Summary of Financial Results for the Fiscal Year Ended March 31, 2008
(Full Version)

May 13, 2008

Name of Listed Company:
Daiwa House Industry Co., Ltd.

Listed Exchanges:
First section of the Tokyo Stock Exchange;
First section of the Osaka Securities Exchange

Code No.: 1925

URL: http://www.daiwahouse.co.jp/

Representative:
Kenji Murakami, President and COO

Contact:
Koichi Tsuchida, General Manager, IR Department, Management Administration Headquarters
Phone No.: 06-6342-1400

Scheduled Date of Ordinary General Meeting of Shareholders: June 27, 2008
Scheduled Date of Commencement of Dividend Payment: June 30, 2008
Scheduled Date of Filing Securities Report: June 30, 2008

(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, 2008 (From April 1, 2007 to March 31, 2008)

(1) Consolidated Results of Operation

(% figures represent changes from the previous fiscal year)

	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, 2008	1,709,254	5.6	89,120	4.0	61,290	(31.4)	13,079	(71.8)
Fiscal year ended March 31, 2007	1,618,450	5.9	85,678	7.0	89,356	(13.3)	46,393	2.7

	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, 2008	22.46	—	2.0	3.6	5.2
Fiscal year ended March 31, 2007	81.15	—	7.5	5.8	5.3

(Reference) Profit/loss on equity in earnings of associated companies
Fiscal year ended March 31, 2008 315 million yen Fiscal year ended March 31, 2007 289 million yen

(2) Consolidated Financial Conditions

	Total assets	Equity	Equity ratio	Equity per share
	(millions of yen)	(millions of yen)	%	Yen
March 31, 2008	1,791,052	649,440	35.3	1,092.04
March 31, 2007	1,630,022	661,145	40.4	1,122.88

(Reference) Equity ratio = (Equity – Minority interests)/Total assets
(Equity – Minority interests) is as follows.
March 31, 2008 632,571 million yen March 31, 2007 659,308 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, 2008	(15,738)	(123,296)	135,796	98,888
Fiscal year ended March 31, 2007	136,060	(172,074)	14,317	102,126

2. Dividends

(Record date)	Dividend per share: End of six months	Dividend per share: Year-end	Dividend per share: Annual	Total dividends (annual)	Dividend payout ratio (consolidated)	Dividends to equity ratio (consolidated)
	Yen	Yen	Yen	(millions of yen)	%	%
Fiscal year ended March 31, 2007	—	20.00	20.00	11,743	24.6	1.8
Fiscal year ended March 31, 2008	—	24.00	24.00	13,902	106.8	2.2
Fiscal year ending March 31, 2009 (estimates)	—	24.00	24.00	—	26.7	—

3. Consolidated Business Forecasts for the Fiscal Year Ending March 31, 2009 (From April 1, 2008 to March 31, 2009)

(% figures for the fiscal year represent changes from the previous fiscal year while those for the consolidated six months period represent changes from the previous six months period)

	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, 2008	870,000	5.3	47,000	15.4	45,000	10.1	25,500	7.9	44.02
Fiscal year ending March 31, 2009	1,750,000	2.4	95,000	6.6	93,500	52.6	52,000	297.6	89.77

4. Other

(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 14.

(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 “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, 2008 599,921,851 shares
Fiscal year ended March 31, 2007 599,921,851 shares
2) Number of treasury stock at fiscal year-ends
Fiscal year ended March 31, 2008 20,665,458 shares
Fiscal year ended March 31, 2007 12,763,619 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 39.

(Reference) Summary of Non-Consolidated Results of Operation

1. Non-Consolidated Results of Operation for the Fiscal Year Ended March 31, 2008 (From April 1, 2007 to March 31, 2008)

(1) Non-Consolidated Results of Operation

(% figures represent changes from the previous fiscal year)

	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, 2008	1,157,660	(2.4)	63,245	3.7	49,959	(23.9)	7,446	(80.6)
Fiscal year ended March 31, 2007	1,185,664	4.1	60,993	12.0	65,636	(9.7)	38,292	8.3

	Basic net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended March 31, 2008	12.79	—
Fiscal year ended March 31, 2007	66.73	—

(2) Non-Consolidated Financial Conditions

	Total assets	Equity	Equity ratio	Equity per share
	(millions of yen)	(millions of yen)	%	Yen
March 31, 2008	1,333,538	561,255	42.1	968.92
March 31, 2007	1,200,441	593,208	49.4	1,010.31

(Reference) Equity

March 31, 2008 561,255 million yen March 31, 2007 593,208 million yen

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

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.

<Reference Material 1> Key Performance Indicators

Fiscal years		Fiscal year ended March 31, 2005	Fiscal year ended March 31, 2006	Fiscal year ended March 31, 2007	Fiscal year ended March 31, 2008	Estimates for the fiscal year ending March 31, 2009
Net sales (millions of yen)		1,365,913	1,528,983	1,618,450	1,709,254	1,750,000
Sales by segment	Residential Business (millions of yen)	854,574	909,587	965,898	1,004,365	970,000
	Commercial Construction Business (millions of yen)	363,830	445,251	477,692	512,734	565,000
	Resort Hotels and Sports Life Business (millions of yen)	55,748	66,482	67,762	63,701	68,000
	Home Center Business (millions of yen)	59,164	63,273	62,241	62,623	67,000
	Other Businesses (millions of yen)	104,129	121,982	124,646	143,346	160,000
	Eliminations/Corporate (millions of yen)	(71,533)	(77,594)	(79,790)	(77,517)	(80,000)
Operating income (millions of yen)		67,849	80,072	85,678	89,120	95,000
Operating income by segment	Residential Business (millions of yen)	50,046	50,965	53,166	53,738	45,500
	Commercial Construction Business (millions of yen)	27,420	39,517	46,933	50,507	64,500
	Resort Hotels and Sports Life Business (millions of yen)	1,507	635	1,013	40	100
	Home Center Business (millions of yen)	100	1,106	1,771	1,807	2,200
	Other Businesses (millions of yen)	3,534	4,558	4,373	4,560	5,200
	Eliminations/Corporate (millions of yen)	(14,760)	(16,711)	(21,579)	(21,533)	(22,500)
Ordinary income (millions of yen)		74,209	103,073	89,356	61,290	93,500
Net income (millions of yen)		40,262	45,184	46,393	13,079	52,000
Basic net income per share (yen)		73.26	81.88	81.15	22.46	89.77
Return on equity (ROE) (%)		7.9	8.2	7.5	2.0	—
Ordinary income to total assets ratio (%)		6.1	7.3	5.8	3.6	—
Dividend per share (yen)		—	20	20	24	24
(of which interim dividend per share)		(—)	(—)	(—)	(—)	(—)
Total annual dividends (millions of yen)		—	10,999	11,743	13,902	—
Dividend payout ratio (%)		—	24.4	24.6	106.8	26.7
Dividends to equity ratio (%)		—	2.0	1.8	2.2	—
Total assets (millions of yen)		1,358,806	1,475,197	1,630,022	1,791,052	—
Equity (millions of yen)		524,109	576,534	661,145	649,440	—
Equity ratio (%)		38.6	39.1	40.4	35.3	—
Equity per share (yen)		959.08	1,053.37	1,122.88	1,092.04	—
Depreciation (millions of yen)		19,242	26,814	29,536	35,621	40,000
Capital investments (millions of yen)		56,695	110,143	136,171	103,856	140,000
Cash flows from operating activities (millions of yen)		56,094	90,482	136,060	(15,738)	—
Cash flows from investing activities (millions of yen)		(53,068)	(107,857)	(172,074)	(123,296)	—
Cash flows from financing activities (millions of yen)		5,888	(9,263)	14,317	135,796	—
Cash and cash equivalents, end of year (millions of yen)		150,460	123,822	102,126	98,888	—

Note: Beginning with the fiscal year ended March 31, 2006, minority interests have been included in equity.

<Reference Material 2> Performance Indicators of Major Companies in the Daiwa House Group

(millions of yen)

Name of company	Fiscal years	Net sales	Operating income	Ordinary income	Net income	Total assets	Equity	Interest-bearing liabilities
Daiwa House Industry Co., Ltd. (non-consolidated)	Fiscal year ended March 31, 2007	1,185,664	60,993	65,636	38,292	1,200,441	593,208	—
	Fiscal year ended March 31, 2008	1,157,660	63,245	49,959	7,446	1,333,538	561,255	165,000
Daiwa Lease Co., Ltd.	Fiscal year ended March 31, 2007	131,082	7,311	6,961	7,977	264,319	103,651	—
	Fiscal year ended March 31, 2008	137,038	7,430	4,403	1,915	268,738	103,412	4,500
Daiwa Rakuda Industry Co., Ltd.	Fiscal year ended March 31, 2007	41,896	1,848	1,954	4,885	42,798	25,965	—
	Fiscal year ended March 31, 2008	43,068	325	405	29	38,941	24,092	—
Daiwa Logistics Co., Ltd.	Fiscal year ended March 31, 2007	34,396	1,303	1,316	744	23,995	14,699	2,960
	Fiscal year ended March 31, 2008	34,918	1,549	1,522	858	25,007	15,272	3,680
Daiwa Service Co., Ltd.	Fiscal year ended March 31, 2007	24,385	1,087	1,141	1,245	11,222	4,758	—
	Fiscal year ended March 31, 2008	24,902	947	705	381	10,483	5,126	—
Daiwa Living Co., Ltd.	Fiscal year ended March 31, 2007	110,020	4,737	4,517	2,632	47,933	13,053	—
	Fiscal year ended March 31, 2008	129,950	4,716	4,512	2,974	53,460	15,228	—
Daiwa Information Service Co., Ltd.	Fiscal year ended March 31, 2007	29,384	2,071	1,984	1,043	52,759	5,610	—
	Fiscal year ended March 31, 2008	33,598	2,199	2,343	1,181	58,753	6,478	—
Daiwa Royal Co., Ltd.	Fiscal year ended March 31, 2007	32,649	2,733	2,762	1,614	55,782	4,918	900
	Fiscal year ended March 31, 2008	36,322	3,332	3,625	1,955	60,817	6,823	1,400
Nihon Jyutaku Ryutu Co., Ltd.	Fiscal year ended March 31, 2007	17,222	828	905	529	9,977	3,149	—
	Fiscal year ended March 31, 2008	17,657	601	520	242	10,525	3,391	—
Royal Home Center Co., Ltd.	Fiscal year ended March 31, 2007	62,241	1,702	1,796	756	45,057	32,887	4,700
	Fiscal year ended March 31, 2008	62,623	1,864	1,732	909	44,956	33,796	2,500
Daiwa Resort Co., Ltd. (Note)	Fiscal year ended March 31, 2007	—	—	—	—	—	—	—
	Fiscal year ended March 31, 2008	53,530	697	(425)	(1,653)	75,525	18,975	—
Daiwa House Industry Co., Ltd. (consolidated)	Fiscal year ended March 31, 2007	1,618,450	85,678	89,356	46,393	1,630,022	661,145	58,573
	Fiscal year ended March 31, 2008	1,709,254	89,120	61,290	13,079	1,791,052	649,440	228,390
	Fiscal year ending March 31, 2009 (estimates)	1,750,000	95,000	93,500	52,000	—	—	—
Consolidated/non-consolidated ratio	Fiscal year ended March 31, 2007	1.37	1.40	1.36	1.21	—	—	—
	Fiscal year ended March 31, 2008	1.48	1.41	1.23	1.76	—	—	—

Note: Only the results of the fiscal year ended March 31, 2008 are indicated as the resort hotel business was transferred from Daiwa House Industry Co., Ltd. to Daiwa Resort Co., Ltd. on March 31, 2007, and no comparison can be made.

<Reference Material 3> Daiwa House (Non-Consolidated) Orders Received, Net Sales and Gross Profit Ratio

1. Orders Received

(Number of units, 100 million yen, %)

		Fiscal year ended March 31, 2007 From April 1, 2006 to March 31, 2007		Fiscal year ended March 31, 2008 From April 1, 2007 to March 31, 2008		YoY		Fiscal year ending March 31, 2009 (estimates) From April 1, 2008 to March 31, 2009		YoY	
		Number of units	Amount	Number of units	Amount	Number of units	Amount	Number of units	Amount	Number of units	Amount
Constructions	Single-family houses, contracting	9,283	2,882	8,571	2,784	(7.7)	(3.4)	8,340	2,760	(2.7)	(0.9)
	Rental houses	29,246	2,741	28,515	2,801	(2.5)	2.2	29,160	2,920	2.3	4.2
	Commercial facilities	—	1,699	—	1,759	—	3.5	—	1,948	—	10.7
	Distributions, office buildings, factories	—	1,276	—	1,445	—	13.2	—	1,352	—	(6.5)
	Sub-total	38,529	8,599	37,086	8,790	(3.7)	2.2	37,500	8,980	1.1	2.2
Real Estate	Subdivisions	1,890	441	1,753	416	(7.2)	(5.7)	1,840	434	5.0	4.2
	Condominiums for sale	4,918	1,057	3,669	824	(25.4)	(22.0)	3,460	810	(5.7)	(1.8)
	Land	—	1,255	—	1,321	—	5.3	—	1,492	—	12.9
	Real estate agency services, etc.	—	125	—	197	—	57.1	—	196	—	(0.8)
	Sub-total	6,808	2,879	5,422	2,760	(20.4)	(4.1)	5,300	2,932	(2.3)	6.2
Resort hotels and golf courses		—	602	—	103	—	(82.9)	—	88	—	(14.8)
Total		45,337	12,082	42,508	11,654	(6.2)	(3.5)	42,800	12,000	0.7	3.0

2. Net Sales

(Number of units, 100 million yen, %)

		Fiscal year ended March 31, 2007 From April 1, 2006 to March 31, 2007		Fiscal year ended March 31, 2008 From April 1, 2007 to March 31, 2008		YoY		Fiscal year ending March 31, 2009 (estimates) From April 1, 2008 to March 31, 2009		YoY	
		Number of units	Amount	Number of units	Amount	Number of units	Amount	Number of units	Amount	Number of units	Amount
Constructions	Single-family houses, contracting	9,309	2,860	9,070	2,896	(2.6)	1.2	8,650	2,766	(4.6)	(4.5)
	Rental houses	28,738	2,561	29,021	2,837	1.0	10.8	29,840	2,951	2.8	4.0
	Commercial facilities	—	1,709	—	1,727	—	1.1	—	1,883	—	9.0
	Distributions, office buildings, factories	—	1,247	—	1,153	—	(7.5)	—	1,380	—	19.6
	Sub-total	38,047	8,379	38,091	8,614	0.1	2.8	38,490	8,980	1.0	4.2
Real Estate	Subdivisions	1,955	456	1,685	400	(13.8)	(12.4)	1,760	419	4.5	4.7
	Condominiums for sale	4,981	1,080	4,253	943	(14.6)	(12.7)	3,450	810	(18.9)	(14.1)
	Land	—	1,214	—	1,338	—	10.2	—	1,507	—	12.6
	Real estate agency services, etc.	—	123	—	177	—	43.5	—	196	—	10.5
	Sub-total	6,936	2,874	5,938	2,858	(14.4)	(0.6)	5,210	2,932	(12.3)	2.6
Resort hotels and golf courses		—	602	—	103	—	(82.9)	—	88	—	(14.8)
Total		44,983	11,856	44,029	11,576	(2.1)	(2.4)	43,700	12,000	(0.7)	3.7

3. Gross Profit Ratio

(%)

		Fiscal year ended March 31, 2007 From April 1, 2006 to March 31, 2007	Fiscal year ended March 31, 2008 From April 1, 2007 to March 31, 2008	YoY	Fiscal year ending March 31, 2009 (estimates) From April 1, 2008 to March 31, 2009	YoY
Constructions	Single-family houses, contracting	23.1	23.0	(0.1)	23.1	0.1
	Rental houses	24.1	23.7	(0.4)	22.6	(1.1)
	Commercial facilities	20.5	21.4	0.9	20.8	(0.6)
	Distributions, office buildings, factories	19.0	18.8	(0.2)	18.0	(0.8)
	Sub-total	22.3	22.4	0.1	21.7	(0.7)
Real Estate	Subdivisions	20.1	19.0	(1.1)	18.9	(0.1)
	Condominiums for sale	19.1	16.4	(2.7)	12.7	(3.7)
	Land	11.2	11.5	0.3	16.5	5.0
	Real estate agency services, etc.	47.7	56.6	8.9	52.6	(4.0)
	Sub-total	17.2	17.0	(0.2)	18.2	1.2
Resort hotels and golf courses		29.8	25.3	(4.5)	22.7	(2.6)
Total		21.4	21.1	(0.3)	20.8	(0.3)

1. Business Results

(1) Analysis on Business Results

During the consolidated fiscal year 2007, ended March 31, 2008, the Japanese economy indicated moderate growth, supported by favorable exports and robust capital investments. However, in the latter half of the year, the economy grew increasingly dim such as confusions in the financial market due to factors triggered by the U.S. subprime mortgage crisis, and the surge in raw material prices, which slowed improvements in corporate earnings.

In the housing industry, the enforcement of the revised Building Standard Law demanding stricter building confirmation procedures caused a drastic drop in the number of new housing starts and a downsizing in the dimensional area of commercial construction starts. Consequently, the market on the whole remained sluggish. Moreover, the surge in sales prices of subdivisions including condominiums, the stagnant wages and the grim outlook on interest rates impacted the consumers' motivation to purchase, weakened the demand in the market and caused continuous difficulties in the industry in general.

Amid such a business environment, the Daiwa House Group actively pursued large-scale development projects that combined single-family houses and condominiums for sale, complex developments with commercial and residential facilities and other community developments that demonstrated harmony with the local areas and provided environment-friendly facilities. Simultaneously, the Group made efforts to strengthen our marketing systems in local regions and develop more finely tailored services for each and every customer. In addition, we took measures to reinforce collaboration within our Group for offering integrated services including construction, maintenance, management and renovation in order to build a relationship structure that values close ties with customers. We also strove to heighten the possibility of new growth for the Group by making Eneserve Corporation and Yuasa Logitec Co., Ltd. into consolidated subsidiaries and acquiring equity stakes in Odakyu Construction Co., Ltd., CYBERDYNE Inc. and ELIIY Power Co., Ltd.

Eyeing the importance in taking a well-balanced approach in demonstrating "social" and "environmental" capabilities, the elements of the value of a corporation which cannot be measured simply by its economic strength, the Group has focused on CSR (Corporate Social Responsibility) activities based on three policies: "Contributing to the society through the development of in-house technologies and know-how," "Making genuine efforts to understand and respond to demands on the Group through closer involvement and communication with stakeholders (interested parties) as a responsible citizen," and "Working to establish Corporate Ethics and Compliance Guidelines."

Dealing in particular with environmental issues, the Group pursued activities under four major themes: "Preventing global warming," "Resource conservation," "Ensuring harmony with the natural environment" and "Preventing pollution by chemical substances," in the aim to contribute in the creation of a society in which "people lead fulfilling lives in harmony with the environment."

As a result of these factors, consolidated net sales increased 5.6% from the previous fiscal year to 1,709,254 million yen. Ordinary income declined 31.4% from the previous fiscal year to 61,290 million yen as amortization of actuarial loss for employees' retirement benefits was posted under other expenses income. Net income decreased 71.8% from the previous fiscal year to 13,079 million yen, due to factors such as the posting of write-down of marketable and investment securities and loss on development businesses as extraordinary expenses.

Results by business segment are as follows.

<Residential Business>
In the Single-Family House Division, the existing products were integrated under the “xevo” brand, and five new models were introduced: “xevo E,” “xevo V,” “xevo T,” “xevo WE” and “xevo WV.” By consolidating the major single-family housing models under the “xevo” brand, we pursued common use of construction parts and optimized housing construction costs to improve management efficiency. Simultaneously, we made efforts to expand our product lineup and heighten the attractiveness of our “xevo” products. In the aim to reduce emission of carbon dioxides from housing, we applied as standard installation for “xevo,” “external heat-resistant, breathable walls” that offer high heat-resistant, airtight features above the next-generation energy standard. Moreover, we developed an original energy simulation software called the “eco navigator” and provided easy-to-understand explanations on the environmental and economic advantages of the “solar power generating system” available in a set with roof construction materials and the “highly efficient hot water utility,” and strove to develop and penetrate energy-conserving houses that are kind to the environment. These efforts in developing and promoting energy-conserving housing were well recognized, and the Group was awarded the “Fiscal 2007 Minister of Environment Award on Activities for Prevention of Global Warming.”

In the Rental Housing Division, the Group expanded sales of medium and high-rise rental housing in the city areas while in the rural areas, the Group made proposals that make best uses of the features of the local communities. We have also provided land and property owners with continuous, post-construction support to ease management of rental housing from various aspects.

The Condominiums Division introduced the new “PREMIST” brand that offers unique features in every composing element, including location, plan and functions, and promoted strengthening of the brand power. We intensified business developments in major metropolitan areas and in central districts of principal cities, pursued large-scale developments with commercial buildings and medical and nursing care facilities, constructed eco-friendly condominium buildings that adopt solar energy generating systems for supplementing the energy used for hot water and heaters with solar heated water. Through these efforts, we endeavored to offer condominiums that maximize the Group’s synthetic capabilities.

The Home Renovations Division maximized its accumulated and ample know-how in offering residential solutions that meet diversified family patterns and personal lifestyles, and promoted services for enhancing the future asset value of customers’ homes.

As a result of these factors, sales in the residential business totaled 1,004,365 million yen, up 4.0% from the previous fiscal year and operating income was 53,738 million yen, up 1.1% from the previous fiscal year.

<Commercial Construction Business>
In the Commercial Facilities Division, the Group pursued a number of commercial facility developments from road-side shops to large-scale shopping malls based on abundant real estate information and carefully designed marketing strategies. We also developed and proposed a new style of shop utilization referred to as the “Restore & Rebuild System” that allows reutilization of vacant shops by dismantling and transferring them rather than disposing of them.

The Group’s Distribution, Medical/Nursing Care and Corporate Facilities Division undertook constructions of warehouses and large-scale distribution centers as well as on the construction of foodstuff logistics facilities based on its know-how on food sanitation management. The Division also provided “solutions for distribution and real estate management,” a system of undertaking the entire process including funding and planning, capital investment by distribution enterprises and distribution systems development, on behalf of landowners. In the field of medical and nursing care facilities, we proposed private homes for the-aged and rental housing for the aged. In the field of corporate facilities, we offered support in constructing show rooms and offices and in building sales offices for corporate customers.

As a result, sales in the Commercial Construction Business increased 7.3% from the previous fiscal year to 512,734 million yen and operating income rose 7.6% to 50,507 million yen.

<Resort Hotels and Sports Life Business>
In the Resort Hotels Division, to further enhance management efficiency, we transferred the resort hotel business to Daiwa Resort Co., Ltd., a consolidated subsidiary, at the end of the previous fiscal year, and aggressively took steps to review and reduce costs while maintaining the quality of services to customers. Under our management policy built on a framework of "safety, security and service," we placed highest priority on "safety and security" to have customers stay at our hotels with a sense of comfort and security and continued to train our employees for providing high-quality services in an effort to promote greater customer satisfaction.

In the Sports Life Division, NAS Kohoku (Kanagawa) reopened after refurbishment. In addition, we opened NAS Osaki (Tokyo) within Daiwa Roynet Hotel Tokyo-Osaki, managed by Daiwa Royal Co., Ltd., a consolidated subsidiary, as an urban-type facility to target business people. As such, the Group endeavored to expand the fitness club business in line with the Group businesses and promote comprehensive health and leisure business in collaboration with the leisure-related industries.

Despite these efforts, sales in this business segment declined 6.0% from the previous fiscal year to 63,701 million yen and operating income fell 96.0% from the previous year to 40 million yen, due to the impact from the earthquake that hit the Noto Peninsula in March 2007 and the increase in facility management costs caused by the rise in crude oil prices.

<Home Center Business>
In the Home Center Segment, the floorspace at Royal Home Center Sagamihara Hashimoto (Kanagawa) was expanded while Royal Home Center Nishibiwajima (Aichi) and Royal Home Center Narashino (Chiba) were re-opened after refurbishments. In addition to activating the existing shops, the Group made efforts to strengthen its business by handover of five "Big Sam" shops from the home center division of Daiya Tsusho Co., Ltd. Moreover, we began soliciting membership for Royal Home Center Heart One Card, a point card with a credit function, under a partnership business with Daiwa House Financial Co., Ltd., a consolidated subsidiary, as part of our strategy to promote further synergy effects among the Group's businesses.

These factors resulted in a year-on-year increase of 0.6% in sales to 62,623 million yen and a year-on-year increase of 2.0% in operating income to 1,807 million yen.

<Other Businesses>
In the Housing Construction Material Manufacturing and Marketing Division, we made efforts to expand sales to housing manufacturers and regional house builders and increase sales of the new Smart System brand of partially made-to-order furniture. In addition, we opened a new luxury brand furniture shop, "dia collection Fukuoka" (Fukuoka) in the aim to expand our interior business. While promoting leasing of furnishings and equipment for sports events such as the IAAF World Championships in Athletics and National Sports Festival, we established a system to secure orders for a full range of interior supervision services that include planning of large-scale commercial complexes and environmental design.

In the Logistics Division, we made Yuasa Logitec Co., Ltd., a company engaged mainly in the transportation of recycling materials related to storage battery, into a consolidated subsidiary to pursue a value-added logistics business of providing maintenance services for shop furnishings. As a result, we expanded the scope of business to include provision of maintenance services for telecommunication facilities and installation work related to power supply. Moreover, as part of the "Green Partnership" activity promoted by the government, we opened a procurement and joint distribution business center in Kanagawa primarily for the Group's construction materials, with the goal of creating a distribution system that offers greater efficiency for constructing sites and reduced environmental load.

In our City Hotel Division, we opened Daiwa Roynet Hotel Tokyo-Osaki (Tokyo) and Daiwa Roynet Hotel Okayama Station (Okayama) to form a network of 10 Daiwa Roynet Hotels. Combined with Osaka Daiichi Hotel (Osaka) and Royton Sapporo (Hokkaido), we operate a total of 12 hotels nationwide.

As a result, sales in this business segment amounted to 143,346 million yen, up 15.0% from the previous fiscal year and operating income totaled 4,560 million yen, up 4.3% from the previous fiscal year.

(2) Analysis on Financial Conditions

1. Cash Flows During the Fiscal Year Under Review

With regard to cash and cash equivalents (hereinafter as "cash") for the fiscal year under review, net cash used in operating activities stood at 15,738 million yen and net cash used in investing activities came to 123,296 million yen while net cash provided by financing activities was 135,796 million yen. In total, net decrease in cash and cash equivalents was 3,238 million yen, and consequently, cash and cash equivalents at the end of the fiscal year amounted to 98,888 million yen, down 3.2% from the end of the previous fiscal year.

(Cash flows from operating activities)

During the fiscal year under review, net cash used in operating activities stood at 15,738 million yen (136,060 million yen provided in the previous fiscal year). This was as a result of a substantial decrease in trade notes and accounts payable while inventories such as construction projects in progress and land and buildings for sale increased.

(Cash flows from investing activities)

During the fiscal year under review, net cash used in investing activities was 123,296 million yen (172,074 million yen used in the previous fiscal year). This was as a result of purchase of property, plant and equipment including land for constructing large-scale rental housing and buildings in our commercial construction and residential businesses.

(Cash flows from financing activities)

During the fiscal year under review, net cash provided by financing activities was 135,796 million yen, up 848.5% year-on-year from the previous year. This was primarily as a result of funds procurement through long-term debt to provide for investing activities.

2. Cash Flow Indicators

	Fiscal year ended March 31, 2006	Fiscal year ended March 31, 2007	Fiscal year ended March 31, 2008
Equity ratio	39.1%	40.4%	35.3%
Equity ratio on market-value basis	75.6%	69.6%	31.9%
Repayment years of interest-bearing debt	0.3 (year)	0.4 (year)	—
Interest coverage ratio	182.2	267.5	—

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

Equity ratio: (Equity – Minority interests)/Total assets

Equity 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 expense

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 expense: Interest expense paid on the Consolidated Statements of Cash Flows

As operating cash flows for the fiscal year ended March 31, 2008 resulted in a use of

15,738 million yen, there is no description on repayment years of interest-bearing debt and interest coverage ratio.

3. Outlook on Financial Conditions for the Fiscal Year Ending March 31, 2009 (Consolidated)
The Company estimates for the fiscal year ending March 31, 2009, 140 billion yen in capital investments and 40 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, 2009

The Company, in the interest of maintaining a good balance between appropriation of profits to shareholders and securing funds required for the future business expansion and the reinforcement of the business base, operates on the basic policy to pay out dividends. With the goal to expand our corporate base by investing in research and development and production facilities for enhancing our competitiveness and improving 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 offer profit distributions.

In appropriating the profits for the fiscal year ended March 31, 2008, we plan on offering an annual dividend of 24 yen per share as initially planned.

For the fiscal year ending March 31, 2009, we plan on offering an annual dividend of 24 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, 2008.

1) Risks associated with changes in the business environment
In addition to market trends, businesses operated by the Daiwa House Group are exposed to a possible impact from the uncertain nature of external factors such as the prices of raw and construction materials and the volatility of 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 allowance expenses
In the event the stock market makes a turn for the worse in the future, the value of the Group's pension plan assets may decline. As a result, 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 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.

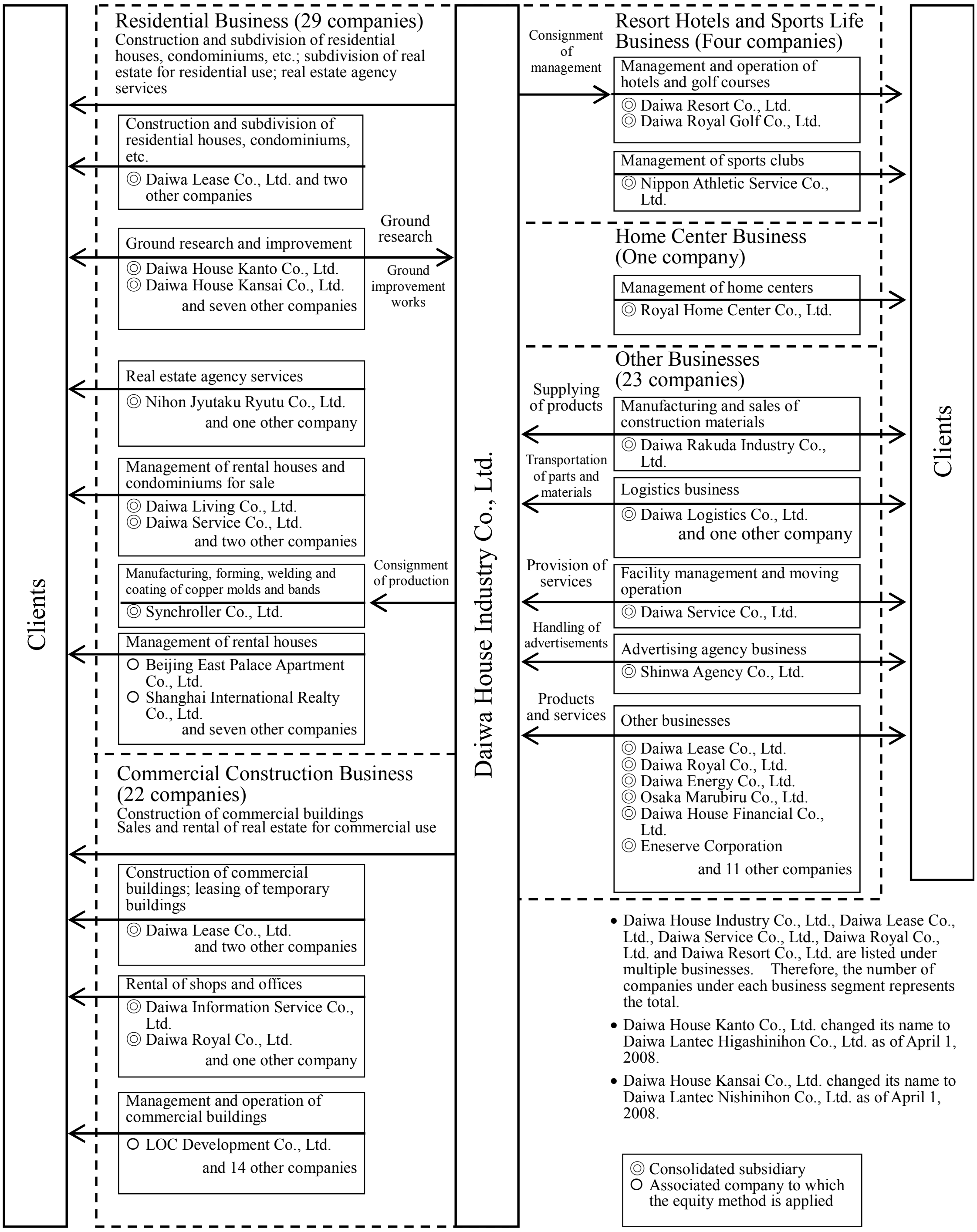
6) Risks associated with legal regulations
The Daiwa House Group is engaged not only in construction and real estate-related businesses in the country but is also aggressively pursuing foreign businesses. Hence, these businesses are subject to a number of applicable laws and regulations. Specifically 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, it is also in possession of 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.

2. Corporate Group

The Daiwa House Group consists primarily of Daiwa House Industry Co., Ltd. (the Company), 56 consolidated subsidiaries and 13 associated companies (as of March 31, 2008). The Group is engaged in wide range of business related to people's daily lives such as the residential business pillared 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) Associated Companies

(As of March 31, 2008)

Name	Address	Capital (millions of yen)	Major Business	Voting Rights Holding Ratio (%)	Relationship
(Subsidiary) Daiwa Lease Co., Ltd. *1	Chuo-ku, Osaka	21,768	Residential Business Commercial Construction Business Other Businesses	100	Dispatch of construction orders for temporary buildings and leasing of automobiles Rental of buildings owned by the Company Concurrent assignment of directors: Yes
Daiwa Rakuda Industry Co., Ltd.	Nishi-ku, Osaka	4,345	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 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	500	Commercial Construction Business Other Businesses	100	Rental of buildings owned by the Company Lending of funds Concurrent assignment of directors: Yes
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: Yes
Daiwa Resort Co., Ltd.	Kita-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
Eneserve Corporation *2	Otsu-shi, Shiga	7,629	Other Businesses	51.4	Concurrent assignment of directors: Yes
45 other companies					
(Associated Companies) LOC Development Co., Ltd.	Chiyoda-ku, Tokyo	100	Commercial Construction Business	50.0	Concurrent assignment of directors: None
12 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 The firm is listed on the first section of the Tokyo Stock Exchange and the Hercules Market of the Osaka Securities Exchange.

3. Management Policy

(1) Basic Management Policy of the Company

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

As the growth in demand for housing became stagnant, we launched a new management vision called “Connecting Hearts” in fiscal 2005, our 50th anniversary of foundation, and created a new Group symbol named as the “Endless Heart.” Under this vision, we clarified our corporate mission as a new 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 began a refreshed start toward our 100th anniversary.

The Daiwa House Group is engaged in a wide range of business activities that support people’s “Housing,” such as construction of single-family houses and rental housing and subdivision of single-family houses and condominiums, those that support “Business,” such as development of commercial facilities, logistic centers and medical/nursing care facilities, and those that support people’s “Life” such as the resort hotels business, the home center business and the fitness club management. Through pursuing various business activities, the Group as one, is committed to value its relationship with each and every customer and promote partnerships with customers for sharing joy throughout the life time and building ever-lasting trust.

As described, the new management vision “Connecting Hearts” and the new Group symbol “Endless Heart” signify eternal ties with our stakeholders (interested parties) including customers, shareholders, corporate clients, employees and communities. We as a “Group that co-creates value for individuals, communities and people’s lifestyles,” will continue to offer reliable, environmental-friendly products and relaxing, comfortable space.

(2) Performance Indicators and Targets

The performance indicators adopted by the Daiwa House Group to measure growth and expansion made through promoting Group management strategies are: net sales, operating income, operating income to net sales ratio and ROE. Net sales and operating income signify growth from the perspective of earnings while operating income to net sales ratio and ROE represent efficiency in business.

Under Challenge 2010, the 2nd Medium-Term Management Plan, launched in FY2008, we are exerting efforts to achieve the targets for FY2010, the final year of the three-year plan: consolidated net sales of 1,850 billion yen, operating income of 115 billion yen, operating income to net sales ratio of 6.2% and ROE of 9.0%.

Medium to long-term targets are as follows:

	Fiscal Year Ended March 31, 2008		Fiscal Year Ending March 31, 2011
Net sales	1,709.2 billion yen	→	1,850 billion yen
Operating income	89.1 billion yen	→	115 billion yen
Operating income to net sales ratio	5.2 %	→	6.2 %
ROE	2.0 %	→	9.0 %

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

The Daiwa House Group developed a three-year plan, “Challenge 2010, the 2nd Medium-Term Management Plan” that went into effect in FY2008.

Anticipating increasing difficulties in the business environment surrounding the domestic construction market, the Group will aim to heighten its corporate value under the basic policies defined under the plan: "Realize further growth through closer collaboration within the Group," "Nurture new future earnings drivers," "Conduct R&D into growing renovation market and nursing care business, as well as steps to help prevent global warming," and "Reinforcing our business base." (Performance indicators and targets are indicated in (2).)

In pursuing "Realize further growth through closer collaboration within the Group," we will restructure business units by strategy, expedite decision-making processes and reinforce the value chain on the whole and promote sharing of customer bases to enhance competitiveness of our businesses. We will leverage the strengths of our Group by focusing on comprehensively enhancing the real estate business namely in terms of development, ownership, management and operation. In "Nurture new future earnings drivers," we will pursue aggressive investments in robot- and energy-related businesses including capital participation in ELIIY Power and business alliance with CYBERDYNE Inc.

By placing the highest priority on "steps to help prevent global warming," we will reduce emission of carbon dioxides in all of our business processes and promote penetration of highly CO_2-reducing products and services in our aim to contribute in establishing a sustainable society.

(4) Issues to be Resolved by the Company

The Japanese economy is expected to remain opaque going forward, due to factors such as the weakened U.S. economy and the rise in raw material prices. In the housing industry, while the confusion caused by the revised Building Standard Law is clearing up, we have anticipated difficult situations to prevail considering the stagnancy in housing investments since well before the regulatory revision and other concerns such as the inactive consumer spending and the further surge in material prices.

Amid such a business environment, we as a "Group that co-creates value for individuals, communities and people's lifestyles," will aim to create, heighten and make use of new value to bring about a society in which people can live more fulfilling lives. In line with the Basic Housing Act enacted in 2006 for creating a comfortable residential environment for Japanese nationals, we will make efforts to enhance the quality of existing housing and provide more environmental friendly housing to secure a fulfilling living environment. Namely, by promoting "xevo" products, our single-family house models, we will strengthen our capability to accommodate customers' rebuilding needs, increase brand strength and improve management efficiency, as well as engage aggressively in real estate development projects including commercial and logistics facilities.

The Group will pursue new business initiatives such as nursing care support under the robot-related business and prevention of global warming through our energy-related businesses, and aim to become an essential part of the society by managing businesses that accurately responds to the needs of the market. Through these efforts, we will strengthen relationships with all of our stakeholders (interested parties).

The Daiwa House Group regards the fulfillment of its CSR (Corporate Social Responsibility) as a high-priority management task. To this end, we will ensure that our employees are well educated with regard to corporate ethics, legal compliance, respect for individual rights and other aspects of CSR, and will strive to create a management system that responds effectively to the requests of various stakeholders (interested parties). By taking our environmental protection policy to the next level, we will provide products and services that are "secure, safe and reliable," and will make use of our original technologies, such as medical nursing care facilities, to aggressively contribute to the society and enhance our corporate value.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

Items	Previous fiscal year (As of March 31, 2007) Amount (millions of yen)		Composition ratio (%)	Current fiscal year (As of March 31, 2008) Amount (millions of yen)		Composition ratio (%)	YoY Increase (Decrease) (millions of yen)
(Assets)							
I. Current assets							
Cash and cash equivalents		102,369			100,354		
Trade notes and accounts receivable		60,238			63,337		
Marketable securities		—			20		
Construction projects in progress		59,259			72,602		
Land for sale		284,610			308,055		
Buildings for sale		63,375			87,686		
Other inventories		25,083			27,268		
Deferred tax assets		27,684			40,769		
Other		44,987			62,681		
Allowance for doubtful receivables		(1,274)			(897)		
Total current assets		666,334	40.9		761,877	42.5	95,543
II Fixed assets							
1. Property, plant and equipment							
Buildings and structures	439,090			460,762			
Accumulated depreciation	(234,728)	204,361		(223,306)	237,455		
Machinery and equipment	86,030			92,877			
Accumulated depreciation	(54,104)	31,926		(56,755)	36,121		
Furniture and fixtures	31,986			33,759			
Accumulated depreciation	(22,911)	9,074		(23,600)	10,158		
Land		344,107			341,407		
Construction in progress		12,790			17,672		
Net property, plant and equipment		602,260			642,816		
2. Intangible fixed assets		17,116			12,410		
3. Investments and other assets							
Investment securities		118,939			98,283		
Long-term loans receivable		6,462			8,652		
Leased deposits		155,098			164,956		
Deferred tax assets		53,356			77,159		
Other assets		18,469			33,678		
Allowance for doubtful accounts		(8,014)			(8,781)		
Total investments and other assets		344,311			373,948		
Total fixed assets		963,688	59.1		1,029,175	57.5	65,486
Total assets		1,630,022	100		1,791,052	100	161,030

Items	Previous fiscal Year (As of March 31, 2007) Amount (millions of yen)	Composition ratio (%)	Current fiscal year (As of March 31, 2008) Amount (millions of yen)	Composition ratio (%)	YoY Increase (Decrease) (millions of yen)
(Liabilities)					
I Current liabilities					
Trade notes and accounts payable	253,255		189,860		
Short-term bank loans	6,933		11,918		
Current portion of long-term debt	1,070		1,595		
Commercial paper	—		20,000		
Other accounts payable	71,219		92,430		
Income taxes payable	15,832		23,163		
Deposits received from customers	62,870		58,628		
Accrued bonuses	20,485		21,167		
Provision for product warranties	6,318		6,572		
Accrued expenses and other current liabilities	51,602		58,988		
Total current liabilities	489,588	30.0	484,323	27.0	(5,264)
II Long-term liabilities					
Long-term debt	50,570		193,376		
Long-term deposits received from the Company's club members	48,817		45,793		
Lease deposits received	188,943		204,287		
Deferred tax liabilities on land revaluation	27,458		27,902		
Liability for employees' retirement benefits	94,293		124,169		
Other long-term liabilities	69,206		61,757		
Total long-term liabilities	479,288	29.4	657,287	36.7	177,999
Total liabilities	968,876	59.4	1,141,611	63.7	172,734
(Equity)					
I Shareholders' equity					
1. Common stock	110,120		110,120		
2. Capital surplus	226,834		226,824		
3. Retained earnings	387,842		381,479		
4. Treasury stock	(7,692)		(19,534)		
Total shareholders' equity	717,104	44.0	698,891	39.0	(18,212)
II Valuation and Translation Adjustments					
1. Net unrealized gain on available-for-sale securities	29,873		13,432		
2. Land revaluation difference	(86,847)		(79,195)		
3. Foreign currency translation adjustments	(821)		(556)		
Total valuation and translation adjustments	(57,795)	(3.5)	(66,320)	(3.7)	(8,524)
III Minority Interests	1,837	0.1	16,869	1.0	15,032
Total equity	661,145	40.6	649,440	36.3	(11,704)
Total liabilities and equity	1,630,022	100	1,791,052	100	161,030

(2) Consolidated Statements of Income

	Previous fiscal year (From April 1, 2006 to March 31, 2007)			Current fiscal year (From April 1, 2007 to March 31, 2008)			YoY
Items	Amount (millions of yen)		(%)	Amount (millions of yen)		(%)	Increase (Decrease) (millions of yen)
I Net sales		1,618,450	100		1,709,254	100	90,804
II Cost of sales		1,283,587	79.3		1,360,348	79.6	76,760
Gross profit		334,862	20.7		348,905	20.4	14,043
III Selling, general and administrative expenses		249,183	15.4		259,784	15.2	10,601
Operating income		85,678	5.3		89,120	5.2	3,442
IV Other income							
Interest income	1,032			1,261			
Dividends	1,110			1,340			
Equity in earnings of associated companies	289			315			
Amortization of actuarial gain for employees' retirement benefits	3,164			—			
Other income	5,012	10,609	0.6	7,258	10,176	0.6	(433)
V Other expenses							
Interest expense	1,750			3,371			
Taxes and dues	506			1,197			
Provision of allowance for doubtful accounts	—			239			
Amortization of actuarial loss for employees' retirement benefits	—			26,410			
Other expenses	4,675	6,931	0.4	6,788	38,006	2.2	31,075
Ordinary income		89,356	5.5		61,290	3.6	(28,066)
VI Extraordinary income							
Gain on sales of property, plant and equipment	228			309			
Gain on sales of marketable and investment securities	1,359			898			
Prior service benefit	324	1,911	0.1	499	1,708	0.1	(203)
VII Extraordinary expenses							
Loss on sales of property, plant and equipment	792			329			
Loss on disposal of property, plant and equipment	1,666			1,253			
Impairment loss on property, plant and equipment	5,041			1,654			
Loss on valuation of land for sale	162			1,491			
Loss on valuation of buildings for sale	60			140			
Loss on sublease agreements	—			209			
Retirement benefits for directors	60			—			
Provision of retirement benefits for directors	—			378			
Write-down of marketable and investment securities	1,808			7,859			
Loss on sales of marketable and investment securities	7			—			
Write-down of golf club membership	75			53			
Loss on sales of golf club membership	—			2			
Loss on business restructuring	4,526			—			
Expenses in relation to earthquake	617			—			
Salaries and allowance for prior periods	—			226			
Loss on development businesses	—	14,818	0.9	24,536	38,135	2.2	23,317
Income before income taxes and minority interests		76,449	4.7		24,862	1.5	(51,586)
Income taxes – current	24,368			37,190			
Income taxes – deferred	5,613	29,982	1.8	(25,121)	12,068	0.7	(17,913)
Minority interests in net income (loss) of subsidiaries		73	0.0		(285)	(0.0)	(359)
Net income		46,393	2.9		13,079	0.8	(33,314)

(3) Consolidated Statements of Changes in Equity
Previous Consolidated Fiscal Year (From April 1, 2006 to March 31, 2007)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance, March 31, 2006 (millions of yen)	110,120	148,019	355,494	(3,571)	610,063
Changes during the year					
Increase (decrease) due to share exchange	—	80,706	—	(3,557)	77,149
Decrease in relation to intercompany transaction of treasury stock	—	(1,894)	—	—	(1,894)
Cash dividends (Note)	—	—	(10,868)	—	(10,868)
Bonuses to directors and corporate auditors (Note)	—	—	(406)	—	(406)
Net income	—	—	46,393	—	46,393
Decrease in land revaluation difference	—	—	(2,798)	—	(2,798)
Increase due to exclusion from equity method accounting of former associated companies	—	—	26	—	26
Acquisition of treasury stock	—	—	—	(607)	(607)
Disposal of treasury stock	—	3	—	43	46
Net changes during the year of items other than equity	—	—	—	—	—
Total change during the year (millions of yen)	—	78,814	32,347	(4,121)	107,040
Balance, March 31, 2007 (millions of yen)	110,120	226,834	387,842	(7,692)	717,104

	Valuation and translation adjustments				Minority interests	Total equity
	Net unrealized gain (loss) on available-for-sale securities	Land revaluation difference	Foreign currency translation adjustments	Total valuation and translation		
Balance, March 31, 2006 (millions of yen)	30,746	(63,392)	(882)	(33,528)	74,656	651,191
Changes during the year						
Increase (decrease) due to share exchange	—	—	—	—	(72,470)	4,678
Decrease in relation to intercompany transaction of treasury stock	—	—	—	—	—	(1,894)
Cash dividends (Note)	—	—	—	—	—	(10,868)
Bonuses to directors and corporate auditors (Note)	—	—	—	—	—	(406)
Net income	—	—	—	—	—	46,393
Decrease in land revaluation difference	—	—	—	—	—	(2,798)
Increase due to exclusion from equity method accounting of former associated companies	—	—	—	—	—	26
Acquisition of treasury stock	—	—	—	—	—	(607)
Disposal of treasury stock	—	—	—	—	—	46
Net changes during the year of items other than equity	(873)	(23,455)	61	(24,267)	(348)	(24,615)
Total change during the year (millions of yen)	(873)	(23,455)	61	(24,267)	(72,819)	9,954
Balance, March 31, 2007 (millions of yen)	29,873	(86,847)	(821)	(57,795)	1,837	661,145

Note: Profit distribution item at the ordinary general meeting of shareholders held on June 29, 2006.

Current Consolidated Fiscal Year (From April 1, 2007 to March 31, 2008)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance, March 31, 2007 (millions of yen)	110,120	226,834	387,842	(7,692)	717,104
Changes during the year					
Cash dividends	—	—	(11,743)	—	(11,743)
Net income	—	—	13,079	—	13,079
Decrease in land revaluation difference	—	—	(7,693)	—	(7,693)
Acquisition of treasury stock	—	—	—	(11,909)	(11,909)
Disposal of treasury stock	—	(9)	(5)	68	53
Net change during the year of items other than equity	—	—	—	—	—
Total change during the year (millions of yen)	—	(9)	(6,362)	(11,841)	(18,212)
Balance, March 31, 2008 (millions of yen)	110,120	226,824	381,479	(19,534)	698,891

	Valuation and translation adjustments				Minority interests	Total equity
	Net unrealized gain (loss) on available-for-sale securities	Land revaluation difference	Foreign currency translation adjustments	Total valuation and translation		
Balance, March 31, 2007 (millions of yen)	29,873	(86,847)	(821)	(57,795)	1,837	661,145
Changes during the year						
Cash dividends	—	—	—	—	—	(11,743)
Net income	—	—	—	—	—	13,079
Decrease in land revaluation difference	—	—	—	—	—	(7,693)
Acquisition of treasury stock	—	—	—	—	—	(11,909)
Disposal of treasury stock	—	—	—	—	—	53
Net change during the year of items other than equity	(16,441)	7,651	264	(8,524)	15,032	6,508
Total change during the year (millions of yen)	(16,441)	7,651	264	(8,524)	15,032	(11,704)
Balance, March 31, 2008 (millions of yen)	13,432	(79,195)	(556)	(66,320)	16,869	649,440

(4) Consolidated Statements of Cash Flows

Items	Notes	Previous fiscal year (From April 1, 2006 to March 31, 2007) Amount (millions of yen)	Current fiscal year (From April 1, 2007 to March 31, 2008) Amount (millions of yen)	YoY Increase (Decrease) (millions of yen)
I Operating activities				
Income before income taxes and minority interests		76,449	24,862	
Depreciation		29,536	35,621	
Provision for employees' retirement benefits, net of payments		4,058	30,107	
Interest and dividends income		(2,142)	(2,602)	
Interest expense		1,750	3,371	
Equity in earnings of associated companies		(289)	(315)	
Loss on sales and disposal of property, plant and equipment		2,459	1,582	
Impairment loss on property, plant and equipment		5,041	1,654	
Write-down of marketable and investment securities		1,808	7,859	
Write-down of golf club membership		75	53	
Loss on development businesses		—	24,536	
Decrease (increase) in receivables		289	(2,151)	
Increase in inventories		(63,528)	(87,401)	
Decrease in advances received on uncompleted construction contracts		(2,553)	(4,242)	
Increase (decrease) in payables – trade		69,767	(48,548)	
Other – net		38,947	30,492	
Total		161,669	14,881	(146,787)
Interest and dividends received		1,658	1,952	
Interest expense paid		(508)	(2,278)	
Income tax paid		(26,758)	(30,293)	
Net cash provided by (used in) operating activities		136,060	(15,738)	(151,799)
II. Investing activities				
Purchases of property, plant and equipment		(150,652)	(93,037)	
Proceeds from sales of property, plant and equipment		1,477	1,522	
Purchases of marketable and investment securities		(20,369)	(18,218)	
Proceeds from sales of marketable and investment securities		4,161	2,894	
Purchases of investments in subsidiaries		(330)	(389)	
Increase from sales of shares of the former consolidated subsidiaries		156	—	
Proceeds from purchases of shares of the newly consolidated subsidiaries		—	11,817	
Payments for purchases of shares of the newly consolidated subsidiaries		(15)	(1,760)	
Increase in lease deposits		(3,760)	(8,230)	
Net increase in other assets		(2,742)	(17,895)	
Net cash used in investing activities		(172,074)	(123,296)	48,777
III Financing activities				
Increase in short-term bank loans		494	985	
Increase in commercial paper		—	20,000	
Proceeds from long-term debt		34,015	153,690	
Repayments of long-term debt		(6,927)	(13,119)	
Proceeds from issue of new stock to minority shareholders		1,200	—	
Net of purchases and proceeds from sales of treasury stock		(560)	(11,856)	
Dividends paid to shareholders		(10,868)	(11,743)	
Dividends paid to minority shareholders of subsidiaries		(739)	—	
Proceeds from receivables sold to trust		5,009	5,000	
Remittance to trust of receivables collected		(7,305)	(7,161)	
Net cash provided by financing activities		14,317	135,796	121,479
IV Translation adjustment related to cash and cash equivalents		—	—	—
V Net decrease in cash and cash equivalents		(21,695)	(3,238)	18,457
VI Cash and cash equivalents, beginning of year		123,822	102,126	(21,695)
VII Cash and cash equivalents, end of year	*1	102,126	98,888	(3,238)

Basic Significant Matters Regarding Preparation of Consolidated Financial Statements

	Previous consolidated fiscal year (From April 1, 2006 to March 31, 2007)	Current consolidated fiscal year (From April 1, 2007 to March 31, 2008)
1. Scope of consolidation	All 50 subsidiaries including 12 companies that were newly included during the fiscal year under review are consolidated subsidiaries.	(1) Number of subsidiaries All 55 subsidiaries including 7 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) Control over the non-consolidated subsidiary was considered to be temporary, and 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.
2. Application of the equity method	The Company applies the equity method on 12 associated companies including the two that were newly affiliated during the fiscal year under review.	(1) Number of associated companies to which the equity method is applied The Company applies the equity method on 13 associated companies including the three that were newly affiliated during the fiscal year under review. (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).
3. Fiscal years of consolidated subsidiaries	Of the subsidiaries, the fiscal year-end of Royal Parks Co., Ltd. is September 30, that for DH (Dalian) Administrative Management Consulting Center Co., Ltd. and two other companies is December 31, that for DH Property One Joint Company and two other companies is January 31, and that for Shinsango 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., 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 three other companies is December 31, that for DH Property One Joint Company and two other companies is January 31, and that for Shinsango Development One Special Purpose Company and one other company is February 29. 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, 2006 to March 31, 2007)	Current consolidated fiscal year (From April 1, 2007 to March 31, 2008)
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 financial close 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 Construction projects in progress Cost method based on the identified cost method Land and buildings for sale Cost method based on the identified cost method (except in the case of residential land developed by the Company, the cost method based on the periodic average method by development) Other inventories (work in progress) Cost method based on the identified cost method Other inventories (raw materials and supplies) Cost method based on the periodic average method Other inventories (products) Cost method based on the retail method (2) Method of depreciation for major assets [1] Property, plant and equipment 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.	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 (2) Method of depreciation for major assets [1] Property, plant and equipment Same as left (Change in accounting policies) In accordance with the revisions to the Corporate Tax Law, the Company and its domestic subsidiaries as of the fiscal year under review, has adopted the method of depreciation provided for under the revised Law with regard to property, plant and equipment acquired on or after April 1, 2007.

	Previous consolidated fiscal year (From April 1, 2006 to March 31, 2007)	Current consolidated fiscal year (From April 1, 2007 to March 31, 2008)
		The impact of this change on operating income, ordinary income and income before income taxes and minority interests is insignificant.
	[2] Intangible fixed assets Straight-line method	[2] Intangible fixed assets Same as left
	(3) Accounting for major allowances and reserves	(3) Accounting for major allowances and reserves
	[1] Allowance for doubtful accounts To provide for possible losses arising from default on trade receivable, loan, 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.	[1] Allowance for doubtful accounts Same as left
	[2] Accrued bonuses Reserve for employee bonuses is provided to prepare for future bonus payments in the amount of estimated bonuses.	[2] Accrued bonuses Same as left
	[3] Provision for product warranties 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 constructions of the past is recorded.	[3] Provision for product warranties Same as left
	[4] Liability for employees' 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.	[4] Liability for employees' retirement benefits Same as left
	(4) Handling of major lease transactions Financial leases excluding those in which the ownership of the property is transferred to the lessee, are accounted for in the same method as that for the normal operating lease transactions.	(4) Handling of major lease transactions Same as left
	(5) Method of hedge accounting	(5) 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.	[1] Method of hedge accounting Same as left
	[2] Hedging instruments and hedge targets Hedging instruments: interest rate swaps Hedge targets: borrowings	[2] Hedging instruments and hedge targets Same as left
	[3] Hedge policy The Company conducts hedging activities to reduce interest rate risks and improve its financial base.	[3] Hedge policy Same as left

	Previous consolidated fiscal year (From April 1, 2006 to March 31, 2007)	Current consolidated fiscal year (From April 1, 2007 to March 31, 2008)
	[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. (6) 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.	[4] Method of assessing hedge effectiveness Same as left (6) 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. Amounts of immaterial impact have been amortized on a lump-sum basis during the fiscal year of occurrence.	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

Notes

(Notes to Consolidated Balance Sheets)

	Previous consolidated fiscal year (March 31, 2007)		Current consolidated fiscal year (March 31, 2008)
1	Debt guarantee (1) The Company has guaranteed the short-term bank loans of the following company. DH (Dalian) Administrative Management Consulting Center Co., Ltd. 1,529 million yen (100,000 thousand RMB) [RMB: Chinese Ren Min Bi] (2) The Company has provided financial institutions with guarantees for purchasers of housing loans. 28,807 million yen (3) The Company provides employees with guarantees for their loans from banks under the employee home-ownership plan. 70 million yen (4) The Company provides guarantees for employees' loans from financial institutions. 208 million yen (5) The Company provides guarantees for deposits and guarantees paid to landlords by financial institutions as agents. 7,586 million yen (6) ——————————	1	Debt guarantee (1) The Company has guaranteed the short-term bank loans of the following company. DH (Dalian) Administrative Management Consulting Center Co., Ltd. 1,430 million yen (100,000 thousand RMB) Aomi Development SPC (Special purppose company) 240 Total 1,167 [RMB: Chinese Ren Min Bi] (2) The Company has provided financial institutions with guarantees for purchasers of housing loans. 26,815 million yen (3) The Company provides employees with guarantees for their loans from banks under the employee home-ownership plan. 58 million yen (4) The Company provides guarantees for employees' loans from financial institutions. 184 million yen (5) The Company provides guarantees for deposits and guarantees paid to landlords by financial institutions as agents. 7,145 million yen (6) The Company provides leasing companies with guarantees for obligations of clients under leasing agreements. 21 million yen
2	Balance of notes endorsed and transferred 1,113 million yen	2	Balance of notes endorsed and transferred 1,324 million yen

(Notes to Consolidated Statements of Changes in Equity)

Previous consolidated fiscal year (From April 1, 2006 to March 31, 2007)

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 current consolidated fiscal year (1,000 shares)	Decreased number of shares for current consolidated fiscal year (1,000 shares)	Number of shares at the end of current consolidated fiscal year (1,000 shares)
Number of shares issued				
Common stock	550,664	49,257	—	599,921
Total	550,664	49,257	—	599,921
Treasury stock				
Common stock	3,748	9,037	22	12,763
Total	3,748	9,037	22	12,763

Notes:
1. Breakdown of increase in issued shares of common stock
   Increase as a result of new issues in relation to share exchange — 49,257 thousand shares
2. Breakdown of increase in treasury stock of common stock
   Increase as a result of increase in equity related to share exchange — 8,734 thousand shares
   Increase as a result of purchase of odd-lots — 302 thousand shares
3. Breakdown of decrease in treasury stock of common stock
   Decrease due to request for additional purchase of odd-lots — 22 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 29, 2006	Common stock	10,868	20.0	March 31, 2006	June 29, 2006

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

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 28, 2007	Common stock	11,743	Retained earnings	20.0	March 31, 2007	June 29, 2007

Current consolidated fiscal year (From April 1, 2007 to March 31, 2008)

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 current consolidated fiscal year (1,000 shares)	Decreased number of shares for current consolidated fiscal year (1,000 shares)	Number of shares at the end of current consolidated fiscal year (1,000 shares)
Number of shares issued				
Common stock	599,921	—	—	599,921
Total	599,921	—	—	599,921
Treasury stock				
Common stock	12,763	7,938	36	20,665
Total	12,763	7,938	36	20,665

Notes:
1. Breakdown of increase in treasury stock of common stock
   Increase as a result of purchase based on the resolution reached at the board of directors meeting on August 20, 2007 7,801 thousand shares
   Increase as a result of purchase of odd-lots 137 thousand shares
2. Breakdown of decrease in treasury stock of common stock
   Decrease due to request for additional purchase of odd-lots 36 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 28, 2007	Common stock	11,743	20.0	March 31, 2007	June 29, 2007

   (2) Of the dividends for which the record date falls during the term 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 27, 2008	Common stock	13,902	Retained earnings	24.0	March 31, 2008	June 30, 2008

(Notes to Consolidated Statements of Cash Flows)

Previous consolidated fiscal year (From April 1, 2006 to March 31, 2007)		Current consolidated fiscal year (From April 1, 2007 to March 31, 2008)	
*1	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, 2007) Cash and deposits 102,369 million yen Time deposits with terms in excess of three months (243) Cash and cash equivalents 102,126	*1	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, 2008) Cash and deposits 100,354 million yen Time deposits with terms in excess of three months (1,465) Cash and cash equivalents 98,888

(Notes on Marketable Securities)

I Previous consolidated fiscal year

1. Held-to-maturity debt securities with market value (March 31, 2007)

	Balance on consolidated balance sheets (millions of yen)	Market value (millions of yen)	Difference (millions of yen)
(Market value exceeds the amount recorded on the consolidated balance sheets)			
Japanese government bonds, local government bonds, etc.	—	—	—
(Market value does not exceed the amount recorded on the consolidated balance sheets)			
Japanese government bonds, local government bonds, etc.	31	31	(0)
Total	31	31	(0)

2. Available-for-sale securities with market value (March 31, 2007)

	Acquisition cost (millions of yen)	Balance on consolidated balance sheets (millions of yen)	Difference (millions of yen)
(Balance on the consolidated balance sheets exceeds the acquisition cost)			
Equity securities	46,348	99,071	52,722
(Balance on the consolidated balance sheets does not exceed the acquisition cost)			
Equity securities	3,679	3,014	(665)
Japanese government bonds, local government bonds, etc.	520	453	(66)
Total	50,548	102,539	51,991

Note: Impairment accounting has been applied on marketable securities worth 1,808 million yen (available-for-sale securities with market value: 1,778 million yen and available-for-sale securities without market value: 30 million yen)

3. Available-for-sale securities sold during the current consolidated fiscal year (From April 1, 2006 to March 31, 2007)

Amount sold (millions of yen)	Total gain on sales of securities (millions of yen)	Total loss on sales of securities (millions of yen)
2,518	1,281	7

4. Major securities that are not marked-to-market and balances on the consolidated balance sheets (March 31, 2007)

Available-for-sale securities		
Non-listed equity securities	5,411	million yen
Investments in limited liability partnership	2,192	
Total	7,604	

5. Available-for-sale securities with maturity and scheduled due amounts of held-to-maturity debt securities (March 31, 2007)

	Due within a year (millions of yen)	Due in one to five years (millions of yen)	Due in five to ten years (millions of yen)	Due after ten years (millions of yen)
Debt securities				
Japanese government bonds, local government bonds, etc.	—	20	26	438
Total	—	20	26	438

II Current consolidated fiscal year

1. Held-to-maturity debt securities with market value (March 31, 2008)

	Balance on consolidated balance sheets (millions of yen)	Market value (millions of yen)	Difference (millions of yen)
(Market value exceeds the amount recorded on the consolidated balance sheets)			
Japanese government bonds, local government bonds, etc.	26	27	1
(Market value does not exceed the amount recorded on the consolidated balance sheets)			
Japanese government bonds, local government bonds, etc.	5	4	(0)
Total	31	32	0

2. Available-for-sale securities with market value (March 31, 2008)

	Acquisition cost (millions of yen)	Balance on consolidated balance sheets (millions of yen)	Difference (millions of yen)
(Balance on the consolidated balance sheets exceeds the acquisition cost)			
Equity securities	21,189	47,475	26,285
Others	86	147	61
(Balance on the consolidated balance sheets does not exceed the acquisition cost)			
Equity securities	22,122	20,318	(1,803)
Japanese government bonds, local government bonds, etc.	720	688	(31)
Others	50	44	(5)
Total	44,167	68,673	24,506

Note: Impairment accounting has been applied on marketable securities worth 7,859 million yen (available-for-sale securities with market value: 7,831 million yen and available-for-sale securities without market value: 27 million yen)

3. Available-for-sale securities sold during the current consolidated fiscal year (From April 1, 2007 to March 31, 2008)

Amount sold (millions of yen)	Total gain on sales of securities (millions of yen)	Total loss on sales of securities (millions of yen)
1,168	898	—

4. Major securities that are not marked-to-market and balances on the consolidated balance sheets (March 31, 2008)

Available-for-sale securities		
Non-listed equity securities	4,287	million yen
Preferred securities	14,533	
Investments in limited liability partnership	3,115	
Total	21,935	

5. Available-for-sale securities with maturity and scheduled due amounts of held-to-maturity debt securities (March 31, 2008)

	Due within a year (millions of yen)	Due in one to five years (millions of yen)	Due in five to ten years (millions of yen)	Due after ten years (millions of yen)
Debt securities				
Japanese government bonds, local government bonds, etc.	20	200	26	473
Total	20	200	26	473

(Notes on Retirement Benefits)

I Previous consolidated fiscal year

1. Outline of retirement benefit plan adopted

The Company and certain domestic consolidated subsidiaries adopt a corporate pension fund system and lump-sum severance payment system as defined benefits. Additional severance payment may be provided upon an employee's retirement, etc. In addition, the Company adopts a retirement benefit trust.

2. Projected benefit obligation (March 31, 2007)

(1)	Projected benefit obligation	(270,563)	million yen
(2)	Fair value of pension plan assets	172,628	
(3)	Retirement benefit trust	3,642	
(4)	Liability for employees' retirement benefits	(94,293)	
(5)	Provision for retirement benefits	(94,293)	

Note: Certain consolidated subsidiaries adopt the simplified method in calculating projected benefit obligation.

3. Components of net periodic benefit costs (From April 1, 2006 to March 31, 2007)

(1)	Service cost (Note 1)	14,574	million yen
(2)	Interest cost	6,374	
(3)	Expected return on plan assets	—	
(4)	Recognized actuarial gain	(3,164)	
(5)	Prior service benefit (Note 2)	(324)	
(6)	Net periodic benefit costs	17,460	

Notes: 1. Net periodic benefit costs of consolidated subsidiaries adopting the simplified method are recorded under "(1) Service cost."

2. Prior service benefit of 324 million yen resulting from the adoption of the revised benefit plan concerning the lump-sum severance payments by certain consolidated subsidiaries has been booked to extraordinary income.

4. Basis of calculation of projected benefit obligation (From April 1, 2006 to March 31, 2007)

(1)	Methods of allocation of projected severance benefit	Fixed amount method for corporate pension fund system; point method for lump-sum severance payment system of the Company and certain consolidated subsidiaries; fixed amount method for lump-sum severance payment system of the other consolidated subsidiaries
(2)	Discount rate	2.5%
(3)	Expected rate of return on plan assets	0%
(4)	Recognized period of actuarial gain/loss	One year (Recorded lump-sum in the fiscal year transactions took place)

II Current consolidated fiscal year

1. Outline of retirement benefit plan adopted

The Company and certain domestic consolidated subsidiaries adopt a corporate pension fund system or approved retirement pension system and lump-sum severance payment system as defined benefits. Additional severance payment may be provided upon an employee's retirement, etc. In addition, the Company adopts a retirement benefit trust.

2. Projected benefit obligation (March 31, 2008)

(1)	Projected benefit obligation	(291,037)	million yen
(2)	Fair value of pension plan assets	164,959	
(3)	Retirement benefit trust	1,908	
(4)	Liability for employees' retirement benefits	(124,169)	
(5)	Provision for retirement benefits	(124,169)	

Note: Certain consolidated subsidiaries adopt the simplified method in calculating projected benefit obligation.

3. Components of net periodic benefit costs (From April 1, 2007 to March 31, 2008)

(1)	Service cost (Note 1)	15,762	million yen
(2)	Interest cost	6,765	
(3)	Expected return on plan assets	(4,350)	
(4)	Recognized actuarial loss	26,410	
(5)	Prior service benefit (Note 2)	(499)	
(6)	Net periodic benefit costs	44,088	

Notes: 1. Net periodic benefit costs of consolidated subsidiaries adopting the simplified method are recorded under "(1) Service cost."

2. Prior service benefit of 499 million yen resulting from the adoption of the revised benefit plan concerning the lump-sum severance payments by certain consolidated subsidiaries has been booked to extraordinary income.

4. Basis of calculation of projected benefit obligation (From April 1, 2007 to March 31, 2008)

(1)	Methods of allocation of projected severance benefit	Fixed amount method for corporate pension fund system and approved retirement pension system; point method for lump-sum severance payment system of the Company and certain consolidated subsidiaries; fixed amount method for lump-sum severance payment system of the other consolidated subsidiaries
(2)	Discount rate	Mainly 2.5%
(3)	Expected rate of return on plan assets	Mainly 2.5%
(4)	Recognized period of actuarial gain/loss	One year (Recorded lump-sum in the fiscal year transactions took place)

(Matters related to stock option, etc.)

N/A

(Notes on Tax Effect Accounting)

Previous consolidated fiscal year (March 31, 2007)	Consolidated fiscal year under review (March 31, 2008)
1. Breakdown of major causes of deferred tax assets and deferred tax liabilities	1. Breakdown of major causes of deferred tax assets and deferred tax liabilities

Previous consolidated fiscal year (March 31, 2007)

1. Breakdown of major causes of deferred tax assets and deferred tax liabilities

(1) Current

Deferred tax assets		
Write-down of land held for resale	11,144	million yen
Accrued bonuses	8,097	
Accrued enterprise tax	1,391	
Other	7,051	
Total	27,684	

(2) Non-Current

Deferred tax assets		
Employees' retirement benefits	39,634	million yen
Unrealized gains on sales of property, plant and equipment	7,826	
Extraordinary depreciation for property, plant and equipment	11,380	
Other	18,858	
Total	77,700	
Less valuation allowance	(1,109)	
Total deferred tax assets	76,590	
Deferred tax liabilities		
Retained earnings appropriated for tax allowable reserves	(2,072)	million yen
Net unrealized gain on available-for-sale securities	(21,129)	
Other	(32)	
Total deferred tax liabilities	(23,234)	
Net deferred tax assets	53,356	million yen

2. Breakdown of major items causing the difference between the normal effective statutory tax rates and the actual effective tax rate of corporate tax, etc. after the application of tax effect accounting.

Description has been omitted as the difference between the normal effective statutory tax rates and the actual effective tax rate, etc. after the application of tax effect accounting was less than 5%.

Consolidated fiscal year under review (March 31, 2008)

1. Breakdown of major causes of deferred tax assets and deferred tax liabilities

(1) Current

Deferred tax assets		
Write-down of land held for resale	21,956	million yen
Accrued bonuses	8,032	
Accrued enterprise tax	1,968	
Other	8,812	
Total deferred tax assets	40,769	
Deferred tax liabilities		
Other	(49)	million yen
Total deferred tax liabilities	(49)	
Net deferred tax assets	40,720	million yen

(2) Non-Current

Deferred tax assets		
Employees' retirement benefits	50,569	million yen
Unrealized gains on sales of property, plant and equipment	8,162	
Extraordinary depreciation for property, plant and equipment	7,622	
Other	26,276	
Total	92,629	
Less valuation allowance	(3,790)	
Total deferred tax assets	88,838	
Deferred tax liabilities		
Retained earnings appropriated for tax allowable reserves	(1,997)	million yen
Net unrealized gain on available-for-sale securities	(9,918)	
Other	(249)	
Total deferred tax liabilities	(12,165)	
Net deferred tax assets	76,673	million yen

2. Breakdown of major items causing the difference between the normal effective statutory tax rates and the actual effective rate of corporate tax, etc. after the application of tax effect accounting.

Normal effective statutory tax rates	40.6	%
(Adjustment)		
Permanently non-deductible expenses, including entertainment expenses	4.7	
Non-taxable dividend income	(1.0)	
Inhabitant tax (corporation, flat rate)	3.7	
Equity in earnings of associated companies	(0.5)	
Reversal of land revaluation difference	(0.4)	
Other	1.4	
Actual effective tax rates after the application of tax effect accounting	48.5	

(Segment Information)

a. Information by business segment

Previous consolidated fiscal year (From April 1, 2006 to March 31, 2007)

	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	961,490	466,266	67,762	60,635	62,295	1,618,450	—	1,618,450
(2) Inter-segment sales or transfers	4,407	11,425	—	1,605	62,351	79,790	(79,790)	—
Total sales	965,898	477,692	67,762	62,241	124,646	1,698,240	(79,790)	1,618,450
Operating expenses	912,731	430,759	66,748	60,469	120,273	1,590,982	(58,210)	1,532,771
Operating income	53,166	46,933	1,013	1,771	4,373	107,258	(21,579)	85,678
II Assets, depreciation and capital investments								
Assets	567,649	545,407	104,160	44,828	163,097	1,425,143	204,878	1,630,022
Depreciation	5,515	8,971	1,915	736	11,096	28,236	1,299	29,536
Capital investments	12,599	98,812	2,677	3,119	19,907	137,116	(945)	136,171

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, rental houses (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;
   Care 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

   Construction 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 20,995 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 244,980 million yen, consisting primarily of surplus funds (cash and cash equivalents), long-term invested funds (investment securities) and assets associated with the Administration Department.

Current consolidated fiscal year (From April 1, 2007 to March 31, 2008)

	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	1,001,156	503,718	63,675	60,878	79,825	1,709,254	—	1,709,254
(2) Inter-segment sales or transfers	3,209	9,016	26	1,745	63,521	77,517	(77,517)	—
Total sales	1,004,365	512,734	63,701	62,623	143,346	1,786,771	(77,517)	1,709,254
Operating expenses	950,627	462,226	63,661	60,815	138,786	1,676,117	(55,983)	1,620,133
Operating income	53,738	50,507	40	1,807	4,560	110,654	(21,533)	89,120
II Assets, depreciation and capital investments								
Assets	656,479	616,756	101,561	45,319	192,464	1,612,581	178,470	1,791,052
Depreciation	6,956	10,923	2,579	875	13,085	34,421	1,200	35,621
Capital investments	10,484	71,060	2,794	733	18,719	103,793	63	103,856

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, rental houses (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;
   Care 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
   Construction 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 22,998 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 227,513 million yen, consisting primarily of surplus funds (cash and cash equivalents), long-term invested funds (investment securities) and assets associated with the Administration Department.

b. Segment information by geographic region

Previous consolidated fiscal year (From April 1, 2006 to March 31, 2007)

Description has been omitted as the ratio of Japan to the total segment sales and to the total segment assets exceeded 90% respectively.

Consolidated fiscal year under review (From April 1, 2007 to March 31, 2008)

Description has been omitted as the ratio of Japan to the total segment sales and to the total segment assets exceeded 90% respectively.

c. Overseas sales

Previous consolidated fiscal year (From April 1, 2006 to March 31, 2007)

Description has been omitted as the ratio of overseas sales to the consolidated net sales was below 10%.

Consolidated fiscal year under review (From April 1, 2007 to March 31, 2008)

Description has been omitted as the ratio of overseas sales to the consolidated net sales was below 10%.

(Per Share Information)

Previous consolidated fiscal year (From April 1, 2006 to March 31, 2007)			Current consolidated fiscal year (From April 1, 2007 to March 31, 2008)		
Equity per share	1,122.88	yen	Equity per share	1,092.04	yen
Basic net income per share	81.15	yen	Basic net income per share	22.46	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)	46,393		Net income (millions of yen)	13,079	
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)	46,393		Basic net income related to common stock (millions of yen)	13,079	
Average number of common stock during the year (thousand shares)	571,723		Average number of common stock during the year (thousand shares)	582,292	

(Omission of disclosure)

Disclosure of information concerning consolidated statements of income, lease transactions, transactions with associated parties, derivatives transactions and business consolidations 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, 2006 to March 31, 2007)		Current consolidated fiscal year (From April 1, 2007 to March 31, 2008)		YoY	
	Amount (millions of yen)	Composition ratio (%)	Amount (millions of yen)	Composition ratio (%)	Amount (millions of yen)	Ratio of increase (decrease) (%)
Residential Business	983,930	59.3	974,375	57.4	(9,555)	(1.0)
Commercial Construction Business	482,474	29.1	519,833	30.6	37,358	7.7
Resort Hotels and Sports Life Business	67,762	4.1	63,675	3.7	(4,086)	(6.0)
Home Center Business	60,635	3.7	60,878	3.6	242	0.4
Other Businesses	62,295	3.8	79,825	4.7	17,530	28.1
Total orders received	1,657,098	100	1,698,588	100	41,489	2.5

Sales

	Previous consolidated fiscal year (From April 1, 2006 to March 31, 2007)		Current consolidated fiscal year (From April 1, 2007 to March 31, 2008)		YoY	
	Amount (millions of yen)	Composition ratio (%)	Amount (millions of yen)	Composition ratio (%)	Amount (millions of yen)	Ratio of increase (decrease) (%)
Residential Business	961,490	59.4	1,001,156	58.6	39,666	4.1
Commercial Construction Business	466,266	28.8	503,718	29.5	37,451	8.0
Resort Hotels and Sports Life Business	67,762	4.2	63,675	3.7	(4,086)	(6.0)
Home Center Business	60,635	3.7	60,878	3.5	242	0.4
Other Businesses	62,295	3.9	79,825	4.7	17,530	28.1
Total sales	1,618,450	100	1,709,254	100	90,804	5.6

Orders outstanding

	End of previous consolidated fiscal year As of March 31, 2007		End of current consolidated fiscal year As of March 31, 2008		YoY	
	Amount (millions of yen)	Composition ratio (%)	Amount (millions of yen)	Composition ratio (%)	Amount (millions of yen)	Ratio of increase (decrease) (%)
Residential Business	358,386	73.6	331,605	69.6	(26,780)	(7.5)
Commercial Construction Business	128,864	26.4	144,979	30.4	16,114	12.5
Resort Hotels and Sports Life Business	—	—	—	—	—	—
Home Center Business	—	—	—	—	—	—
Other Businesses	—	—	—	—	—	—
Total orders outstanding	487,250	100	476,584	100	(10,666)	(2.2)

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