)	(24,016)

Note: 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 27, 2009)” 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 of Business Results

Qualitative Information Regarding Consolidated Business Results

During fiscal 2010 (the year ended March 31, 2011), the Japanese economy began to show signs of recovery. Although exports and production lost momentum temporarily due to the steeply rising yen, the slowing global economy and the fadeout of stimulus policies, in the second half corporate production and employment began to pick up. However, the outlook has dimmed amid soaring oil prices, due to political upheavals in the Middle East and the dampening effect on corporate production of the Great East Japan Earthquake in early March 2011.

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

Against this economic background, and with an eye on the goals in Challenge 2010, the 2nd Medium-Term Management Plan ended in March 2011, the Group aims to improve performance in all business segments by focusing on key policies. These are bolstering our proposal ability in core businesses, expanding the scale of our business in growing markets and promoting real estate development in China.

In respect of improving our proposal ability in core businesses, in our Single-Family Houses Business, we started to exhibit the SMA×Eco HOUSE, a model house fitted with lithium-ion storage batteries – the first such in Japan – and started testing to demonstrate the effectiveness of this system as one of our eco-friendly initiatives. We also launched the xevo YU house featuring zero net energy consumption, and xevo CLEVA, targeted at double-income households and featuring as standard a new type of space specially designed for women, with make-up facilities, called the Cocoom. Another new launch was the xevo SORA, a three-storey wooden house with a comfortable attic room marketed at two-storey rates per square *tsubo* (3.3 meters).

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

With regard to our plans to promote real estate development in China, we decided to launch works in a development project in the city of Wuxi, Jiangsu Province, in China's coastal belt. The project will comprise approximately 560 residential units, including both terraced houses and condominiums.

In the Group's CSR initiatives, which aim to help create a society in which people can live in harmony with the natural environment, we became the first housing maker in Japan to adopt a comprehensive basic policy on biodiversity and to draw up a specific action agenda. We also laid down guidelines on the development of lot-subdivision land for housing and methods of procurement of wooden building materials. We promoted adoption of the Group Code of Ethics at overseas companies too, through measures such as compilation of corporate ethical principles and action guidelines for our operations in China. Furthermore, in line with the terms of the ISO26000 international standard for social responsibility, promulgated in November 2010, we are taking measures to review our own CSR performance. We also organized meetings on a regular basis — inviting public participation — in measures to strengthen our relations with all our stakeholders.

In the Great East Japan Earthquake of March 11, 2011, some damage was sustained by our sales offices, plants, commercial facilities, hotels and other premises in the Tohoku and Kanto regions of Japan. Except at certain locations, we have completed repairs and resumed normal operations. We are making every possible effort to deal with this disaster. Our measures include establishment of an emergency response center and strengthening of our aftersales service networks in the quake-hit areas, and building of emergency temporary and other relief housing at the request of authorities concerned.

As a result of the above, the Daiwa House Group posted consolidated net sales under review of 1,690,151 million yen, up 5.0% year-on-year. Operating income was 87,697 million yen, up 39.8% year-on-year. Ordinary income was 79,049 million yen, up 31.7% year-on-year. Net income amounted to 27,267 million yen, up 42.7% year-on-year.

Results by business segment are as follows.

Single-Family Houses Business

In the Single-Family Houses Business, we took steps to expand the marketing of houses in our xevo series in conformity with the Japanese government's measures to support home buyers. Our xevo models feature standard specifications that satisfy the certification criteria of the High Quality Long-Term Housing Model adopted by the government, and qualify under the housing eco-point system.

In our own housing acquisition support initiative, we began issuing "xevo eco-points" and our Kids Design Award-winning "Daiwa House Child Allowances" for customers wishing to buy a single-family house.

In new products, we launched the xevo YU, featuring zero net energy consumption. In a collaboration with the skincare brand SK-II (MAX Factor) we designed and launched the xevo CLEVA targeting double income households and featuring as standard the new Cocoom Space specially designed for women, with make-up facilities. Another new product was the xevo SORA, a three-storey wooden house with a comfortable attic room marketed at two-storey rates per square *tsubo* (3.3 meters).

As a result, sales of this segment amounted to 322,479 million yen, down 1.1% year-on-year, and operating income was 7,210 million yen, up 16.2% year-on-year.

Rental Housing Business

In the Rental Housing Business, we marketed two models featuring enhanced security – the two-storey Séjour WIT-S and the three-storey Séjour OTTS'-S – which both come with a home security system as standard. We also launched the four-storey Urbanwel Dizzo, designed to serve the diverse land-use needs of landowners as well as accommodate a wide variety of tenant lifestyles. This was one example of our business development intended to meet diversifying lifestyles.

As a result, sales of this segment amounted to 496,158 million yen, up 10.5% year-on-year, and operating income was 46,999 million yen, up 21.6% year-on-year.

Condominiums Business

During the period under review, we continued to supply the kind of high-value-added condominium developments needed in today's society. These included the Premist Chihaya Tower Twin Marks (Fukuoka), a high-rise seismic isolation twin-tower condominium project featuring superior services and common facilities. Meanwhile, we also began selling condominium units at the D'Grafort Lake Town development (Saitama), the first condominium development in Japan for which "Green Power Certification" was issued and sold on. A solar heating panel system that we have installed provides the development with "environmental value-added." In this program, the certificate can be sold on as a kind of 'credit' based on the value of the green power generation, such as solar and other recyclable sources.

As a result, sales of this segment amounted to 140,933 million yen, up 18.1% year-on-year, and operating income was 5,370 million yen, compared with operating loss of 18,323 million yen in the previous fiscal year.

Existing Home Business

In the Existing Home Business, we made efforts to strengthen collaboration between Group companies while also putting in place even more effective systems for marketing, design, construction and installation, and implemented measures to raise our comprehensive proposal capabilities. We are also gearing marketing to the housing eco-point system, expanding the number of renovation orders.

As a result, sales of this segment amounted to 60,781 million yen, up 29.4% year-on-year, and operating income was 4,237 million yen, up 143.6% year-on-year.

Commercial Facilities Business

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

In our Group, Daiwa Lease Co., Ltd., which manages commercial facilities, promoted the nationwide deployment of Frespo open mall commercial facilities designed for small trading areas. With the opening of the Frespo Houki (Tottori), the Frespo Seifushinto (Hiroshima), the Frespo Rokucho-no-me (Miyagi), the Frespo Yokote II (Akita), Isezaki Commercial Facilities (Gumma) and Rinkan Mall (Kanagawa), the Group operates commercial facilities all over Japan, with an emphasis on local community needs.

As a result, sales of this segment amounted to 274,066 million yen, down 4.1% year-on-year and operating income was 33,564 million yen, down 2.5% year-on-year.

Business and Corporate Facilities Business

In the Business and Corporate Facilities Business, we leveraged Group synergies to develop large-scale logistics facilities and to overhaul and construct retail stores as well as manufacturing and food-production facilities that were consolidated as a result of corporate mergers. In addition, we actively pursued development proposals for private nursing care facilities and rental housing for the aged.

We also started development works for the Hokusetsu-Sanda Techno Park II (Hyogo), a large industrial park development project, drawing on our consulting services backed by years of construction know-how and market knowledge.

As a result, sales of this segment amounted to 194,306 million yen, down 1.0% year-on-year, and operating income was 11,516 million yen, down 47.1% year-on-year.

Health & Leisure Business

Circumstances were severe in the Resort Hotels Division, as consumers continued to keep pullbacks in their spending. However, customer footfall during the Golden Week holidays, the summer vacation period, and the autumn travel period was robust, thanks to our quality guest service and our marketing efforts, emphasizing the customer satisfaction and encouraging repeat visits.

In the Fitness Clubs Division, we continued to develop new-concept urban-type fitness facilities clubs designed to optimally meet the individual needs of their respective local markets. Under this initiative, we opened the Premium Sports Club NAS GINZA (Tokyo) and the Premium Sports Club NAS Roppongi (Tokyo), and, in line with the reopening after renovation of the Foleo Hakata commercial facility, the Sports Club NAS Hakata (Fukuoka). In October, Nippon Athletic Service (NAS) Co., Ltd. changed its name to Sports Club NAS Co., Ltd., to more closely integrate the corporate name and concept.

As a result, sales of this segment amounted to 58,048 million yen, up 1.6% year-on-year and operating loss was 828 million yen, compared with the operating loss of 505 million yen in the previous year.

Other Businesses

In the Environment and Energy Business Division, we provided comprehensive solutions to energy-related issues that our customers face in the following areas: energy-saving systems such as LEDs and other high-efficiency lighting and air conditioning systems; energy-creating systems such as solar power generation; and energy storage systems such as lithium-ion batteries. We also teamed up with a major convenience store operator for a nationwide rollout of the “Next-Generation CO_2 Model for Convenience Store” proposed by the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) as one of its model projects for CO_2 emissions reduction in housing and buildings. We also launched sales of our POWER YIILE portable lithium-ion energy storage system.

In the City Hotels Division, we opened six new Daiwa Roynet Hotels during the period under review: the Okinawa Kencho-Mae (Okinawa), the Osaka Uehonmachi (Osaka), the Sendai (Miyagi), the Nagoya Shinkansen-Guchi (Aichi), the Kyoto Hachijo-Guchi (Kyoto), the Yokohama-Kannai (Kanagawa), the Sakai-Higashi (Osaka) and the Tokyo-Akabane, giving us a total of 30 city hotels. We also redesigned the website, launched special packages combining hotel stays with airline tickets, and began accepting the China UnionPay cash card used by tourists from China.

As a result, sales of this segment amounted to 223,664 million yen, up 6.1% year-on-year, and operating income was 3,644 million yen, up 250.7% year-on-year.

Business Prospects for Fiscal 2011

As a result of the earthquake in March 2011, companies across Japan suffered varying degrees of damage to their plants, disruption of logistics networks, power shortages, and other adverse effects. With the added negative of ongoing surges in crude oil due to political upheavals in the Middle East as well as in raw materials prices, we see few bright prospects in the near term for the Japanese economy, and expect business conditions to remain very difficult.

In the housing business, prospects remain uncertain, with raw materials shortages and a weakening of consumer confidence in the aftermath of the earthquake working against the effect of ongoing house purchase breaks, such as broader tax exemptions for gifts for the purpose of housing acquisition and the eco-points system for housing.

Against this backdrop, the Group will prioritize repair and recovery efforts in areas affected by the earthquake and will step up construction of temporary and other emergency relief housing. Meanwhile, we will work to further improve enterprise value in our main business by strengthening partnerships among Group companies and more effectively pooling information resources.

Due to the impact of the Great East Japan Earthquake of March 11, 2011, it is difficult at present to make any reasonable forecasts for the fiscal year ending March 31, 2012. After closely investigating the impact of the disaster, we plan to release forecasts on June 10, 2011.

(2) Analysis on Financial Conditions

1. Financial Position

Total assets at the end of the fiscal year under review increased by 17,308 million yen from 1,916,927 million yen at the end of the previous fiscal year, to 1,934,236 million yen. This was mainly attributable to an increase in accounts receivable-trade and in investment securities, despite a decline in cash and deposits.

Total liabilities at the end of the fiscal year under review decreased by 108 million yen from 1,299,157 million yen at the end of the previous fiscal year, to 1,299,049 million yen. This was mainly attributable to a decrease in income tax payable and loans payable, despite the recording of asset retirement obligations under application of the “Accounting Standard for Asset Retirement Obligations,” and an increase in accounts payable-trade.

Total net assets at the end of the fiscal year under review increased by 17,416 million yen from 617,769 million yen at the end of the previous fiscal year, to 635,186 million yen. This result principally reflected the recording of net income in the amount of 27,267 million yen for the fiscal year under review, despite the recording of cash dividends paid for the previous fiscal year.

The net asset ratio as of March 31, 2011 was 32.8%, virtually unchanged from 32.2% at the end of the previous fiscal year.

2. Cash Flows During the Fiscal Year Under Review

With regard to cash and cash equivalents for the fiscal year under review, net cash provided by operating activities stood at 127,957 million yen, and net cash used in investing activities came to 83,594 million yen, while net cash used in financing activities was 77,834 million yen. In total, the net decrease in cash and cash equivalents was 33,500 million yen, and consequently, cash and cash equivalents at the end of the fiscal year under review amounted to 146,243 million yen.

(Cash flows from operating activities)

During the fiscal year under review, net cash provided by operating activities stood at 127,957 million yen, down 4.0% year-on-year from the end of the previous fiscal year. This was mainly the result of posting income before income taxes and minority interests in the amount of 40,713 million yen, as well as increases in notes and accounts payable-trade for construction contracts and other, and in advances received on uncompleted construction contracts.

(Cash flows from investing activities)

During the fiscal year under review, net cash used in investing activities was 83,594 million yen (compared with 138,237 million yen used in the previous fiscal year). This was as a result of purchase of property, plant and equipment including real estates for rental businesses and hotels, as well as ongoing investments in real estate developments.

(Cash flows from financing activities)

During the fiscal year under review, net cash used in financing activities was 77,834 million yen (compared with 79,269 million yen provided in the previous fiscal year). This was primarily the result of dividend payments in the previous fiscal year and repayments of long-term loans payable.

3. Cash Flow Indicators

	Fiscal year ended March 31, 2009	Fiscal year ended March 31, 2010	Fiscal year ended March 31, 2011
Net assets ratio	33.5%	32.2%	32.8%
Net assets ratio on market-value basis	25.3%	31.9%	30.6%
Repayment years of interest-bearing debt	3.1 (year)	3.5 (year)	3.1 (year)
Interest coverage ratio	31.5	30.0	22.9

*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

4. Outlook on Financial Conditions for the Fiscal Year Ending March 31, 2012 (Consolidated)

Our outlook on financial conditions for the fiscal year ending March 31, 2012 have not yet been made due to difficulty of making such reasonable forecasts at present by the impact of the Great East Japan Earthquake of March 11, 2011.

2. Management policy

(1) Basic Management Policy of the Group

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 group 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 businesses, including the construction of single-family houses, rental housing, as well as condominiums, and the existing home business, mainly renovation and real estate agency (“Housing”). We also undertake activities that support the business sector through commercial facilities business, and the business and corporate facilities business, such as logistic centers and medical/nursing care facilities (“Business”), and those that support people’s everyday lives, such as our Health and Leisure and other businesses (“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) Medium to Long-Term Management Strategy of the Group

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. 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. We are also creating new businesses and markets, including a full entry into overseas markets, with the aim of becoming an “indispensable supplier to society of indispensable products.”

Please note that we had intended to unveil the 3rd Medium-Term Management Plan (Challenge 2013), a three-year plan with fiscal 2011 as its first fiscal year. However, announcement has been postponed while we conduct a review of operations in light of the impact of the Great East Japan Earthquake of March 2011.

These figures will be published along with our Performance Indicators and Targets as soon as we have completed a close examination of the impact of the earthquake on our operations.

(3) Issues Facing the Group

The Great East Japan Earthquake in March 2011 did damage to industrial plants, disrupted logistics networks and caused power shortages and other adverse effects. These negatives have depressed manufacturing and other industrial activity.

At the same time, soaring crude oil prices due to political upheaval in the Middle East and rising raw material prices are expected to erode corporate earnings. We expect economic conditions in Japan to remain severe, with little prospect of improvement in the near term.

In the housing business, the government will continue to implement house purchase breaks such as expansion of the scope of tax exemption for gifts for the purpose of housing acquisition and of the eco-points system for housing. However, we expect a severe business environment to persist as consumer confidence is likely to weaken in the aftermath of the earthquake.

Against this background, the Group will focus first on rebuilding premises and restoring operations, and on building temporary and emergency relief housing where needed.

In addition, we will strengthen our marketing networks rooted in local communities, and ensure safe, worryfree housing, gearing product development and services to the diversifying needs of our customers. We are considering businesses expansion in promising overseas markets. We are committed to rigorous risk management and compliance training on a Groupwide basis.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	Previous fiscal year (as of March 31, 2010)	Reporting fiscal year (as of March 31, 2011)
Assets		
Current assets		
Cash and deposits	179,792	149,379
Notes receivable, accounts receivable from completed construction contracts and other	75,815	95,686
Lease investment assets	9,740	16,959
Short-term investment securities	6	6
Costs on uncompleted construction contracts	15,098	15,307
Real estate for sale	227,842	231,716
Real estate for sale in process	33,380	31,821
Land for development	3,761	2,237
Merchandise and finished goods	10,996	10,321
Work in process	2,758	4,822
Raw materials and supplies	6,165	5,760
Deferred tax assets	46,680	46,173
Other	69,409	72,447
Allowance for doubtful accounts	(2,690)	(1,379)
Total current assets	678,757	681,261
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	594,317	605,561
Accumulated depreciation	(260,585)	(277,752)
Buildings and structures, net	333,731	327,808
Machinery, equipment and vehicles	93,242	90,347
Accumulated depreciation	(59,922)	(62,481)
Machinery, equipment and vehicles, net	33,319	27,865
Tools, furniture and fixtures	36,610	36,574
Accumulated depreciation	(27,412)	(29,012)
Tools, furniture and fixtures, net	9,197	7,561
Land	389,587	387,343
Lease assets	4,587	8,560
Accumulated depreciation	(744)	(1,716)
Lease assets, net	3,842	6,844
Construction in progress	8,932	2,699
Total property, plant and equipment	778,610	760,123
Intangible assets	20,153	21,491
Investments and other assets		
Investment securities	104,588	117,718
Long-term loans receivable	7,164	7,532
Lease and guarantee deposits	190,024	189,607
Deferred tax assets	109,604	117,685
Other	36,657	51,309
Allowance for doubtful accounts	(8,632)	(8,821)
Allowance for investment loss	—	(3,672)
Total investments and other assets	439,406	471,360
Total noncurrent assets	1,238,170	1,252,975
Total assets	1,916,927	1,934,236

(Millions of yen)

	Previous fiscal year (as of March 31, 2010)	Reporting fiscal year (as of March 31, 2011)
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	113,807	129,462
Short-term loans payable	14,771	9,136
Current portion of bonds payable	—	4,500
Current portion of long-term loans payable	2,901	25,122
Lease obligations	1,113	1,782
Accounts payable—other	71,848	76,755
Income taxes payable	24,037	6,675
Advances received on uncompleted construction contracts	27,403	32,090
Provision for bonuses	21,160	22,164
Provision for warranties for completed construction	6,769	6,304
Asset retirement obligations	—	1,780
Other	60,786	73,932
Total current liabilities	344,601	389,705
Noncurrent liabilities		
Bonds payable	105,300	101,300
Long-term loans payable	335,388	255,498
Lease obligations	5,994	15,214
Deposits received from members	40,749	38,730
Long-term lease and guarantee deposited	226,322	226,315
Deferred tax liabilities for land revaluation	28,539	29,076
Provision for retirement benefits	163,711	175,532
Asset retirement obligations	—	21,672
Other	48,551	46,002
Total noncurrent liabilities	954,556	909,343
Total liabilities	1,299,157	1,299,049
Net assets		
Shareholders' equity		
Capital stock	110,120	110,120
Capital surplus	226,824	226,824
Retained earnings	375,154	362,281
Treasury stock	(19,615)	(19,874)
Total shareholders' equity	692,484	679,351
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,696	7,582
Revaluation reserve for land	(77,593)	(47,314)
Foreign currency translation adjustment	(4,765)	(5,467)
Total accumulated other comprehensive income	(75,662)	(45,200)
Minority interests	948	1,035
Total net assets	617,769	635,186
Total liabilities and net assets	1,916,927	1,934,236

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

(Consolidated statements of income)

(Millions of yen)

	Previous fiscal year (From April 1, 2009 to March 31, 2010)	Reporting fiscal year (From April 1, 2010 to March 31, 2011)
Net sales	1,609,883	1,690,151
Cost of sales	1,303,881	1,352,937
Gross profit	306,002	337,213
Selling, general and administrative expenses		
Sales commission	10,786	12,012
Advertising expenses	19,224	20,453
Promotion expenses	5,421	5,243
Provision of allowance for doubtful accounts	1,712	1,739
Directors' compensations	2,621	2,574
Employees' salaries and allowances	92,027	94,924
Provision for bonuses	13,256	13,670
Retirement benefit expenses	14,168	14,599
Legal welfare expenses	13,474	13,719
Stationery expenses	8,227	7,539
Correspondence and transportation expenses	12,626	13,128
Rents	10,693	10,445
Depreciation	6,884	6,568
Tax and dues	11,124	11,859
Other	21,037	21,037
Total selling, general and administrative expenses	243,288	249,516
Operating income	62,714	87,697
Non-operating income		
Interest income	1,971	2,372
Dividends income	1,132	2,090
Equity in earnings of affiliates	1,242	992
Amortization of actuarial gain for employee's retirement benefits	472	―
Gain on settlement of derivatives	500	―
Gain on valuation of derivatives	360	―
Miscellaneous income	6,673	5,876
Total non-operating income	12,352	11,331
Non-operating expenses		
Interest expenses	6,869	7,207
Tax and dues	1,858	415
Provision of allowance for doubtful accounts	949	431
Amortization of actuarial loss for employee's retirement benefits	―	8,421
Loss on valuation of derivatives	829	―
Miscellaneous expenses	4,523	3,503
Total non-operating expenses	15,030	19,980
Ordinary income	60,036	79,049

(Millions of yen)

	Previous fiscal year (From April 1, 2009 to March 31, 2010)	Reporting fiscal year (From April 1, 2010 to March 31, 2011)
Extraordinary income		
Gain on sales of noncurrent assets	57	134
Gain on sales of investment securities	—	1,718
Gain on sales of investments in capital of subsidiaries and affiliates	—	170
Gain on transfer of business	—	280
Gain on sales of golf club memberships	—	0
Gain on amortization of prior service cost	204	—
Reversal of liability for loss on disaster	—	1,303
Total extraordinary income	261	3,606
Extraordinary losses		
Loss on sales of noncurrent assets	107	3,431
Loss on retirement of noncurrent assets	1,548	695
Impairment loss	10,904	18,768
Loss on sales of investment securities	—	78
Loss on valuation of investment securities	9,649	1,013
Loss on valuation of golf club memberships	16	61
Loss on sales of golf club memberships	1	—
Provision of allowance for investment loss	—	3,672
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	2,804
Loss on prior periods adjustment	—	1,415
Salaries and allowance for prior periods	—	2,027
Loss on disaster	—	7,973
Total extraordinary losses	22,229	41,942
Income before income taxes and minority interests	38,069	40,713
Income taxes—current	35,491	21,076
Income taxes—deferred	(16,558)	(7,704)
Total income taxes	18,933	13,371
Income before minority interests	—	27,341
Minority interests in income	22	74
Net income	19,113	27,267

(Consolidated statements of comprehensive income)

(Millions of yen)

	Previous fiscal year (From April 1, 2009 to March 31, 2010)	Reporting fiscal year (From April 1, 2010 to March 31, 2011)
Income before minority interests	—	27,341
Other comprehensive income		
Valuation difference on available-for-sale securities	—	1,012
Foreign currency translation adjustment	—	(647)
Share of other comprehensive income of associates accounted for using equity method	—	(177)
Total other comprehensive income	—	*2 186
Comprehensive income	—	*1 27,528
(Comprehensive income attributable to)		
Comprehensive income attributable to shareholders of the parent	—	27,455
Comprehensive income attributable to minority interests	—	73

(3) Consolidated Statements of Changes in Net Assets

(Millions of yen)

	Previous fiscal year (From April 1, 2009 to March 31, 2010)	Reporting fiscal year (From April 1, 2010 to March 31, 2011)
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 reporting period	110,120	110,120
Capital surplus		
Balance at the end of previous period	226,824	226,824
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of reporting period	226,824	226,824
Retained earnings		
Balance at the end of previous period	370,240	375,154
Changes of items during the period		
Dividends from surplus	(13,900)	(9,844)
Net income	19,113	27,267
Reversal of revaluation reserve for land	(284)	(30,274)
Disposal of treasury stock	(14)	(21)
Total changes of items during the period	4,914	(12,873)
Balance at the end of reporting period	375,154	362,281
Treasury stock		
Balance at the end of previous period	(19,553)	(19,615)
Changes of items during the period		
Purchase of treasury stock	(93)	(306)
Disposal of treasury stock	30	46
Total changes of items during the period	(62)	(259)
Balance at the end of reporting period	(19,615)	(19,874)
Total shareholders' equity		
Balance at the end of previous period	687,632	692,484
Changes of items during the period		
Dividends from surplus	(13,900)	(9,844)
Net income	19,113	27,267
Reversal of revaluation reserve for land	(284)	(30,274)
Purchase of treasury stock	(93)	(306)
Disposal of treasury stock	16	25
Total changes of items during the period	4,852	(13,132)
Balance at the end of reporting period	692,484	679,351

(Millions of yen)

	Previous fiscal year (From April 1, 2009 to March 31, 2010)	Reporting fiscal year (From April 1, 2010 to March 31, 2011)
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	2,034	6,696
Changes of items during the period		
Net changes of items other than shareholders' equity	4,661	885
Total changes of items during the period	4,661	885
Balance at the end of reporting period	6,696	7,582
Revaluation reserve for land		
Balance at the end of previous period	(77,878)	(77,593)
Changes of items during the period		
Net changes of items other than shareholders' equity	284	30,278
Total changes of items during the period	284	30,278
Balance at the end of reporting period	(77,593)	(47,314)
Foreign currency translation adjustment		
Balance at the end of previous period	(5,105)	(4,765)
Changes of items during the period		
Net changes of items other than shareholders' equity	339	(702)
Total changes of items during the period	339	(702)
Balance at the end of reporting period	(4,765)	(5,467)
Total accumulated other comprehensive income		
Balance at the end of previous period	(80,949)	(75,662)
Changes of items during the period		
Net changes of items other than shareholders' equity	5,286	30,462
Total changes of items during the period	5,286	30,462
Balance at the end of reporting period	(75,662)	(45,200)
Minority interests		
Balance at the end of previous period	744	948
Changes of items during the period		
Net changes of items other than shareholders' equity	203	86
Total changes of items during the period	203	86
Balance at the end of reporting period	948	1,035
Total net assets		
Balance at the end of previous period	607,427	617,769
Changes of items during the period		
Dividends from surplus	(13,900)	(9,844)
Net income	19,113	27,267
Reversal of revaluation reserve for land	(284)	(30,274)
Purchase of treasury stock	(93)	(306)
Disposal of treasury stock	16	25
Net changes of items other than shareholders' equity	5,490	30,549
Total changes of items during the period	10,342	17,416
Balance at the end of reporting period	617,769	635,186

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Previous fiscal year (From April 1, 2009 to March 31, 2010)	Reporting fiscal year (From April 1, 2010 to March 31, 2011)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	38,069	40,713
Depreciation and amortization	43,917	44,613
Increase (decrease) in provision for retirement benefits	3,109	11,821
Interest and dividends income	(3,103)	(4,463)
Interest expenses	6,869	7,207
Equity in (earnings) losses of affiliates	(1,242)	(992)
Loss (gain) on sales and retirement of noncurrent assets	1,599	3,992
Impairment loss	10,904	18,768
Loss (gain) on valuation of investment securities	9,649	1,013
Loss on valuation of golf club memberships	16	61
Increase (decrease) in allowance for investment loss	—	3,672
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	2,804
Loss on prior periods adjustment	—	1,415
Decrease (increase) in notes and accounts receivable—trade	(22,871)	(19,870)
Decrease (increase) in inventories	97,760	(5,858)
Increase (decrease) in advances received on uncompleted construction contracts	(33,667)	4,324
Increase (decrease) in notes and accounts payable—trade	(22,444)	17,118
Other, net	25,330	45,335
Subtotal	153,897	171,677
Interest and dividends income received	1,808	2,850
Interest expenses paid	(4,449)	(5,585)
Income taxes paid	(17,942)	(40,985)
Net cash provided by (used in) operating activities	133,314	127,957
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment and intangible assets	(93,548)	(61,351)
Proceeds from sales of property, plant and equipment	261	562
Purchase of investment securities	(9,841)	(13,841)
Proceeds from sales and redemption of investment securities	949	3,614
Purchase of investments in subsidiaries	(85)	(12)
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	1,636	—
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(13,323)	—
Proceeds from transfer of business	—	280
Proceeds from acquisition of business	—	3,193
Payments for lease and guarantee deposits	(19,951)	—
Proceeds from collection of lease and guarantee deposits	—	1,768
Other, net	(4,335)	(17,807)
Net cash provided by (used in) investing activities	(138,237)	(83,594)

(Millions of yen)

	Previous fiscal year (From April 1, 2009 to March 31, 2010)	Reporting fiscal year (From April 1, 2010 to March 31, 2011)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(1,636)	(5,635)
Proceeds from long-term loans payable	27,587	41,692
Repayment of long-term loans payable	(31,464)	(99,312)
Proceeds from issuance of bonds	105,300	500
Repayments of finance lease obligations	(737)	(1,257)
Purchase of treasury stock	(93)	(306)
Proceeds from sales of treasury stock	16	25
Cash dividends paid	(13,900)	(9,844)
Repayments of payables under fluidity lease receivables	(5,803)	(3,697)
Net cash provided by (used in) financing activities	79,269	(77,834)
Effect of exchange rate change on cash and cash equivalents	16	(29)
Net increase (decrease) in cash and cash equivalents	74,362	(33,500)
Cash and cash equivalents at beginning of period	105,381	179,743
Cash and cash equivalents at end of period	179,743	146,243

(5) Notes on Premise of Going Concern

No items to report.

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

	Previous fiscal year (From April 1, 2009 to March 31, 2010)	Reporting fiscal year (From April 1, 2010 to March 31, 2011)
1.Accounting policies	————	(Application of Accounting Standard for Equity Method of Accounting for Investments and Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method) With effect from FY2010, we have applied the Accounting Standard for Equity Method of Accounting for Investments (ASBJ Statement No. 16, issued on March 10, 2008) and the Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method (PITF No. 24, issued on March 10, 2008). No effects of this change on the financial statements are recorded. (Application of Accounting Standard for Asset Retirement Obligations) With effect from FY2010, we have applied the Accounting Standard for Asset Retirement Obligations (ASBJ Statement No.18, issued on March 31, 2008) and the Guidance on Accounting Standard for Asset Retirement Obligations (ASBJ Guidance No. 21, issued on March 31, 2008). As a result of this application, operating income and ordinary income under review decreased by 1,514 million yen, respectively, and income before income taxes and minority interests under review decreased by 4,319 million yen. The change in the asset retirement obligation amount resulting from the application of this accounting standard, etc. is 22,583 million yen.

(7) Change in Methods of Presentation

Previous fiscal year (From April 1, 2009 to March 31, 2010)	Reporting fiscal year (From April 1, 2010 to March 31, 2011)
―――――	(Consolidated statements of income) We have applied the Cabinet Office Ordinance partially revising rules for financial statements, etc. (Cabinet Office Ordinance No.5, issued on March 24, 2009), which is based on the Accounting Standard for Consolidated Financial Reporting (ASBJ Statement No. 22, issued on December 26, 2008). Accordingly, an item, "Income before minority interests," is presented from the FY2010. During the period under review, gain on settlement of derivatives, loss on settlement of derivatives, gain on valuation of derivatives, and loss on valuation of derivatives are recorded in miscellaneous income or miscellaneous expenses, since the amounts in question are not materially significant. During the period under review on the consolidated basis, miscellaneous income includes 510 million yen in gain on settlement of derivatives, 9 million yen in loss on settlement of derivatives, and 478 million yen in loss on valuation of derivatives.

(8) Additional Information

Previous fiscal year (From April 1, 2009 to March 31, 2010)	Reporting fiscal year (From April 1, 2010 to March 31, 2011)
―――――	From the period under review, we have applied the "Accounting Standard for Presentation of Comprehensive Income" (ASBJ Statement No. 25, issued on June 30, 2010). Accordingly, the consolidated-basis amounts for the previous fiscal year for valuation and translation adjustments and total valuation and translation adjustments are now presented as accumulated other comprehensive income and total accumulated other comprehensive income.

(9) Notes to Consolidated Financial Statements

(Consolidated Statements of Comprehensive Income)

Reporting fiscal year (From April 1, 2010 to March 31, 2011)

*1 Comprehensive income for the previous fiscal year

Comprehensive income attributable to shareholders of the parent	24,114 million yen
Comprehensive income attributable to minority interests	23
Total	24,137

*2 Other comprehensive income for the previous fiscal year

Valuation difference on available-for-sale securities	4,316 million yen
Foreign currency translation adjustment	103
Share of other comprehensive income of associates accounted for using equity methods	581
Total	5,001

(Segment Information)

a. Information by business segment

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

(Millions of yen)

	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 business segmentation

The Company has defined business 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 business 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 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 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.

b. Segment Information by Geographic Region

Previous 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 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%.

d. Segment Information

1. Outline of reportable business segments under review

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

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

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

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

2. Sales and operating income (losses), assets and others by reportable business segment

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

(Millions of yen)

	Reportable Business Segments					
	Single-Family Houses	Rental Housing	Condominiums	Existing Home Business	Commercial Facilities	Business & Corporate Facilities
Sales (1) Sales to customers	324,729	448,064	119,308	46,864	280,533	190,754
(2)Inter-segment sales or transfers	1,178	941	0	110	5,146	5,515
Total	325,908	449,006	119,308	46,974	285,679	196,270
Operating income (loss)	6,204	38,655	(18,323)	1,739	34,431	21,768
Assets	173,486	192,941	170,419	16,077	425,882	287,595
Others						
Depreciation	2,593	5,792	1,044	357	12,519	4,198
Net increase in property, plant and equipment, and intangible assets	4,338	26,343	2,416	635	19,633	26,528

	Reportable Business Segments		Other Businesses (Note: 1)	Subtotal	Adjustment (Note: 2)	Amounts on the consolidated financial statements
	Health & Leisure	Total				
Sales (1) Sales to customers	57,095	1,467,351	142,532	1,609,883	—	1,609,883
(2)Inter-segment sales or transfers	35	12,927	68,369	81,297	(81,297)	—
Total	57,131	1,480,279	210,901	1,691,181	(81,297)	1,609,883
Operating income (loss)	(505)	83,970	1,039	85,009	(22,295)	62,714
Assets	92,463	1,358,866	284,157	1,643,023	273,903	1,916,927
Others						
Depreciation	2,641	29,145	13,862	43,008	908	43,917
Net increase in property, plant and equipment, and intangible assets	2,584	82,480	17,866	100,346	(559)	99,786

Notes: 1. Other Businesses include construction support, city hotels, overseas businesses and others.

2. Adjustment:

(1) 22,295 million yen in adjustments to operating income (loss) by business segment includes 883 million yen in elimination within business segments, 962 million yen in the impairment loss on the amortization of goodwill, and 22,374 million yen in corporate expenses not allocated to each business segment. Corporate expenses mainly consist of general and administrative expenses and experiment and research expenses not attributable to reportable business segments.

(2) 273,903 million yen in adjustments to assets by business segment includes 101,874 million yen in elimination within business segments, and 375,778 million yen in the Group assets. Group assets mainly consist of the Company's surplus funds (cash and cash equivalents), the Company's long-term investment funds (investment securities), and the assets associated with Administration Headquarters of the Company.

(3) 908 million yen in adjustments to depreciation by business segment includes 491 million yen in elimination within business segments, and 1,400 million yen in the depreciation attributable to Group assets.

(4) 559 million yen in adjustments to net increase in property, plant and equipment, and intangible assets by business segment includes 1,158 million yen in elimination within business segments, and 598 million yen in Headquarters' capital investment of the Company, such as properties and equipment.

3. Operating income (loss) by business segment is adjusted to correspond to operating income in the consolidated statements of income.

Reporting fiscal year (From April 1, 2010 to March 31, 2011)

(Millions of yen)

	Reportable Business Segments					
	Single-Family Houses	Rental Housing	Condominiums	Existing Home Business	Commercial Facilities	Business & Corporate Facilities
Sales (1) Sales to customers	321,634	494,848	140,932	60,691	269,560	189,246
(2)Inter-segment sales or transfers	845	1,310	0	90	4,506	5,060
Total	322,479	496,158	140,933	60,781	274,066	194,306
Operating income (loss)	7,210	46,999	5,370	4,237	33,564	11,516
Assets	176,762	192,794	171,097	20,673	432,725	301,557
Others Depreciation	2,484	6,474	1,296	414	12,756	4,328
Net increase in property, plant and equipment, and intangible assets	6,184	15,938	2,930	964	30,053	18,402

	Reportable Business Segments		Other Businesses (Note: 1)	Subtotal	Adjustment (Note: 2)	Amounts on the consolidated financial statements
	Health & Leisure	Total				
Sales (1) Sales to customers	58,019	1,534,932	155,218	1,690,151	—	1,690,151
(2)Inter-segment sales or transfers	28	11,842	68,445	80,288	(80,288)	—
Total	58,048	1,546,774	223,664	1,770,439	(80,288)	1,690,151
Operating income (loss)	(828)	108,069	3,644	111,713	(24,016)	87,697
Assets	89,407	1,385,018	325,647	1,710,666	223,569	1,934,236
Others Depreciation	2,618	30,373	13,510	43,883	730	44,613
Net increase in property, plant and equipment, and intangible assets	3,967	78,443	17,428	95,871	(1,996)	93,874

Notes: 1. Other Businesses include construction support, city hotels, overseas businesses and others.

2. Adjustment:

(1) 24,016 million yen in adjustments to operating income (loss) by business segment includes 1,667 million yen in elimination within business segments, 719 million yen in the impairment loss on the amortization of goodwill, and 23,067 million yen in corporate expenses not allocated to each business segment. Corporate expenses mainly consist of general and administrative expenses and experiment and research expenses not attributable to reportable business segments.

(2) 223,569 million yen in adjustments to assets by business segment includes 125,167 million yen in elimination within business segments, and 348,737 million yen in the Group assets. Group assets mainly consist of the Company's surplus funds (cash and cash equivalents), the Company's long-term investment funds (investment securities), and the assets associated with Administration Headquarters of the Company.

(3) 730 million yen in adjustments to depreciation by business segment includes 506 million yen in elimination within business segments, and 1,236 million yen in the depreciation attributable to Group assets.

(4) 1,996 million yen in adjustments to net increase in property, plant and equipment, and intangible assets by business segment includes 3,992 million yen in elimination within business segments, and 1,996 million yen in Headquarters' capital investment of the Company, such as properties and equipment.

3. Operating income (loss) by business segment is adjusted to correspond to operating income in the consolidated statements of income.

(Additional Information)

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

(Per Share Information)

Previous fiscal year (From April 1, 2009 to March 31, 2010)			Reporting fiscal year (From April 1, 2010 to March 31, 2011)		
Net assets per share	1,065.15	yen	Net assets per share	1,095.62	yen
Basic net income per share	33.00	yen	Basic net income per share	47.09	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)	19,113		Net income (millions of yen)	27,267	
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)	19,113		Basic net income related to common stock (millions of yen)	27,267	
Average amount of common stock during the year (thousand shares)	579,133		Average amount of common stock during the year (thousand shares)	579,009	

(Significant Subsequent Events)

No item to report