



Daiwa House®
Group

Financial Highlights of FY2008

Daiwa House Industry Co.,Ltd.

Daiwa House
Group

1. Summary of Accounts Settlement in FY2008

- Sales, operating income, ordinary income, and net income were all below the previous year's level, on both a consolidated and non-consolidated basis.
- In a breakdown by segment, the Residential Business saw declines in revenues and earnings, whereas the Commercial Construction Business posted increases in revenues and earnings.
- Total assets increased as a result of the acquisition of fixed assets and investments in real estate development projects.
- The balance of interest-bearing debt came to ¥344.5 billion owing to an increase in long-term debt.

(¥ BN)

	Consolidated			Non-consolidated		
	FY2007	FY2008	YOY ratio (%)	FY2007	FY2008	YOY ratio (%)
Net sales	1,709.2	1,690.9	(1.1%)	1,157.6	1,152.4	(0.5%)
Operating income	89.1	73.5	(17.4%)	63.2	47.5	(24.9%)
Ordinary income	61.2	39.8	(35.0%)	49.9	28.3	(43.3%)
Net income	13.0	4.1	(68.1%)	7.4	5.5	(25.1%)
Total asset	1,791.0	1,810.5	1.1%	1,333.5	1,337.5	0.3%
Equity	649.4	607.4	(6.5%)	561.2	542.1	(3.4%)
Net income per share (Yen)	22.46	7.20	(67.9%)	12.79	9.63	(24.7%)
Equity per share (Yen)	1,092.04	1,047.50	(4.1%)	968.92	936.15	(3.4%)
Dividends per share (Yen)	24.00	24.00	—			

2. Group Companies

At end of	Number of companies			Changes in Group Composition during FY2008
	FY2007	FY2008	Changes	
Parent company (Daiwa House Industry Co., Ltd.)	1	1	—	
Consolidated companies	55	57	2 (+9 companies; -7 companies)	<ul style="list-style-type: none"> ■ Sales subsidiaries of wooden houses were integrated into Daiwa Lantec Higashinihon and Daiwa Lantec Nishinihon. (-5 companies) ■ Subsidiaries for PFI projects of Daiwa Lease was established. (+5 companies) ■ Daiwa House Morimoto Asset Management made into a consolidated subsidiary of Daiwa House Industry. (+1 company) ■ Equity stake taken in Higashi Matsuyama Facilities Development (+1 company) ■ Shinmisato Development Seven terminated business operations and was removed from the scope of consolidation. (-1 company) ■ Furniture sales company was established with 70% equity stake by Daiwa Rakuda Industry Co., Ltd. (+1 company) ■ Sell-off of investments in subsidiary in Shanghai (-1 company); establishment of real estate subsidiary in Tianjin (+1 company)
Equity-method associates	13	13	—	<ul style="list-style-type: none"> ■ Daiwa Odakyu Construction and Kenkey Kogyo, the company's wholly-owned subsidiary, was renamed.
Unconsolidated	1	1	—	
Total	70	72	2	

3. Summary of Profits & Losses: Comparison of Forecasts and Actual Results

- Sales, operating income, and ordinary income all surpassed our latest forecasts
- Net income fell short of our latest forecast due to an increase in losses from the write-down of marketable and investment securities, and losses on valuation of property, plant and equipment

	Revised forecasts released in Feb 09		Results in FY2008			
	Amounts (A)	Composition	Results	Composition	YOY	Ratio changed fm revision (A) (%)
Net sales	1,665.0	100.0%	1,690.9	100.0%	25.9	1.6%
Cost of sales			1,357.8	80.3%		
Gross profit			333.1	19.7%		
SG&A expenses			259.5	15.3%		
Operating income	70.0	4.2%	73.5	4.4%	3.5	5.1%
Other income			12.6	0.7%		
Other expenses			46.3	2.7%		
Ordinary income	35.0	2.1%	39.8	2.4%	4.8	13.9%
Extraordinary income			1.0	0.1%		
Extraordinary expenses			27.1	1.6%		
Income bef. income taxes			13.7	0.8%		
Net income	5.5	0.3%	4.1	0.2%	(1.3)	(24.2%)

(¥BN)

■ SG&A expenses

(¥BN)

	FY2007	FY2008
Employment costs (incl. welfare expense)	146.0	145.6
Advertising & promotion expenses	33.5	31.5
Sales commission	12.1	11.9
Others	68.1	70.4
Total	259.7	259.5

■ Amortization of allowance for doubtful accounts: —¥31.4 BN

■ Write-down of marketable and investment securities: —¥7.5 BN

■ Loss on valuation of property, plant and equipment: —¥14.8 BN

- Resort hotels: —¥4.8 BN
- Golf course: —¥3.4 BN
- Assets used under sublease agreements: —¥5.3 BN
- Sports facilities: —¥0.6 BN
- Offices and Plants: —¥0.3 BN
- Others: —¥0.1 BN

■ Loss on disaster: —¥2.0 BN

4. Segment Information

- Revenues and earnings of the Commercial Construction Business posted year-on-year growth, exceeding the Company's latest forecasts.
- The Residential Business posted declines in revenues and earnings. Sales surpassed the latest forecast, but operating income fell short.
- The Resort Hotels and Sports Life Business registered declines in revenues and earnings, falling short of the latest forecasts.
- The Home Center Business and the Other Businesses segment posted year-on-year growth in revenues, whereas declined in earnings. Both fell short of the forecasts in revenues and earnings.

(¥BN)

	Results in FY2007 (A)	Revised forecasts released in Feb 09 (B)	Results in FY2008	YOY ratio (Change to (A)) (%)	Change to the revision (A) (%)	
Sales	Residential	1,004.3	953.0	959.0	(4.5%)	0.6 %
	Commercial Construction	512.7	518.0	545.1	6.3%	5.2 %
	Resort Hotels and Sports Life	63.7	63.6	60.1	(5.6%)	(5.5 %)
	Home Center	62.6	66.4	63.5	1.4%	(4.4 %)
	Other Businesses	143.3	151.5	143.9	0.4%	(5.0 %)
	(Elimination/Corporate)	(77.5)	(87.5)	(80.8)	—	—
	Total	1,709.2	1,665.0	1,690.9	(1.1%)	1.6 %
Operating Income	Residential	53.7	32.8	28.5	(46.9%)	(13.0%)
	Commercial Construction	50.5	56.5	66.1	31.0%	17.1%
	Resort Hotels and Sports Life	0	(0.4)	(1.1)	—	—
	Home Center	1.8	1.4	1.1	(36.2%)	(17.6%)
	Other Businesses	4.5	3.5	2.5	(45.1%)	(28.5%)
	(Elimination/Corporate)	(21.5)	(23.8)	(23.6)	—	—
	Total	89.1	70.0	73.5	(17.4%)	5.1%

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

5. Consolidated Balance Sheets ① Assets

- Total assets increased by ¥19.5 billion from the previous term-end, to ¥1,810.5 billion.
- Acquisition of land for real estate development, and construction of Company-owned commercial facilities, caused fixed assets to post an increase.
- A reduction in inventory assets led to a decrease in current assets.

(¥ BN)				
At end of	FY2007	FY2008	YOY	YOY ratio (%)
Current assets	761.8	661.1	(100.6)	(13.2%)
Fixed assets	1,029.1	1,149.3	120.2	11.7%
Property, plant and equipment	642.8	728.9	86.1	13.4%
Intangible fixed assets	12.4	13.1	0.7	6.2%
Investments and other assets	373.9	407.2	33.3	8.9%
Total assets	1,791.0	1,810.5	19.5	1.1%

Inventories (¥ BN)			
At end of	FY2007	FY2008	YOY
Construction project in progress	72.6	57.4	(15.1)
Land for sale	308.0	237.6	(70.4)
for houses	120.4	100.4	(19.9)
for condominiums	127.8	96.3	(31.5)
Building for sale	87.6	76.5	(11.1)
for houses	16.4	15.0	(1.4)
for condominiums	66.8	57.0	(9.8)
Others	27.2	24.8	(2.4)
Total	495.6	396.4	(99.1)

Property, plant and equipment (¥ BN)			
At end of	FY2007	FY2008	YOY
Building & structures	237.4	315.6	78.2
Land	341.4	356.0	14.5
Others	63.9	57.2	(6.6)
Total	642.8	728.9	86.1

5. Consolidated Balance Sheets ② Liabilities & Equity DaiwaHouse Group™

■ The debt-equity ratio came to 0.57 due to increase in long-term debt.

■ The equity ratio declined by 1.8 percentage points from the previous year, to 33.5%.

	(¥ BN)			
At end of	FY2007	FY2008	YOY	YOY ratio
Liabilities	1,141.6	1,203.1	61.5	5.4%
Current liabilities	484.3	372.6	(111.6)	(23.1%)
Fixed liabilities	657.2	830.5	173.2	26.4%
Equity	649.4	607.4	(42.0)	(6.5%)
Shareholders' equity	698.8	687.6	(11.2)	(1.6%)
Valuation and translation adjustment	(66.3)	(80.9)	(14.6)	—
Minority interests	16.8	0.7	(16.1)	(95.6%)
Total liabilities and equity	1,791.0	1,810.5	19.5	1.1%

■ Interest-bearing liabilities (¥ BN)			
At end of	FY2007	FY2008	YOY
Short-term bank loans	11.9	16.4	4.4
Current portion of long-term bank loans	1.5	5.6	4.0
Commercial paper	20.0	—	(20.0)
Lease obligations (Current)	—	0.4	0.4
Long-term bank loan	193.3	319.9	126.5
Long-term lease obligation	—	2.1	2.1
Others	1.5	—	(1.5)
Total	228.3	344.5	116.1
Debt-Equity Ratio	0.36	0.57	0.21pt

6. Forecasts for FY2009

(¥BN)

		FY2009 (forecast)			(Ref) FY2008
		Amounts	YOY ratio	Composition	
Consolidated	Net sales	1,565.0	(7.4%)	100%	1,690.9
	Operating income	45.0	(38.8%)	2.9%	73.5
	Ordinary income	45.0	12.9%	2.9%	39.8
	Net income	21.0	403.6%	1.3%	4.1
Non-consolidated	Net sales	1,010.0	(12.4%)	100%	1,152.4
	Operating income	24.4	(48.6%)	2.4%	47.5
	Ordinary income	29.0	2.4%	2.9%	28.3
	Net income	15.0	168.9%	1.5%	5.5

■ Forecasts by segment

(¥BN)

		Residential	Commercial Construction	Resort Hotels & Sports Life	Home Centers	Other Businesses	(Elimination/Corporate)	Total
Sales	FY2009	908.0	451.0	61.5	60.8	151.0	(67.3)	1,565.0
	YOY ratio (%)	(5.3%)	(17.3%)	2.3%	(4.3%)	4.9%	—	(7.4%)
	(Ref) FY2008	959.0	545.1	60.1	63.5	143.9	(80.8)	1,690.9
Operating income	FY2009	21.5	40.0	0	1.2	4.0	(21.7)	45.0
	YOY ratio (%)	(24.7%)	(39.6%)	—	4.0%	59.7%	—	(38.8%)
	(Ref.) FY2008	28.5	66.1	(1.1)	1.1	2.5	(23.6)	73.5

	FY2008	FY2009 (Forecast)
Dividends per share (in Yen)	24.00	17.00
Total dividends (in Million)	13,900	9,845
Dividend payout ratio (%)	333.4%	46.9%

(Ref) Net income per share: ¥7.20 in FY2008; ¥36.26 in FY2009 (forecast)