



Daiwa House®
Group

Financial Highlights for FY2011 1Q

(For the three months from April 1 to June 30, 2011)

Daiwa House Industry Co.,Ltd.

(2011.08)

- Notes: 1. The business forecasts are based on assumptions in light of 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.
2. Amounts below ¥100 million are omitted in this material.

1. Summary of Account Settlement in FY2011 1Q: Overview

■ For the first three months of FY2010 and FY2011

(¥ billion)

	Consolidated				Non-consolidated			
	1Q FY2010	1Q FY2011	YOY		1Q FY2010	1Q FY2011	YOY	
			Amounts	Ratio			Amounts	Ratio
Net sales	354.9	410.1	55.1	15.5%	212.4	238.0	25.6	12.1%
Operating income	14.0	24.6	10.5	74.7%	9.1	15.6	6.5	71.3%
Ordinary income	15.7	24.4	8.7	55.4%	15.2	19.9	4.6	30.2%
Net income	7.6	13.6	6.0	79.5%	9.4	13.0	3.6	38.4%
Basic net income per share (¥)	13.17	23.65	10.48	79.6%				

■ As of March 31, 2011 and June 30, 2011

(¥ billion)

	Consolidated				Non-consolidated			
	Mar. 31, 2011	June 30, 2011	Change		Mar. 31, 2011	June 30, 2011	Change	
			Amounts	Ratio			Amounts	Ratio
Total assets	1,934.2	1,953.4	19.1	1.0%	1,400.3	1,425.2	24.9	1.8%
Net assets	635.1	634.7	-0.4	-0.1%	549.0	548.7	-0.2	-0.1%
Net assets per share (¥)	1,095.62	1,095.13	-0.49	-0.0%				

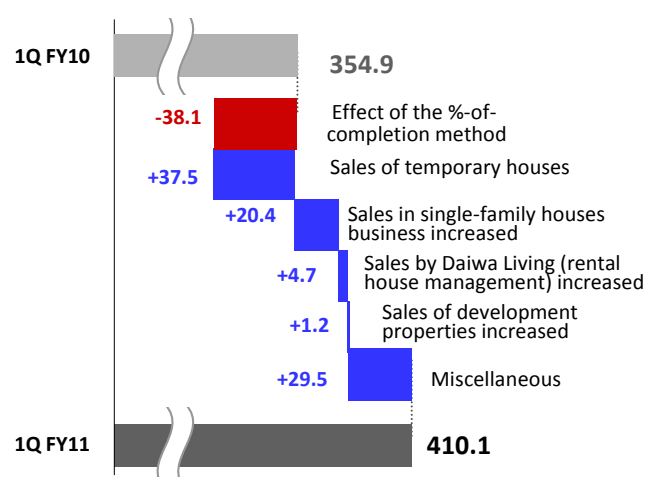
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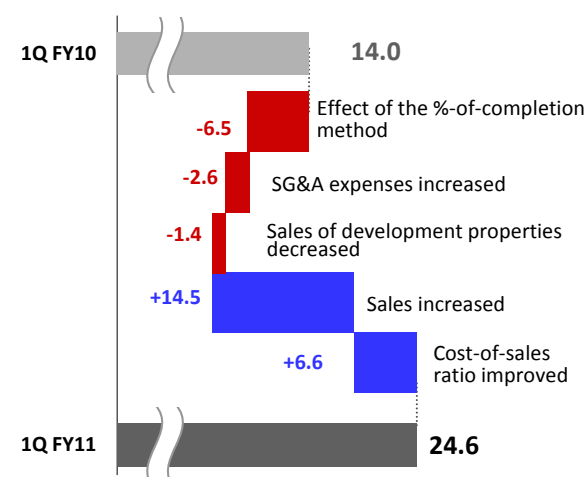
【MEMO】

- Net sales increased 15.5% yoy, mainly due to a demand associated with the reconstruction in the regions devastated by the Great East Japan Earthquake, such as temporary relief houses. Operating income increased 74.7% yoy, mainly due to growth in sales of the single-family houses.
- Net income increased 79.5% yoy, due to an increase in operating income.
- Major factors for increases in the net sales and operating income increase

■ Net sales (¥bn)



■ Operating income (¥bn)



■ Group companies

	Number of companies			Notes
	Mar. 31, 2011	June 30, 2011	Change	
Parent Company (Daiwa House Industry)	1	1	—	
Consolidated subsidiaries	62	66	+4	Inclusion:5; Exclusion: 1
Equity-method affiliates	13	13	—	
Unconsolidated subsidiaries	1	2	+1	Inclusion:1
Total	77	82	+5	

2. Summary of Profits

(¥ billion)

	1Q FY2010		1Q FY2011			
	Results	Proportion	Results	Proportion	YOY	
					Amounts	Ratio
Net sales	354.9	100.0%	410.1	100.0%	55.1	15.5%
Cost of sales	280.6	79.1%	322.5	78.6%	41.9	14.9%
Gross profit	74.3	20.9%	87.5	21.4%	13.2	17.8%
SG&A expenses	60.2	16.9%	62.9	15.4%	2.6	4.5%
Operating income	14.0	4.0%	24.6	6.0%	10.5	74.7%
Non-operating income	4.0	1.1%	3.1	0.8%	-0.9	-22.3%
Non-operating expenses	2.3	0.7%	3.2	0.8%	0.8	37.3%
Ordinary income	15.7	4.4%	24.4	6.0%	8.7	55.4%
Extraordinary income	0.0	0.0%	0.6	0.1%	0.5	819.7%
Extraordinary losses	3.1	0.9%	0.4	0.1%	-2.6	-84.7%
Income before income taxes and minority interests	12.6	3.5%	24.6	6.0%	11.9	94.5%
Net income	7.6	2.1%	13.6	3.3%	6.0	79.5%

Note: Net gain (loss) on settlement of derivatives and net gain (loss) on valuation of derivatives are included in non-operating income (expenses) in the year-earlier period, based on the application of the "Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Statement No.24 of December 4, 2009).

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【MEMO】

■ (Reference) Effect of the percentage-of-completion method

Excluding the effect of the percentage-of-completion method, net sales increased by ¥93.2 billion, operating income increased by ¥17.0 billion, and ordinary income increased by ¥15.2 billion.

(¥ bn)

	1Q FY2010			FY2010 (Full Year)	1Q FY2011			Comparison of "before application" (F) - (B)
	(Reference) Effect of %-of-completion method		Results (A) + (B)		(Reference) Effect of %-of-completion method (C)		Results (E) + (F)	
	Amounts (A)	Before application (B)			Amounts (D)	Amounts, net (E) = (D) - (C)		
Net sales	15.9	338.9	354.9	70.0	47.8	-22.1	432.2	93.2
Operating income	2.9	11.1	14.0	13.0	9.4	-3.6	28.2	17.0
Ordinary income	2.9	12.8	15.7	13.0	9.4	-3.6	28.1	15.2

■ Lower of cost or market methods (inventories)

(¥ bn)

	1Q FY2010	1Q FY2011	Change
Lower of cost or market methods (inventories)	0.7	0.0	-0.7
Condominiums	0.7	—	-0.7
Single-Family Houses	0.0	0.0	0.0
Others	0.0	0.0	-0.0

■ SG&A expenses

(¥ bn)

	1Q FY2010	1Q FY2011	Change
Personnel costs (incl. welfare expense)	36.1	38.4	2.3
Advertising & promotion expenses	5.7	5.6	-0.1
Sales commission	2.1	2.5	0.3
Correspondence & transportation expenses	3.4	3.6	0.1
Others	12.6	12.7	0.0
Total	60.2	62.9	2.6

■ Extraordinary income

(¥ bn)

	1Q FY2010	1Q FY2011	Change
Gain on sales of investment securities	0.0	0.5	0.5
Others	0.0	0.0	0.0
Total	0.0	0.6	0.5

■ Extraordinary losses

(¥ bn)

	1Q FY2010	1Q FY2011	Change
Asset retirement obligations	2.8	—	-2.8
Others	0.3	0.4	0.1
Total	3.1	0.4	-2.6

3. Business Segment Information ① Sales

(¥ billion)

	1Q FY2010		1Q FY2011				
	Results	Proportion	Results	Proportion	YOY		
					Amounts	Ratio	
Sales	Single-Family Houses	61.8	17.4%	71.8	17.5%	10.0	16.3%
	Rental Housing	103.8	29.2%	121.4	29.6%	17.6	17.0%
	Condominiums	27.2	7.7%	16.4	4.0%	-10.7	-39.5%
	Existing Home Business	13.1	3.7%	15.7	3.9%	2.6	20.1%
	Commercial Facilities	58.8	16.6%	71.3	17.4%	12.4	21.2%
	Business & Corporate Facilities	43.2	12.2%	64.4	15.7%	21.1	49.0%
	Health & Leisure	14.0	3.9%	12.5	3.1%	-1.4	-10.1%
	Other Businesses	49.9	14.1%	56.6	13.8%	6.7	13.5%
	(Adjustment)	(17.1)	-4.8%	(20.5)	-5.0%	-3.4	—
	Total	354.9	100.0%	410.1	100.0%	55.1	15.5%

Note: Sales by segment include intersegment transactions.

【MEMO】

3. Business Segment Information ② Operating Income/Losses

(¥billion)

		1Q FY2010		1Q FY2011			
		Results	Proportion	Results	Proportion	YOY	
						Amounts	Ratio
Operating Income/Losses	Single-Family Houses	-0.5	-3.7%	2.1	8.8%	2.6	—
	Rental Housing	8.5	60.9%	11.8	47.9%	3.2	37.5%
	Condominiums	-0.5	-4.2%	-0.6	-2.4%	-0.0	—
	Existing Home Business	0.5	3.7%	0.8	3.6%	0.3	72.1%
	Commercial Facilities	6.9	48.9%	6.6	27.2%	-0.2	-3.1%
	Business & Corporate Facilities	5.0	36.1%	8.3	34.1%	3.3	65.3%
	Health & Leisure	-0.5	-3.8%	-0.9	-4.0%	-0.4	—
	Other Businesses	0.2	1.4%	1.4	5.8%	1.2	611.2%
	(Adjustment)	(5.5)	-39.3%	(5.1)	-21.0%	0.3	—
	Total	14.0	100.0%	24.6	100.0%	10.5	74.7%

Note: Operating income by segment includes intersegment transactions.

【MEMO】

4. Consolidated Balance Sheets ① Assets

	(¥ billion)			
	Mar. 31, 2011	June 30, 2011	Change	
			Amounts	Ratio
Current assets	681.2	695.5	14.3	2.1%
Noncurrent assets	1,252.9	1,257.8	4.8	0.4%
Property, plant and equipment	760.1	758.4	-1.6	-0.2%
Intangible assets	21.4	22.6	1.1	5.5%
Investment and other assets	471.3	476.6	5.3	1.1%
Total assets	1,934.2	1,953.4	19.1	1.0%

【MEMO】

■ Major factors for changes from the previous fiscal year-end

■【Current assets】

Inventories increased by ¥19.2 billion, 6.4% from the previous fiscal year-end, as described below chart

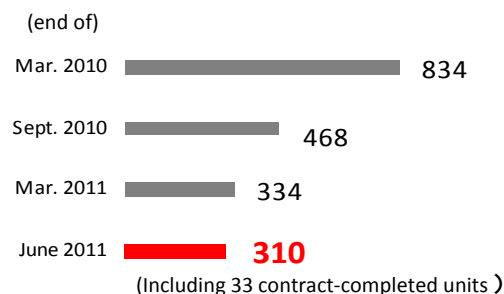
■【Investment and other assets】

Investment securities increased by ¥6.9 billion, 5.9% from the previous fiscal year-end, mainly due to an additional investment.

■ Inventories

	(¥ bn)			
	Mar. 31, 2011	June 30, 2011	Change	
			Amounts	Ratio
Costs on uncompleted construction contracts	15.3	16.5	1.2	8.4%
Land for sale	217.0	221.8	4.7	2.2%
for houses	85.2	88.1	2.8	3.3%
for condominiums	96.2	99.3	3.0	3.2%
Buildings for sale	48.7	54.5	5.7	11.9%
for houses	11.3	11.8	0.5	4.6%
for condominiums	28.0	33.2	5.1	18.3%
Others	20.9	28.3	7.3	35.4%
Total	301.9	321.2	19.2	6.4%

✓ Number of inventory units of condominiums (including contract-completed units)



■ Noncurrent assets

	(¥ bn)			
	Mar. 31, 2011	June 30, 2011	Change	
			Amounts	Ratio
Buildings & structures	327.8	331.5	3.6	1.1%
Land	387.3	378.8	-8.5	-2.2%
Other	44.9	48.1	3.1	7.0%
Total property, plant and equipment	760.1	758.4	-1.6	-0.2%

4. Consolidated Balance Sheets ② Liabilities and Net Assets

	(¥ billion)			
	Mar. 31, 2011	June 30, 2011	Change	
			Amounts	Ratio
Liabilities	1,299.0	1,318.7	19.6	1.5%
Current liabilities	389.7	409.9	20.2	5.2%
Noncurrent liabilities	909.3	908.7	-0.5	-0.1%
Net assets	635.1	634.7	-0.4	-0.1%
Shareholders' equity	679.3	681.4	2.0	0.3%
Accumulated other comprehensive income	-45.2	-47.5	-2.3	—
Minority interests	1.0	0.8	-0.1	-18.6%
Total liabilities & net assets	1,934.2	1,953.4	19.1	1.0%

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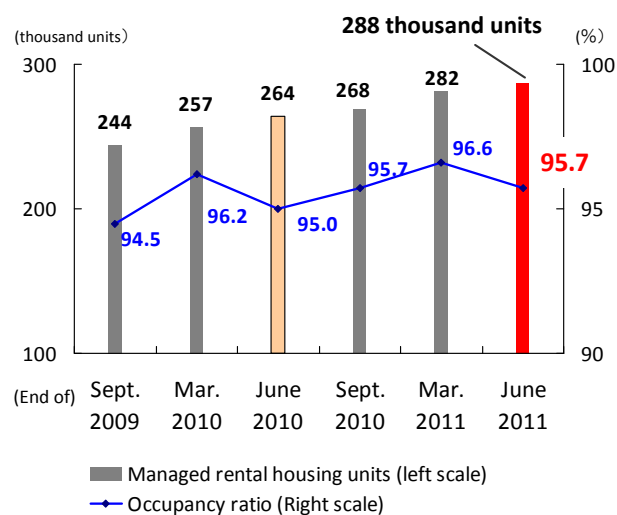
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【MEMO】

■ Interest-bearing liabilities

	(¥ bn)			
	Mar. 31, 2011	June 30, 2011	Change	
			Amounts	Ratio
Short-term loans payable	9.1	6.2	-2.8	-31.1%
Current portion of bonds	4.5	4.5	—	—
Current portion of long-term loans payable	25.1	24.8	-0.2	-1.0%
Commercial papers	—	15.0	15.0	—
Bonds payable	101.3	101.3	—	—
Long-term loans payable	255.4	247.7	-7.7	-3.0%
Total (excl. lease obligations)	395.5	399.6	4.1	1.0%
Debt-equity ratio	0.62	0.63	0.01pt	
Net debt-equity ratio	0.39	0.43	0.04pt	
Net asset ratio	32.8%	32.4%	-0.4pt	

✓ Managed rental housing units & occupancy ratio (Group total)



Note: Less than thousand units at this chart is rounded up.

5. Business Performance Forecasts for FY2011

Major Business Performance

(¥ billion)

	FY2011 (Forecasts)								
	Full Year			1st Half			2nd Half		
	Forecasts	Proportion	YOY	Forecasts	Proportion	YOY	Forecasts	Proportion	YOY
Net sales	1,750.0	100.0%	3.5%	870.0	100.0%	5.9%	880.0	100.0%	1.4%
Cost of sales	1,399.0	79.9%	3.4%	695.0	79.9%	6.9%	704.0	80.0%	0.2%
Gross profit	351.0	20.1%	4.1%	175.0	20.1%	2.0%	176.0	20.0%	6.2%
SG&A expenses	256.0	14.6%	2.6%	128.0	14.7%	2.6%	128.0	14.5%	2.6%
Operating income	95.0	5.4%	8.3%	47.0	5.4%	0.4%	48.0	5.5%	17.4%
Non-operating income	10.5	0.6%	-7.3%	5.3	0.6%	-21.0%	5.2	0.6%	12.5%
Non-operating expenses	12.5	0.7%	-37.4%	6.8	0.8%	13.3%	5.7	0.6%	-59.2%
Ordinary income	93.0	5.3%	17.6%	45.5	5.2%	-4.3%	47.5	5.4%	50.7%
Extraordinary income	0.7	0.0%	-80.6%	0.7	0.1%	17.4%	0.0	0.0%	—
Extraordinary losses	6.6	0.3%	-84.3%	2.5	0.3%	-60.4%	4.1	0.5%	-88.5%
Income before income taxes and minority interests	87.1	5.0%	113.9%	43.7	5.0%	4.5%	43.4	4.9%	—
Net income	47.0	2.7%	72.4%	22.0	2.5%	-23.9%	25.0	2.8%	—

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【MEMO】

■ (Reference) Sales forecasts in business performance for 1st half and 2nd half of FY2011 (released on June 10, 2011)

(¥ bn)

	FY2011 (Forecasts)									
	Full Year			1st Half			2nd Half			
	Forecasts	YOY		Forecasts	YOY		Forecasts	YOY		
Amounts		Ratio	Amounts		Ratio	Amounts		Ratio		
Sales	Single-Family Houses	322.8	0.3	0.1%	159.4	-2.1	-1.3%	163.4	2.4	1.5%
	Rental Housing	520.0	23.8	4.8%	265.0	21.1	8.7%	255.0	2.6	1.1%
	Condominiums	122.5	-18.4	-13.1%	42.6	-14.2	-25.0%	79.9	-4.2	-5.0%
	Existing Home Business	69.5	8.7	14.3%	34.3	5.7	20.3%	35.2	2.9	9.1%
	Commercial Facilities	289.0	14.9	5.4%	145.0	11.1	8.3%	144.0	3.7	2.7%
	Business & Corporate Facilities	218.0	23.6	12.2%	125.0	26.4	26.8%	93.0	-2.7	-2.9%
	Health & Leisure	50.5	-7.5	-13.0%	26.0	-4.2	-13.9%	24.5	-3.3	-12.0%
	Other Businesses	245.0	21.3	9.5%	115.0	5.9	5.5%	130.0	15.3	13.4%
	(Adjustment)	(87.3)	—	—	(42.3)	—	—	(45.0)	—	—
	Total	1,750.0	59.8	3.5%	870.0	48.0	5.9%	880.0	11.7	1.4%
Operating Income/Losses	Single-Family Houses	15.0	7.7	108.0%	7.0	-0.2	-3.5%	8.0	8.0	—
	Rental Housing	45.5	-1.4	-3.2%	24.5	0.4	1.8%	21.0	-1.9	-8.4%
	Condominiums	2.5	-2.8	-53.4%	-0.3	-0.0	—	2.8	-2.8	-50.2%
	Existing Home Business	5.8	1.5	36.9%	3.2	1.2	67.8%	2.6	0.2	11.6%
	Commercial Facilities	29.0	-4.5	-13.6%	14.0	-2.9	-17.6%	15.0	-1.5	-9.5%
	Business & Corporate Facilities	12.5	0.9	8.5%	9.0	0.7	8.7%	3.5	0.2	8.3%
	Health & Leisure	-2.0	-1.1	—	-1.1	-1.0	—	-0.9	-0.1	—
	Other Businesses	11.7	8.0	221.1%	3.2	2.0	187.0%	8.5	5.9	236.1%
	(Adjustment)	(25.0)	—	—	(12.5)	—	—	(12.5)	—	—
	Total	95.0	7.3	8.3%	47.0	0.1	0.4%	48.0	7.1	17.4%

Note: Sales and operating income by segment include intersegment transactions.

(Reference ①) Orders Received by Business Segment (Non-Consolidated)

(¥ billion)

		1Q FY2010		1Q FY2011				
		Units	Amounts	Units	Amounts	YOY		
						Amount	Ratio	
Orders received	Single-Family Houses	Custom-built houses	2,312	64.9	2,085	61.8	-3.1	-4.8%
		Houses (of housing subdivisions)	318	7.6	349	8.4	0.8	11.1%
		Land (including land for housing subdivisions)	—	11.4	—	13.0	1.6	14.1%
		Subtotal	2,630	83.9	2,434	83.3	-0.6	-0.8%
	Rental Housing	7,175	73.9	7,338	87.2	13.3	18.1%	
	Condominiums	661	22.8	594	20.8	-1.9	-8.6%	
	Existing Home Business	—	12.5	—	14.6	2.0	16.4%	
	Commercial Facilities	—	36.4	—	42.6	6.1	16.8%	
	Business & Corporate Facilities	—	34.1	—	45.9	11.8	34.6%	
	Resort Business	—	1.1	—	0.9	-0.2	-17.5%	
Other Businesses	—	1.1	—	2.0	0.9	80.7%		
	Total	10,466	266.2	10,366	297.7	31.4	11.8%	

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[MEMO]**■ Orders received forecasts for FY2011 (Non-consolidated; released on June 10, 2011)**

(¥ bn)

		FY2011 (Forecasts)				
		Units	Amounts	YOY		
				Amounts	Ratio	
Orders received	Single-Family Houses	Custom-built houses	8,350	240.8	-2.0	-0.8%
		Houses (of housing subdivisions)	1,350	32.0	-2.0	-6.1%
		Land (including land for housing subdivisions)	—	50.0	0.3	0.7%
		Subtotal	9,700	322.8	-3.7	-1.2%
	Rental Housing	24,950	282.0	-12.1	-4.1%	
	Condominiums	2,600	95.0	8.1	9.4%	
	Existing Home Business	—	61.2	7.3	13.7%	
	Commercial Facilities	—	162.2	8.4	5.5%	
	Business & Corporate Facilities	—	125.4	-1.2	-1.0%	
	Resort Business	—	3.4	-0.8	-19.7%	
Other Businesses	—	7.9	2.5	48.0%		
	Total	37,250	1,060.0	8.6	0.8%	

- Notes:
1. The presentation of the non-consolidated segments has been changed in accordance with the change in consolidated segments.
 2. In the Single-Family Houses segment, we engage in construction by order of "Custom-built houses," and package sales of new houses with land ("Housing subdivision").
 3. In the Rental Housing, Condominiums, Commercial Facilities, and Business & Corporate Facilities businesses, the figures in the charts include lands and buildings.
 4. The YOY figures are calculated on a value basis.

(Reference ②) Sales by Business Segment (Non-consolidated)

(¥ billion)

Sales		1Q FY2010			1Q FY2011						
		Units	Amounts	Gross profit ratio(%)	Units	Amounts	YOY		Gross profit ratio(%)		
							Amounts	Ratio	Change		
Sales	Single-Family Houses	Custom-built houses	1,385	48.1	22.8%	1,866	51.9	3.8	8.0%	24.3%	1.5pt
		Houses (of housing subdivisions)	271	6.4	20.7%	355	8.5	2.1	34.2%	22.6%	1.9pt
		Land (including land for housing subdivisions)	—	7.2	-8.3%	—	11.1	3.8	53.0%	3.1%	11.4pt
		Subtotal	1,656	61.7	18.9%	2,221	71.6	9.9	16.0%	20.8%	1.9pt
	Rental Housing	4,882	54.2	26.8%	5,782	67.1	12.9	23.8%	26.8%	-0.0pt	
	Condominiums	465	17.2	8.4%	158	6.5	-10.7	-62.2%	16.8%	8.4pt	
	Existing Home Business	—	12.2	33.4%	—	14.4	2.1	17.7%	32.8%	-0.6pt	
	Commercial Facilities	—	32.0	26.4%	—	35.7	3.7	11.8%	25.4%	-1.0pt	
	Business & Corporate Facilities	—	32.7	24.2%	—	39.7	7.0	21.5%	20.5%	-3.7pt	
	Resort Business	—	1.1	25.5%	—	0.9	-0.2	-17.5%	20.2%	-5.3pt	
Other Businesses	—	1.0	21.0%	—	1.7	0.7	71.2%	19.7%	-1.3pt		
	Total	7,003	212.4	22.9%	8,161	238.0	25.6	12.1%	23.8%	0.8pt	

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【MEMO】

■ Sales forecasts for FY2011 (Non-consolidated; released on June 10, 2011)

(¥ bn)

Sales		FY2011 (Forecasts)						
		Units	Amounts	YOY		Gross profit ratio(%)		
				Amounts	Ratio	YOY Change		
Sales	Single-Family Houses	Custom-built houses	8,620	244.6	0.2	0.1%	24.2%	-0.4pt
		Houses (of housing subdivisions)	1,380	32.5	-0.3	-1.2%	22.5%	-0.2pt
		Land (including land for housing subdivisions)	—	45.7	0.2	0.6%	0.0%	19.9pt
		Subtotal	10,000	322.8	0.1	0.0%	20.6%	2.5pt
	Rental Housing	26,950	292.0	4.3	1.5%	24.7%	-1.1pt	
	Condominiums	2,300	78.5	-20.1	-20.4%	13.4%	-1.1pt	
	Existing Home Business	—	58.7	7.2	14.1%	32.3%	-1.0pt	
	Commercial Facilities	—	157.7	3.3	2.2%	23.2%	-2.0pt	
	Business & Corporate Facilities	—	144.4	10.2	7.6%	14.7%	-0.5pt	
	Resort Business	—	3.4	-0.8	-19.7%	5.9%	-14.6pt	
Other Businesses	—	6.4	1.5	30.5%	20.9%	10.7pt		
	Total	39,250	1,064.0	5.8	0.6%	21.4%	0.1pt	

- Notes:
1. The presentation of the non-consolidated segments has been changed in accordance with the change in consolidated segments.
 2. In the Single-Family Houses segment, we engage in construction by order of "Custom-built houses," and package sales of new houses with land ("Housing subdivision").
 3. In the Rental Housing, Condominiums, Commercial Facilities, and Business & Corporate Facilities businesses, the figures in the charts include lands and buildings.
 4. The YOY figures are calculated on a value basis.