



**Summary of Financial Results (Unaudited)**  
**for the First Six Months of the Fiscal Year Ending March 31, 2012 [Consolidated]**  
**(From April 1, 2011 to September 30, 2011)**  
**[Japanese GAPP]**

November 8, 2011

Name of Listed Company: Daiwa House Industry Co., Ltd.  
 Code No.: 1925  
 URL: <http://www.daiwahouse.co.jp/>  
 Listed Exchanges: First section of the Tokyo Stock Exchange;  
 First section of the Osaka Securities Exchange  
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Scheduled Date of Filing Quarterly Report: November 11, 2011  
 Supplemental documents for the financial results provided: Yes  
 Results briefing for the period under review provided: Yes (for institutional investors and securities analysts)

(Amounts below one million yen are omitted)

**1. Consolidated Results of Operation for the Six Months Ended September 30, 2011 (From April 1, 2011 to September 30, 2011)**

**(1) Consolidated Business Results**

(% figures represent year-on-year change)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended: September 30, 2011	898,724	9.3	62,766	34.0	62,714	31.9	32,415	12.1
September 30, 2010	821,901	2.2	46,826	20.8	47,532	22.8	28,910	35.4

Note: Comprehensive income

Six months ended September 30, 2011: 27,545 million yen (0.4%); Six months ended September 30, 2010: 27,428 million yen (-%)

	Basic net income per share		Diluted net income per share	
	Yen	Yen	Yen	Yen
Six months ended: September 30, 2011	56.00	—	—	—
September 30, 2010	49.93	—	—	—

**(2) Consolidated Financial Conditions**

	Total assets	Net assets	Net assets ratio
	Millions of yen	Millions of yen	%
As of: September 30, 2011	1,998,184	650,893	32.5
March 31, 2011	1,934,236	635,186	32.8

Reference: Net assets ratio = (Net assets – Minority interests)/Total assets×100

(Net assets – Minority interests) is as follows.

September 30, 2011: 650,121 million yen; March 31, 2011: 634,151 million yen

**2. Dividends**

	Dividend per share					
	(Record date)	End of 1 <sup>st</sup> quarter (June 30)	End of 2 <sup>nd</sup> quarter (Sept. 30)	End of 3 <sup>rd</sup> quarter (Dec. 31)	Fiscal year-end (March 31)	Annual
		Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2011	—	—	0.00	—	20.00	20.00
Fiscal year ending March 31, 2012	—	—	0.00	—	—	—
Fiscal year ending March 31, 2012 (forecasts)	—	—	—	—	25.00	25.00

Notes: 1. Revision made to the dividend forecast announced on June 10, 2011: None

2. Cash dividends for the fiscal year ended March 31, 2011 comprise:

¥17.00 per share as an ordinary dividend, and ¥3.00 per share as a commemorative dividend, marking its 55th year in business.

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

(% 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, 2012	1,800,000	6.5	110,000	25.4	99,000	25.2	47,500	74.2	82.07

Note: Revision made to business forecasts announced on June 10, 2011: Yes

### 4. Others

- (1) **Changes in Significant Subsidiaries during the period under review (This refers to changes in specified subsidiaries associated with changes in the scope of consolidation.): None**
- (2) **Application of Accounting Methods Unique to the Preparation of the Consolidated Financial Statements: None**
- (3) **Changes of Accounting Policies Applied, Changes in Accounting Estimates and Retrospective Restatement**
  - 1) **Changes of accounting policies applied due to amendment of accounting standards: None**
  - 2) **Changes of accounting policies due to reasons other than 1): None**
  - 3) **Changes in accounting estimates: None**
  - 4) **Retrospective restatement: None**
- (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, 2011	599,921,851 shares	As of March 31, 2011	599,921,851 shares
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#### 2) Number of treasury stock at the end of the period

As of September 30, 2011	21,123,805 shares	As of March 31, 2011	21,115,009 shares
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#### 3) Average number of shares during the period (for the six months under review)

Six months ended September 30, 2011	578,802,547 shares	Six months ended September 30, 2010	579,081,779 shares
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#### \* Presentation of implementing the review procedures

As of the time when the financial results under review are disclosed, the Group had not completed the reviewing (checking) procedures for the consolidated financial statements under review as laid down by the Financial Instruments and Exchange Law.

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

##### (Notes regarding forward-looking statements)

Consolidated business forecasts are based on assumptions in light of the information available as of the date of announcement of this material and the factors of uncertainty that may possibly impact the future results of operation. Actual results may differ significantly from those presented herein as a consequence of numerous factors such as the financial market, economic conditions, competitor situations and fluctuations in land prices. Please refer to the section of "Qualitative Information Regarding Consolidated Business Forecasts" of "the Attached Material" on page 5 for the suppositions that form the assumptions for business forecasts.

##### (Obtaining supplementary explanatory materials)

The Company plans to hold a briefing for analysts and institutional investors on November 8, 2011. Relevant financial statements to be handed out at the briefing will be posted on our official website at the same time.

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## **1. Qualitative Information Regarding Consolidated Results for the First Six Months under Review**

### **(1) Qualitative Information Regarding Consolidated Business Results**

Japanese economic conditions remained uncertain during the first six months of fiscal 2011 (the year ending March 31, 2012). This was primarily due to the global economic slowdown stemming from the instability of the Euro, the continuing downside economic risk of the Yen's long-term appreciation, fears of worsening employment conditions, and other factors, despite the fact that disruption to the supply network caused by the Great East Japan Earthquake is receding and business production and exports are on a gradual recovery trend.

In the Housing industry, sales were solid thanks to the success of government measures to encourage home buying, which led to a 20% year-on-year increase in new housing starts in July.

Against this backdrop, in fiscal 2011, the Daiwa House Group worked to improve business performance in all business segments by practicing a form of management that emphasizes building close ties linking communities with companies and people with people. The Group's principal management policies for the current fiscal year are: contributing to reconstruction efforts after the Great East Japan Earthquake, expanding market share through marketing tailored to local needs, accelerating business development overseas, promoting productivity reform, and developing a personnel development system.

Particularly with regard to contributing to reconstruction efforts after the Great East Japan Earthquake, we have placed top priority on quickly providing temporary housing to disaster victims and building temporary commercial facilities. As for our policy of expanding market share through marketing tailored to local needs, we have developed products that meet customer needs, while in our Single-Family Houses Business we decided to market "SMA×Eco Original" smart houses fitted with photovoltaic power generation systems, home energy management systems (HEMS), and lithium ion storage batteries for residential use.

Moreover, with a view to accelerating business development overseas, we established Daiwa House (Changzhou) Real Estate Development Co., Ltd. in China and decided to develop condominiums and commercial facilities. Further, we established two companies in the United States – Daiwa House USA Inc. and Daiwa House California – while in Australia we set up Daiwa House Australia Pty. Ltd. These moves were aimed at laying the foundation for the future development of our overseas business.

In CSR activities, we have focused on assistance programs to contribute to society through our business activities, chiefly in the areas hit by the earthquake and tsunami. Specifically, we helped to install "greenery curtains" (which are effective in cooling down rooms by blocking the sun's rays and cutting down on electricity consumption) at temporary housing units, donated eco-friendly LED street lamps, and lent free of charge the emotionally comforting therapeutic robot PARO to homes for the elderly.

In addition, we have disclosed corporate information globally by publishing English and Chinese editions of our existing Japanese "CSR Report 2011," which summarizes the Daiwa House Group's business activities.

As a result, for the first six months under review, on a consolidated basis, we recorded net sales of 898,724 million yen (up 9.3% year on year). Ordinary income came to 62,714 million yen (up 31.9%), while net income was 32,415 million yen (up 12.1%).

### **(2) Qualitative Information Regarding Consolidated Financial Condition**

Total assets as of September 30, 2011 increased by 63,948 million yen from the 1,934,236 million yen recorded as of March 31, 2011, to 1,998,184 million yen. This was mainly attributable to increases in cash and deposits due to the collection of accounts receivable and the purchase of real estate for sale, primarily in the Condominiums Business.

Total liabilities as of September 30, 2011 increased by 48,241 million yen from the 1,299,049 million yen recorded as of March 31, 2011, to 1,347,291 million yen. This was mainly attributable to an increase in income taxes payable due to improved business performance, and in accounts payable, despite a reduction of such interest-bearing debt as loans and bonds payable.

Net assets as of September 30, 2011 increased by 15,706 million yen from the 635,186 million yen recorded as of March 31, 2011, to 650,893 million yen. This result principally reflected the posting of net income in the amount of 32,415 million yen for the six months under review, despite the payment of shareholders' dividends in the previous fiscal year.

### (3) Qualitative Information Regarding Consolidated Business Forecasts

The consolidated business forecast for net sales and operating income for the fiscal year ending March 31, 2012, has been revised following strong first-half results in the Single-Family Houses Business. This was mainly due to a boost from government measures to support home buyers such as reduced taxation rates on housing loans and the housing eco-point system.

Turning to ordinary income, Daiwa House and some of its consolidated domestic subsidiaries participate in the corporate pension fund system. Our consolidated forecasts have factored in 10.3 billion yen in amortization of actuarial loss on employee retirement benefits, as non-operating expenses. The sum comprises 5.6 billion yen in actuarial difference following a partial review of estimates of actuarial assumptions, and 4.7 billion yen in actuarial difference resulting from recently underperforming pension fund investment yields, due to declining stock prices amid global financial market turmoil. The amount of actuarial differences resulting from the investment of pension assets could fluctuate in the future because the amount is determined based on the end-of-period investment yields of those assets. Moreover, the forecasts do not include actuarial differences arising from a change in discount rates in cases where the market interest rate diverges substantially from the discount rate used to calculate retirement benefit liabilities. In the future, financial market trends could have a material impact on the Group's business performance and financial standing.

As a result of the aforementioned factors, we are revising our full-year net income forecast for the fiscal year ending March 31, 2012, due to the recording of an extraordinary loss of 4.7 billion yen.

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

	Net sales	Operating income	Ordinary income	Net income	Net income per share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Previous forecasts (A)	1,750,000	95,000	93,000	47,000	81.20
Revised forecasts (B)	1,800,000	110,000	99,000	47,500	82.07
Change (B – A)	50,000	15,000	6,000	500	–
Rate of change (%)	2.9	15.8	6.5	1.1	–
(Ref.) Previous year results (FY ended March 31, 2011)	1,690,151	87,697	79,049	27,267	47.09

## 2. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2011	As of September 30, 2011
<b>Assets</b>		
Current assets		
Cash and deposits	149,379	176,241
Notes receivable, accounts receivable from completed construction contracts and other	95,686	87,893
Short-term investment securities	6	6
Costs on uncompleted construction contracts	15,307	16,335
Real estate for sale	231,716	246,760
Real estate for sale in process	31,821	45,916
Land for development	2,237	1,378
Merchandise and finished goods	10,321	10,980
Work in process	4,822	6,550
Raw materials and supplies	5,760	5,543
Other	135,580	140,751
Allowance for doubtful accounts	(1,379)	(1,352)
<b>Total current assets</b>	<b>681,261</b>	<b>737,005</b>
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	605,561	620,298
Accumulated depreciation	(277,752)	(287,452)
Buildings and structures, net	327,808	332,846
Land	387,343	379,629
Other	138,182	146,337
Accumulated depreciation	(93,210)	(97,032)
Other, net	44,971	49,304
<b>Total property, plant and equipment</b>	<b>760,123</b>	<b>761,780</b>
Intangible assets	21,491	23,800
Investments and other assets		
Investment securities	117,718	120,966
Lease and guarantee deposits	189,607	187,798
Other	176,527	179,164
Allowance for doubtful accounts	(8,821)	(8,659)
Allowance for investment loss	(3,672)	(3,672)
<b>Total investments and other assets</b>	<b>471,360</b>	<b>475,597</b>
<b>Total noncurrent assets</b>	<b>1,252,975</b>	<b>1,261,179</b>
<b>Total assets</b>	<b>1,934,236</b>	<b>1,998,184</b>

(Millions of yen)

	As of March 31, 2011	As of September 30, 2011
<b>Liabilities</b>		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	129,462	140,666
Short-term loans payable	9,136	5,500
Current portion of bonds payable	4,500	—
Current portion of long-term loans payable	25,122	19,140
Income taxes payable	6,675	28,134
Advances received on uncompleted construction contracts	32,090	42,342
Provision for bonuses	22,164	26,220
Provision for warranties for completed construction	6,304	6,263
Asset retirement obligations	1,780	1,781
Other	152,470	150,538
<b>Total current liabilities</b>	<b>389,705</b>	<b>420,588</b>
Noncurrent liabilities		
Bonds payable	101,300	101,800
Long-term loans payable	255,498	261,785
Long-term lease and guarantee deposited	226,315	227,560
Provision for retirement benefits	175,532	179,217
Asset retirement obligations	21,672	22,242
Other	129,024	134,097
<b>Total noncurrent liabilities</b>	<b>909,343</b>	<b>926,703</b>
<b>Total liabilities</b>	<b>1,299,049</b>	<b>1,347,291</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	110,120	110,120
Capital surplus	226,824	226,824
Retained earnings	362,281	382,848
Treasury stock	(19,874)	(19,875)
<b>Total shareholders' equity</b>	<b>679,351</b>	<b>699,917</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,582	3,978
Revaluation reserve for land	(47,314)	(47,050)
Foreign currency translation adjustment	(5,467)	(6,724)
<b>Total accumulated other comprehensive income</b>	<b>(45,200)</b>	<b>(49,796)</b>
Minority interests	1,035	771
<b>Total net assets</b>	<b>635,186</b>	<b>650,893</b>
<b>Total liabilities and net assets</b>	<b>1,934,236</b>	<b>1,998,184</b>

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

**(Consolidated Statements of Income)**

	(Millions of yen)	
	Six months ended September 30, 2010 (From April 1, 2010 to September 30, 2010)	Six months ended September 30, 2011 (From April 1, 2011 to September 30, 2011)
Net sales	821,901	898,724
Cost of sales	650,372	704,641
Gross profit	171,528	194,083
Selling, general and administrative expenses	124,702	131,316
Operating income	46,826	62,766
Non-operating income		
Interest income	1,021	1,453
Dividend income	1,183	994
Equity in earnings of affiliates	348	—
Miscellaneous income	3,565	3,354
Total non-operating income	6,119	5,802
Non-operating expenses		
Interest expenses	3,841	3,244
Equity in losses of affiliates	—	960
Miscellaneous expenses	1,571	1,649
Total non-operating expenses	5,413	5,854
Ordinary income	47,532	62,714
Extraordinary income		
Gain on sales of noncurrent assets	57	52
Gain on sales of investment securities	259	612
Gain on transfer of business	280	—
Total extraordinary income	596	664
Extraordinary losses		
Loss on sales of noncurrent assets	1,439	181
Loss on retirement of noncurrent assets	226	414
Impairment loss	810	2,451
Loss on valuation of investment securities	986	455
Loss on sales of investment securities	—	1,282
Loss on adjustment for changes of accounting standard for asset retirement obligations	2,804	—
Other	52	—
Total extraordinary losses	6,319	4,784
Income before income taxes and minority interests	41,808	58,594
Income taxes - current	11,235	26,762
Income taxes - deferred	1,664	(572)
Total income taxes	12,899	26,189
Income before minority interests	28,908	32,405
Minority interests in income (loss)	(2)	(10)
Net income	28,910	32,415



**(Consolidated Statements of Comprehensive Income)**

	(Millions of yen)	
	Six months ended September 30, 2010 (From April 1, 2010 to September 30, 2010)	Six months ended September 30, 2011 (From April 1, 2011 to September 30, 2011)
Income before minority interests	28,908	32,405
Other comprehensive income		
Valuation difference on available-for-sale securities	(414)	(3,420)
Foreign currency translation adjustment	(277)	22
Share of other comprehensive income of associates accounted for using equity method	(787)	(1,462)
Total other comprehensive income	(1,479)	(4,860)
Comprehensive income	27,428	27,545
(Comprehensive income attributable to)		
Comprehensive income attributable to shareholders of the parent	27,431	27,555
Comprehensive income attributable to minority interests	(2)	(9)

**(3) Notes on Premise of Going Concern**

No items to report.

**(4) Notes on Significant Changes in the Amount of Shareholders' Equity**

No items to report.

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**Disclaimer:**

This English translation has been prepared for general reference purposes only. The Company shall not be responsible for any consequence resulting from the use of the English translation in place of the original Japanese text. In any legal matter, readers should refer to and rely upon the original Japanese text released on November 8, 2011.