Summary of Financial Results
for the Second Quarter of the Fiscal Year Ending March 31, 2010
(From April 1, 2009 to September 30, 2009)

November 10, 2009

Name of Listed Company: Daiwa House Industry Co., Ltd.
Code No.: 1925
URL: http://www.daiwahouse.co.jp/
Listed Exchanges: First section of the Tokyo Stock Exchange; First section of the Osaka Securities Exchange
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Scheduled Date of Filing Quarterly Report: November 13, 2009

(Amounts below one million yen are omitted)
(The preparation of this report is not based on US GAAP.)

1. Consolidated Results of Operations for the Second Quarter of the Fiscal Year Ending March 31, 2010 (From April 1, 2009 to September 30, 2009)

(1) Consolidated Results of Operations for the first six-month period (% figures represent year-on-year change)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
2nd quarter ended September 30, 2009	804,460	(2.1)	38,748	10.4	38,715	9.8	21,359	19.2
2nd quarter ended September 30, 2008	821,690	—	35,107	—	35,263	—	17,912	—

	Basic net income per share	Diluted net income per share
	Yen	Yen
2nd quarter ended September 30, 2009	36.88	—
2nd quarter ended September 30, 2008	30.92	—

(2) Consolidated Financial Position

	Total assets	Net assets	Net asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
September 30, 2009	1,795,287	622,341	34.6	1,072.94
March 31, 2009	1,810,573	607,427	33.5	1,047.50

Reference:
Net asset ratio = (Net assets – Minority interests)/Total assets × 100
(Net assets – Minority interests) is as follows: September 30, 2009: 621,378 million yen; March 31, 2009: 606,682 million yen

2. Dividends

	Dividend per share				
	End of 1st quarter (June 30)	End of 2nd quarter (Sept. 30)	End of 3rd quarter (Dec. 31)	Fiscal year-end (March 31)	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2009	—	0.00	—	24.00	24.00
Fiscal year ending March 31, 2010	—	0.00			
Fiscal year ending March 31, 2010 (forecasts)			—	17.00	17.00

Note: Revision of the dividend forecasts in the second quarter of the fiscal year ending March 31, 2010: None

3. Consolidated Business Forecasts for the Fiscal Year Ending March 31, 2010 (From April 1, 2009 to March 31, 2010)

(% figures represent year-on-year change)

	Net sales		Operating income		Ordinary income		Net income		Basic net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2010	1,570,000	(7.2)	62,000	(15.7)	56,500	41.8	24,000	475.5	41.44

Note: Revision of the business forecasts in the second quarter of the fiscal year ending March 31, 2010: Yes

4. Others

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

(2) Application of Simplified Accounting Methods and/or Accounting Methods Unique to the Preparation of the Quarterly Consolidated Financial Statements: None

(3) 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 Quarterly 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 "(4) Others" of "Qualitative Information and Financial Statements" on page 7.

(4) Number of Issued and Outstanding Shares (Common stock)
1) Number of shares at the end of the period (including treasury stock)
As of September 30, 2009: 599,921,851 shares
As of March 31, 2009: 599,921,851 shares
2) Number of treasury stock at the end of the period
As of September 30, 2009: 20,784,509 shares
As of March 31, 2009: 20,750,714 shares
3) Average number of shares during the first six-month period
Period ended September 30, 2009: 579,152,827 shares
Period ended September 30, 2008: 579,237,391 shares

＊Remarks on appropriate use of forecast results of operations and other special matters

1. The aforementioned forecasts represent changes from those announced on May 13, 2009. For details, please refer to the "Notice of the Revision of Business Forecasts" on this date of today (November 10, 2009).
2. The above 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 operations. 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.

Qualitative Information and Financial Statements

1. Qualitative Information Regarding Consolidated Business Results

During the first six-month period (April 1 to September 30, 2009) of fiscal 2009, the year ending March 31, 2010, Japanese economy showed signs of a recovery in exports and industrial production, largely due to the fact that inventory adjustments had run their course, as well as the effects of the government's economic stimulus measures. Despite these positive factors, however, against the backdrop of declining corporate earnings, companies held back severely on capital investment, and unemployment hit a postwar high.

In the housing industry, the Group's principal business field, although some positive effects were seen from the extension of tax relief on mortgage loans and the expansion of their application, these were exceeded by the negative factors of rising unemployment and deterioration in wage levels, as well as the sluggishness of the real estate market. As a result, the overall number of new housing construction starts was low. In the field of general-purpose construction, too, the entire industry suffered from difficult operating conditions during the reporting period, owing to the continued tendency of companies to scale back capital investment plans amid the economic downturn .

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

In our Residential Business, we took steps to supply the market with the new xevoFU and xevoKU models, environmentally friendly homes in our mainstay "xevo" series of single-family houses. In addition to the exterior wall insulation and ventilation features for which the xevo series has always been known, we offered further energy conservation and comfortable living features with these models. We succeeded in acquiring certification for a number of our long-term high-quality, durable and environmentally friendly house products which already meet government requirements, thereby contributing to our further market penetration in this field.

With respect to the investment of management resources in business in growing markets, we set up a new department responsible for the environment and energy business, and opened 25 marketing offices throughout Japan. We launched our newly-developed *reFbo* high-efficiency reflective panels, *reFbo* Factory reflective panels for high ceilings, and LED street lights, along with other products, and undertook aggressive sales promotion of these products.

In the CSR field, we provided assistance for children's education in Southeast Asia through the supply of picture books. In Japan, our varied social contributions included the installation of automated external defibrillators at our offices throughout the country.

As a result of these factors, net sales for the reporting first six months of fiscal 2009 came to 804,460 million yen on a consolidated basis, down 2.1% year-on-year. Ordinary income was 38,715 million yen, up 9.8% year-on year, and net income amounted to 21,359 million yen, up 19.2% year-on-year.

Results by business segment are as follows.

Residential Business

In the Single-Family Houses Division, we launched two new environmentally friendly models in the xevo series – the xevoFU, a house with a lightweight steel framework, and xevoKU, a wooden framework house. These models make effective use of natural, renewable energy sources from the planning stage. They feature as standard the use of photovoltaic power generation systems, high-efficiency hot-water boilers, and LED lighting (e.g. external lights). These houses achieve major reductions in annual heating-and-lighting costs and CO2 emissions even compared with the Japanese government's new energy conservation standards.

With regard to marketing, we have been putting extra effort into meeting the criteria of the various home-acquisition support systems being promoted by the government. For example, in response to the start in June 2009 of the government's system for certification of conformity with its High Quality, Long-Term Housing Model, we explained to potential customers the durability of models in our "xevo" series (which incorporate the government's certification criteria as standard) while also emphasizing the tax benefits available for purchasers of houses meeting these criteria. In addition, we have made considerable progress in incorporating the government's Environmentally Friendly Housing Certification System into our lot-subdivision housing business. In fiscal 2008, under the Environmentally Friendly Housing Certification System, the Daiwa House Group achieved the overall No. 1 position for the supply of houses.

In the Rental Housing Division, we stepped up our marketing activities in Japan's major metropolises and other major cities, with particular focus on increasing sales of three-story models and townhouses. We offer full-support systems that assure stable, long-term property management for owners of rental housing units.

In the Condominiums Division, amid a prolonged difficult market situation, we worked to develop new condominium projects in response to the specific demand characteristics of each region of Japan. For our real estate services website, we continued working on the development of the industry's first system that allows members of the public to view information such as housing performance evaluations and condominium management services relating to common facilities. Our project for the development of such online systems was selected by the Ministry of Land, Infrastructure, Transport and Tourism for its 1st Pioneering Model Project for High-Quality, Long-Term Housing (Management, Maintenance, and Distribution System Division) for fiscal 2009.

In the Home Renovation Division, we actively marketed environmentally friendly renovation solutions, including through a nationwide marketing campaign. We made significant increases to the number of personnel engaged in this business to bolster our capabilities in marketing, design, and renovation work, and we expanded the coverage of our renovation services to include rental housing units in addition to our traditional target of single-family houses.

However, due to an effect from the difficult economic condition, sales of the Residential Business were 471,761 million yen, down 2.9% year-on-year, and operating income came to 20,302 million yen, down 7.1% year-on-year.

Commercial Construction Business

In the Commercial Facilities Division, the Group made use of planning and proposal-driven sales centered on road-side store development, leveraging its abundant land-related data and store opening support know-how for tenant businesses.

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

As a result, sales of the Commercial Construction Business were 240,098 million yen, down 0.6% year-on-year, while operating income increased by 18.4% year-on-year to 28,571 million yen, due to the cost reduction.

Resort Hotels and Sports Life Business

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

In the Sports Life Division, in April 2009, we opened a combined esthetic salon and fitness center, the Beauty Wellness Spa Legato (Tokyo), which was the first in the industry. We also commenced operation of a fitness school that offers one-month intensive courses, as well as other initiatives including new membership plans meeting diverse customer needs, to attract new members to our fitness clubs.

However, the Resort Hotels Division faced an increasingly difficult business environment during the reporting six-month period, due to weak consumer sentiment amid the economic slowdown and the spread of H1N1 influenza. As a result, sales for this segment came to 28,872 million yen, down 7.3% year-on-year, and operating loss was 101 million yen, compared with a loss of 408 million yen for the previous period.

Home Center Business

In the Home Center Segment, in April 2009 we opened the second of our new type of store focused on hardware – the Royal Kanamono Kitamoto (Saitama). As part of a new product strategy, we have increased the number of products in our “RoyValue” private brand, meeting requirements for high quality and low prices, and have taken various steps to stimulate sales.

Sales of this segment came to 31,609 million yen, down 5.0% year-on-year, while operating income increased by 34.4% year-on-year to 894 million yen, because of a decrease in selling, general and administrative expenses.

Other Businesses

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

In the Logistics Division, we established an efficient joint delivery system with construction materials makers in some marketing areas to cut costs. We also started up an eco-friendly logistics business, a maintenance service involving the re-use of interior fixtures and facilities for multi-store operators, aiming to expand the total scale of these operations.

In the City Hotels Division, we opened the Daiwa Roynet Hotel Hachinohe (Aomori), the Daiwa Roynet Hotel Hakata-Gion (Fukuoka), and the Daiwa Roynet Hotel Tsukuba (Ibaraki), bringing the total number of our city hotels to 19.

Sales recorded for this segment came to 66,610 million yen, down 8.2% year-on-year, and operating income was 31 million yen, down 97.1% year-on-year, due to the impact of increased expenses relating to new business fields.

2. Qualitative Information Regarding Consolidated Financial Position

Total assets at the end of the reporting first six-month period stood at 1,795,287 million yen, representing a decrease of 15,285 million yen compared with the 1,810,573 million yen at the end of the previous fiscal year. This is attributable to the factors of proceeds from the disposal of real estate for sale and a decline in costs on uncompleted construction contracts, which exceeded an increase in noncurrent assets as a result of the acquisition of property, plant and equipment, such as the purchase of high-rise rental apartment buildings and commercial facilities, and the inclusion of Cosmos Life Co., Ltd. within the scope of consolidation.

Total liabilities at the end of the reporting first six-month period stood at 1,172,946 million yen, representing a decrease of 30,199 million yen compared with the 1,203,145 million yen at the end of the previous fiscal year. This is primarily attributable to declines in notes and accounts payable-trade, including accounts payable for completed construction contracts as well as advances received on uncompleted construction contracts, which exceeded an increase in noncurrent liabilities from the issuance of bonds by a special-purpose company that is a consolidated subsidiary of Daiwa House Industry, and fund procurement through long-term loans payable.

Net assets at the end of the reporting first six-month period stood at 622,341 million yen, for an increase of 14,913 million yen, compared with 607,427 million yen at the end of the previous fiscal year. This is attributable to the posting of net income in the amount of 21,359 million yen as well as an increase in net valuation difference on available-for-sale securities due to an increase in the market prices of the securities in question as of the end of the reporting six-month period compared with the previous fiscal year-end, which exceeded cash outflows for the payment of term-end dividends for the previous fiscal year.

3. Qualitative Information Regarding Consolidated Business Forecasts

In light of recent business performance, market trends and other aspects, full-year consolidated business results forecasts announced on May 13, 2009 have been revised. Please refer to the “Notice of Revision of Business Forecasts” announced on this date of today (November 10, 2009) for items pertaining to the revised forecasts.

4. Others

(1) Changes in Significant Subsidiaries during the Reporting Period (changes in specified subsidiaries resulting in changes in the scope of consolidation): No items to report.

(2) Application of Simplified Accounting Methods and/or Accounting Methods Unique to the Preparation of Quarterly Consolidated Financial Statements: No items to report.

(3) Changes in Accounting Policies, Procedures and Methods of Presentation for the Preparation of Quarterly Consolidated Financial Statements

- Changes in accounting standards

Changes in accounting standards for recognition of construction revenues and cost of completed work

With regard to accounting standards employed for the recognition of revenues resulting from construction work undertaken for customers, we previously recognized the total lump-sum amount of the completed contract values at completion, using the completed-contract method. However, with effect from the first quarter of the fiscal year ending March 31, 2010, the Accounting Standards for Construction Contracts (ASBJ Statement No. 15, issued on December 27, 2007) and the Guidance on Application of Accounting Standards for Construction Contracts (ASBJ Guidance No. 18, issued on December 27, 2007) have been applied to construction contracts. The percentage-of-completion method is applied to construction contracts meeting the following criteria: construction had started within the reporting six-month period (except for short-period work); and the percentage of construction already completed by the end of the reporting period can be estimated fairly reliably. (The estimation is based on the proportion of direct costs incurred for each work phase as compared with the estimated total cost for the entire contract.) Other than the above-mentioned construction contracts, the completed-contract method has been applied.

As a result of this change, net sales for the reporting first six months increased by 26,268 million yen, while operating income, ordinary income, and income before income taxes and minority interests all increased by 5,757 million yen, compared with the application of the previous accounting standards.

The effects of this change on each business segment are indicated in the relevant sections.

5. Quarterly Consolidated Financial Statements
(1)Consolidated quarterly balance sheets

(Millions of yen)

	End of the current 2nd quarter (as of September 30, 2009)	The previous fiscal year-end (as of March 31, 2009)
Assets		
Current assets		
Cash and deposits	79,592	105,840
Notes receivable, accounts receivable from completed construction contracts and other	63,160	51,445
Short-term investment securities	206	—
Costs on uncompleted construction contracts	31,646	57,444
Real estate for sale	226,575	263,444
Real estate for sale in process	43,612	46,962
Land for development	3,812	3,789
Merchandise and finished goods	11,088	11,622
Work in process	3,770	8,729
Raw materials and supplies	4,581	4,450
Other	114,678	108,800
Allowance for doubtful accounts	(1,175)	(1,342)
Total current assets	581,551	661,187
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	581,774	553,389
Accumulated depreciation	(250,330)	(237,715)
Buildings and structures, net	331,444	315,673
Land	375,439	356,002
Other	149,147	140,009
Accumulated depreciation	(85,652)	(82,732)
Other, net	63,494	57,277
Total property, plant and equipment	770,379	728,953
Intangible assets	20,251	13,176
Investments and other assets		
Investment securities	108,233	98,743
Lease and guarantee deposits	178,264	170,681
Other	145,339	146,555
Allowance for doubtful accounts	(8,732)	(8,725)
Total investments and other assets	423,104	407,255
Total noncurrent assets	1,213,736	1,149,385
Total assets	1,795,287	1,810,573

(Millions of yen)

	End of the current 2nd quarter (as of September 30, 2009)	The previous fiscal year-end (as of March 31, 2009)
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	110,905	129,843
Short-term loans payable	14,369	16,407
Current portion of long-term loans payable	5,892	5,610
Income taxes payable	17,428	6,962
Advances received on uncompleted construction contracts	37,907	61,054
Provision for bonuses	19,651	17,855
Provision for warranties for completed construction	6,768	6,895
Other	119,718	128,006
Total current liabilities	332,641	372,636
Noncurrent liabilities		
Bonds payable	4,500	—
Long-term loans payable	329,781	319,956
Long-term lease and guarantee deposited	221,579	217,860
Provision for retirement benefits	160,913	160,202
Other	123,530	132,489
Total noncurrent liabilities	840,304	830,509
Total liabilities	1,172,946	1,203,145
Net assets		
Shareholders' equity		
Capital stock	110,120	110,120
Capital surplus	226,824	226,824
Retained earnings	377,426	370,240
Treasury stock	(19,581)	(19,553)
Total shareholders' equity	694,790	687,632
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	7,864	2,034
Revaluation reserve for land	(77,608)	(77,878)
Foreign currency translation adjustment	(3,667)	(5,105)
Total valuation and translation adjustments	(73,411)	(80,949)
Minority interests	962	744
Total net assets	622,341	607,427
Total liabilities and net assets	1,795,287	1,810,573

(2)Consolidated quarterly statements of income

(Millions of yen)

	Six-month period of the previous fiscal year (From April 1, 2008 to September 30, 2008)	Six-month period of the current fiscal year (From April 1, 2009 to September 30, 2009)
Net sales	821,690	804,460
Cost of sales	654,189	645,265
Gross profit	167,500	159,195
Selling, general and administrative expenses	132,393	120,446
Operating income	35,107	38,748
Non-operating income		
Interest income	728	651
Dividends income	820	679
Equity in earnings of affiliates	482	741
Gain on settlement of derivatives	576	250
Gain on valuation of derivatives	27	16
Miscellaneous income	2,615	3,773
Total non-operating income	5,250	6,113
Non-operating expenses		
Interest expenses	2,312	2,972
Provision of allowance for doubtful accounts	60	257
Loss on settlement of derivateves	326	—
Loss on valuation of derivatives	423	260
Miscellaneous expenses	1,972	2,655
Total non-operating expenses	5,094	6,146
Ordinary income	35,263	38,715
Extraordinary income		
Gain on sales of noncurrent assets	531	30
Gain on amortization of prior service cost	—	204
Other	1	—
Total extraordinary income	533	235
Extraordinary loss		
Loss on sales of noncurrent assets	244	9
Loss on retirement of noncurrent assets	986	271
Impairment loss	17	139
Loss on valuation of investment securities	1,441	426
Provision of allowance for doubtful accounts	316	—
Other	311	8
Total extraordinary losses	3,316	856
Income before income taxes and minority interests	32,480	38,094
Income taxes-current	13,248	17,603
Income taxes-deferred	1,726	(871)
Total income taxes	14,974	16,732
Minority interests in loss	(406)	2
Net income	17,912	21,359

(3)Consolidated quarterly statements of cash flows

(Millions of yen)

	Six-month period of the previous fiscal year (From April 1, 2008 to September 30, 2008)	Six-month period of the current fiscal year (From April 1, 2009 to September 30, 2009)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	32,480	38,094
Depreciation and amortization	18,241	21,085
Increase (decrease) in provision for retirement benefits	1,140	311
Interest and dividends income	(1,549)	(1,331)
Interest expenses	2,312	2,972
Equity in (earnings) losses of affiliates	(482)	(741)
Loss (gain) on sales and retirement of noncurrent assets	698	251
Impairment loss	17	139
Loss (gain) on valuation of investment securities	1,441	426
Decrease (increase) in notes and accounts receivable-trade	11,642	(10,216)
Decrease (increase) in inventories	2,090	69,515
Increase (decrease) in advances received on uncompleted construction contracts	6,829	(23,164)
Increase (decrease) in notes and accounts payable-trade	(17,210)	(22,320)
Other, net	(6,480)	(7,028)
Subtotal	51,172	67,994
Interest and dividends income received	1,243	985
Interest expenses paid	(1,383)	(2,076)
Income taxes paid	(22,973)	(6,295)
Net cash provided by (used in) operating activities	28,059	60,608
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment and intangible	(81,294)	(55,383)
Proceeds from sales of property, plant and equipment	1,009	127
Purchase of investment securities	(9,386)	(917)
Proceeds from sales and redemption of investment securities	30	40
Purchase of investments in subsidiaries	(10,612)	(51)
Purchase of investments in subsidiaries resulting in change in scope of consolidation	―	(13,323)
Payments for lease and guarantee deposits	(3,128)	(8,200)
Other, net	(5,249)	(539)
Net cash provided by (used in) investing activities	(108,632)	(78,246)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	6,040	(2,038)
Increase (decrease) in commercial papers	85,000	―
Proceeds from long-term loans payable	14,100	11,820
Repayment of long-term loans payable	(788)	(5,213)
Proceeds from issuance of bonds	―	4,500
Repayments of finance lease obligations	(56)	(296)
Purchase of treasury stock	(77)	(35)
Proceeds from sales of treasury stock	28	3
Cash dividends paid	(13,902)	(13,900)
Repayments of payables under fluidity lease receivables	(3,363)	(3,115)
Net cash provided by (used in) financing activities	86,980	(8,276)
Effect of exchange rate change on cash and cash equivalents	―	41
Net increase (decrease) in cash and cash equivalents	6,407	(25,873)
Cash and cash equivalents at beginning of period	98,888	105,381
Cash and cash equivalents at end of period	105,295	79,507

(4) Notes on Premise of Going Concern

No items to report.

(5) Segment Information

[Information by business segment]

Consolidated performance for the previous first six-month period (From April 1, 2008 to September 30, 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)
Sales								
(1) Sales to customers	485,437	232,946	31,133	32,308	39,864	821,690	—	821,690
(2) Inter-segment sales or transfers	658	8,686	27	959	32,685	43,016	(43,016)	—
Total sales	486,096	241,632	31,160	33,267	72,549	864,706	(43,016)	821,690
Operating income (loss)	21,865	24,128	(408)	665	1,089	47,340	(12,232)	35,107

Consolidated performance for the current first six-month period (From April 1, 2009 to September 30, 2009)

	Residential Business (millions of yen)	Commercial Construction Business (millions of yen)	Resort Hotels and Sports Life Business (millions of yen)	Home Center Business (millions of yen)	Other Businesses (millions of yen)	Total (millions of yen)	Eliminations /Corporate (millions of yen)	Consolidated (millions of yen)
Sales								
(1) Sales to customers	470,886	235,122	28,850	30,807	38,792	804,460	—	804,460
(2) Inter-segment sales or transfers	874	4,976	21	801	27,817	34,491	(34,491)	—
Total sales	471,761	240,098	28,872	31,609	66,610	838,952	(34,491)	804,460
Operating income (loss)	20,302	28,571	(101)	894	31	49,699	(10,950)	38,748

Notes:

1. Method of industry segmentation

   The Company has defined industry segments based on the currently adopted sales classifications: Residential Business, Commercial Construction Business, Resort Hotels and Sports Life Business, Home Center Business and Other Businesses.

2. Major business components of each industry segment

   [1] Residential Business

   Construction, subdivision and rental of single-family houses, residential complexes (including dormitories, corporate housing and apartments) and condominiums;
   Subdivision of real estate for residential use;
   Real estate agency services;
   Rental and management of residential complexes;
   Management of condominiums

   [2] Commercial Construction Business

   Construction, rental and management of commercial buildings such as distribution facilities, shops, offices and factories;
   Sales and rental of real estate for commercial use

   [3] Resort Hotels and Sports Life Business

   Operation of resort hotels, golf courses and sports facilities

   [4] Home Center Business

   Operation of home center business

   [5] Other Businesses

   Manufacture and sale of construction materials; logistics business; operation of city-type hotels; other

3. Change in accounting policies

Current consolidated performance for the first six-month period (From April 1, 2009 to September 30, 2009)

As described in the “Changes in Accounting Policies, Procedures and Methods of Presentation for Preparation of Quarterly Consolidated Financial Statements,” beginning the first quarter of the fiscal year ending March 31, 2010, the “Accounting Standard for Construction Contracts” (ASBJ Statement No. 15, issued on December 27, 2007), and the “Guidance on Application of Accounting Standards for Construction Contracts (ASBJ Guidance No. 18, issued on December 27, 2007) have been applied for construction contracts.

As a result of this change, net sales for the reporting first six months increased by 12,221 million yen for the Residential Business, by 14,043 million yen for the Commercial Construction Business, and by 3 million yen for the Other Businesses, and operating income increased by 3,103 million yen for the Residential Business, by 2,653 million yen for the Commercial Construction Business, and by 0 million yen for the Other Businesses, compared with the application of the previous accounting standards.

[Segment information by geographic region]

Consolidated performance for the previous first six-month period (From April 1, 2008 to September 30, 2008)

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

Consolidated performance for the current first six-month period (From April 1, 2009 to September 30, 2009)

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

[Overseas sales]

Consolidated performance for the previous first six-month period (From April 1, 2008 to September 30, 2008)

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

Consolidated performance for the current first six-month period (From April 1, 2009 to September 30, 2009)

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

(6) Notes on Significant Changes in the Amount of Shareholders’ Equity

No items to report.