Summary of Financial Results for the Fiscal Year Ended March 31, 2013 [Consolidated]
(From April 1, 2012 to March 31, 2013)
[Japanese GAAP]

May 10, 2013

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
Representative:	Naotake Ono, President and COO
Contact:	Koichi Tsuchida, General Manager, IR Department, Management Administration Headquarters Phone No.: 06-6342-1400 E-mail to: dh.ir.communications@daiwahouse.jp

Scheduled Date of Ordinary General Meeting of Shareholders:	June 27, 2013
Scheduled Date of Commencement of Dividend Payment:	June 28, 2013
Scheduled Date of Filing Securities Report:	June 27, 2013
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 Fiscal Year Ended March 31, 2013 (From April 1, 2012 to March 31, 2013)

(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	%
Fiscal year ended March 31, 2013	2,007,989	8.6	128,024	11.4	145,395	34.0	66,274	99.6
Fiscal year ended March 31, 2012	1,848,797	9.4	114,955	31.1	108,506	37.3	33,200	21.8

Note: Comprehensive income
Fiscal year ended March 31, 2013: 90,929 million yen (162.9%); Fiscal year ended March 31, 2012: 34,592 million yen (25.7%)

	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, 2013	114.52	—	9.5	6.5	6.4
Fiscal year ended March 31, 2012	57.36	—	5.1	5.4	6.2

(Reference) Equity in earnings of affiliates
Fiscal year ended March 31, 2013: 500 million yen; Fiscal year ended March 31, 2012: (1,431) million yen

(2) Consolidated Financial Conditions

	Total assets	Net assets	Net assets ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2013	2,371,238	734,883	30.9	1,267.77
March 31, 2012	2,086,097	657,891	31.5	1,135.46

(Reference) Net assets ratio = (Net assets – Minority interests)/Total assets
(Net assets – Minority interests) is as follows. March 31, 2013: 733,623 million yen; March 31, 2012: 657,111 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, 2013	164,247	(140,736)	(28,633)	245,037
Fiscal year ended March 31, 2012	248,771	(117,226)	(28,766)	248,712

2. Dividends

(Record date)	Dividend per share					Total dividends (annual)	Dividend payout ratio (consolidated)	Dividends to net assets ratio (consolidated)
	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	Millions of yen	%	%
Fiscal year ended March 31, 2012	—	0.00	—	25.00	25.00	14,467	43.6	2.2
Fiscal year ended March 31, 2013	—	0.00	—	35.00	35.00	20,253	30.6	2.9
Fiscal year ending March 31, 2014 (forecasts)	—	19.00	—	19.00	38.00		30.1	

3. Consolidated Business Forecasts for the Fiscal Year Ending March 31, 2014 (From April 1, 2013 to March 31, 2014)

(% 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, 2014	2,400,000	19.5	140,000	9.4	135,000	(7.2)	73,000	10.1	126.15

Notes:

(1) Changes in Significant Subsidiaries during the Fiscal Year (Changes in specified subsidiaries associated with changes in the scope of consolidation): Yes

Addition: 1

Company name: Fujita Corporation

Note: For details, please refer to "(5) Notes to Consolidated Financial Statements (Business Combination)" in "3. Consolidated Financial Statements" of "the Attached Material" on page 24.

(2) Changes of Accounting Policies Applied, Changes in Accounting Estimates and Retrospective Restatement

1) Changes of accounting policies applied due to amendment of accounting standards: Yes

2) Changes of accounting policies due to reasons other than 1): None

3) Changes in accounting estimates: Yes

4) Retrospective restatement: None

Note: This applies to Regulations Concerning Terminology, Forms, and Preparation Methods of Consolidated Financial Statements' Article 14, paragraph 7, "If it is difficult to distinguish changes in accounting policies from changes in accounting estimates." For details, please refer to "(5) Notes to Consolidated Financial Statements (Difficult to Distinguish Changes in Accounting Policies from Changes in Accounting Estimates) " in "3. Consolidated Financial Statements" of "the Attachment Material" on page 24.

(3) Number of Issued and Outstanding Shares (Common Stock)

1) Number of shares at the end of the period (including treasury stock)

As of March 31, 2013	599,921,851 shares	As of March 31, 2012	599,921,851 shares

2) Number of treasury stock at the end of the period

As of March 31, 2013	21,248,944 shares	As of March 31, 2012	21,206,006 shares

3) Average number of shares during the period

Fiscal year ended March 31, 2013	578,694,864 shares	Fiscal year ended March 31, 2012	578,781,747 shares

Note: For the number of shares used as the basis of calculating basic net income per share (consolidated), please refer to "(5) Notes to Consolidated Financial Statements (Per Share Information)" in "3. Consolidated Financial Statements" of "the Attached Material" on page 29.

(Reference) Summary of Non-Consolidated Results of Operation

Non-Consolidated Results of Operation for the Fiscal Year Ended March 31, 2013 (From April 1, 2012 to March 31, 2013)

(1) Non-Consolidated Business Results

(% figures represent year-on-year changes)

	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, 2013	1,238,811	10.9	80,273	23.8	102,921	58.1	48,951	170.8
Fiscal year ended March 31, 2012	1,116,665	5.5	64,840	10.9	65,081	12.6	18,077	42.2

	Basic net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended March 31, 2013	84.59	—
Fiscal year ended March 31, 2012	31.23	—

(2) Non-Consolidated Financial Conditions

	Total assets	Net assets	Net assets ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2013	1,634,124	609,016	37.3	1,052.44
March 31, 2012	1,524,407	558,358	36.6	964.82

(Reference) Net assets: March 31, 2013: 609,016 million yen; March 31, 2012: 558,358 million yen

<Reason for difference from previous fiscal year's non-consolidated results figure>
The main reason for the difference is due to retirement benefit accounting. While an extraordinary loss was incurred as a result of a change in the discount rate, there was a difference from the previous fiscal year's figure because the return on pension plan assets exceeded that of the previous fiscal year, increasing the actuarial difference, and ordinary income and net income increased due to extraordinary income resulting from a decrease in past service costs following the extension of the retirement age to 65.

*** Status of auditing procedures**

As of the time when the financial results for the period under review are disclosed, the Group had not completed auditing procedures for the consolidated financial statements 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. These statements do not mean that the Company pledges to realize such statements. Actual results may differ significantly from those presented herein as a consequence of numerous factors such as financial markets, economic conditions, competitor situations and fluctuations in land prices.

Please refer to the section of "(1) Analysis on Business Results" in "1. Analysis on Business Results and Financial Conditions" of "the Attached Material" on page 7 for the suppositions that form the assumptions for business forecasts.

(Obtaining supplementary explanatory materials)

The Company plans to hold a briefing for institutional investors and securities analysts on May 10, 2013. Relevant financial statements to be handed out at the briefing will be posted on the Company's official website at the same time.

Contents of the Attached Material

<Reference Material> Key Performance Indicators

1. Performance Indicators

Fiscal years	Fiscal year ended March 31, 2010	Fiscal year ended March 31, 2011	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2013	Forecast for the fiscal year ending March 31, 2014
Net sales (millions of yen)	1,609,883	1,690,151	1,848,797	2,007,989	2,400,000
Cost of sales (millions of yen)	1,303,881	1,352,937	1,468,844	1,592,218	1,935,200
Selling, general and administrative expenses (millions of yen)	243,288	249,516	264,996	287,746	324,800
Operating income (millions of yen)	62,714	87,697	114,955	128,024	140,000
Ordinary income (millions of yen)	60,036	79,049	108,506	145,395	135,000
Net income (millions of yen)	19,113	27,267	33,200	66,274	73,000
Basic net income per share (yen)	33.00	47.09	57.36	114.52	126.15
Return on equity (ROE) (%)	3.1	4.4	5.1	9.5	—
Ordinary income to total assets ratio (%)	3.2	4.1	5.4	6.5	—
Dividend per share (yen) (of which interim dividend per share)	17 (—)	20 (—)	25 (—)	35 (—)	38 (19)
Total annual dividends (millions of yen)	9,844	11,576	14,467	20,253	—
Dividend payout ratio (%)	51.5	42.5	43.6	30.6	30.1
Dividends to net assets ratio (%)	1.6	1.9	2.2	2.9	—
Total assets (millions of yen)	1,916,927	1,934,236	2,086,097	2,371,238	—
Net assets (millions of yen)	617,769	635,186	657,891	734,883	—
Net assets ratio (%)	32.2	32.8	31.5	30.9	—
Net assets per share (yen)	1,065.15	1,095.62	1,135.46	1,267.77	—
Depreciation (millions of yen)	43,917	44,613	43,790	45,836	48,000
Net increase in property, plant and equipment and intangible assets (millions of yen)	99,786	93,874	103,604	121,383	140,000
Cash flows from operating activities (millions of yen)	133,314	127,957	248,771	164,247	—
Cash flows from investing activities (millions of yen)	(138,237)	(83,594)	(117,226)	(140,736)	—
Cash flows from financing activities (millions of yen)	79,269	(77,834)	(28,766)	(28,633)	—
Cash and cash equivalents, end of year (millions of yen)	179,743	146,243	248,712	245,037	—

2. Sales and Operating Income by Segment

(Millions of yen)

Fiscal years		Fiscal year ended March 31, 2010	Fiscal year ended March 31, 2011	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2013	Forecast for the fiscal year ending March 31, 2014
Net sales		1,609,883	1,690,151	1,848,797	2,007,989	2,400,000
Sales by segment	Residential Business	941,528	—	—	—	—
	Commercial Construction Business	480,520	—	—	—	—
	Resort Hotels and Sports Life Business	56,079	—	—	—	—
	Home Center Business	61,211	—	—	—	—
	Other Businesses	137,997	—	—	—	—
	Eliminations/Corporate	(67,452)	—	—	—	—
Sales by new segment*	Single-Family Houses	325,908	322,479	336,364	351,157	361,500
	Rental Housing	449,006	496,158	526,755	592,568	644,000
	Condominiums	119,308	140,933	128,872	156,795	164,000
	Existing Home Business	46,974	60,781	68,140	76,473	85,500
	Commercial Facilities	285,679	274,066	306,934	347,234	370,000
	Logistics, Business & Corporate Facilities	196,270	194,306	257,000	251,463	518,000
	Health & Leisure	57,131	58,048	58,636	61,430	66,000
	Other Businesses	210,901	223,664	255,682	275,159	302,500
	Adjustments	(81,297)	(80,288)	(89,588)	(104,293)	(111,500)
Operating income		62,714	87,697	114,955	128,024	140,000
Operating income by segment	Residential Business	29,110	—	—	—	—
	Commercial Construction Business	55,291	—	—	—	—
	Resort Hotels and Sports Life Business	(531)	—	—	—	—
	Home Center Business	780	—	—	—	—
	Other Businesses	(262)	—	—	—	—
	Eliminations/Corporate	(21,674)	—	—	—	—
Operating income by new segment*	Single-Family Houses	6,204	7,210	11,010	12,587	13,000
	Rental Housing	38,655	46,999	52,997	52,278	57,000
	Condominiums	(18,323)	5,370	3,770	9,968	7,000
	Existing Home Business	1,739	4,237	4,536	6,134	7,000
	Commercial Facilities	34,431	33,564	33,163	45,946	50,000
	Logistics, Business & Corporate Facilities	21,768	11,516	25,895	20,689	21,500
	Health & Leisure	(505)	(828)	61	(220)	1,000
	Other Businesses	1,039	3,644	8,176	9,823	13,000
	Adjustments	(22,295)	(24,016)	(24,655)	(29,182)	(29,500)

Note: New segments* are based on a management approach in accordance with the “Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Statement No. 17, issued on March 27, 2009), and “Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Guidance No. 20, issued on March 21, 2008.)

1. Analysis on Business Results and Financial Conditions

(1) Analysis on Business Results

(Business results for the reporting fiscal year)

During fiscal 2012 (the year ended March 31, 2013), the Japanese economy continued to face harsh conditions due to the global economic downturn and other factors, even though domestic demand for reconstruction and recovery in the aftermath of the Great East Japan earthquake boosted the economy. Since the new prime minister took office, signs of recovery have emerged with an improved export environment on the back of a depreciating yen, the government's economic stimulus measures, and the effectiveness of monetary policies.

In the housing industry, although the housing eco-point system has been discontinued, as part of the housing acquisition support initiative, the government continued to offer mortgage loan tax breaks and expanded the scope of gift tax exemptions to encourage the buying of energy-saving and earthquake-resistant housing. As a result, new housing starts for the seven-month period from September 2012 through March 2013 continued to show a modest recovery, outpacing the year-earlier period.

Amid these economic conditions, the Daiwa House Group drew up its 3rd Medium-Term Management Plan, beginning in fiscal 2011, under the name "3 Gs for New Growth." The three Gs in this name come from the initial letters of "Group" (sustained growth), "Great" (groundwork for growth), and "Global" (pathway to growth), and reflect the Group's basic policies. Under this plan, we are creating new business portfolios to realize the plan's central theme of "New Growth."

In the reporting fiscal year, we have focused on stronger business growth based on the four key concepts of "community-based," "the environment," "aging population," and "Group strength." In our efforts to deal with "the environment," we started a large-scale solar power generation business at the Hibiki International Logistics Center in Fukuoka (owned by Daiwa House) in February 2013. In December 2012, we began construction of a mega solar project on the site of our former Sapporo Factory (located in Hokkaido and owned by Daiwa House). In our efforts to deal with an "aging population," in June 2012, the Group acquired all shares in Toden Life Support Co., Ltd., which operates three private nursing homes with assisted living services in the Tokyo metropolitan area. After the acquisition, the company's name was changed to Daiwa House Life Support Co., Ltd. and made a consolidated subsidiary. In December 2012, Jukeikai Co., Ltd. opened Neo Summit Chigasaki (Kanagawa), a private nursing home for the aged that is concerned with the environment, disaster prevention, and health. As for our efforts in the area of "Group Strength," Daiwa House REIT Investment Corporation listed on the Tokyo Stock Exchange Real Estate Investment Trust (REIT) Index in November 2012. In March 2013, Daiwa House Residential Investment Corporation decided to issue and sell new investment units.

Regarding overseas business expansion, in November 2012, Daiwa Living Co., Ltd. established KD Living, Inc. in South Korea in a joint venture with kt estate, Inc. In January 2013, Daiwa House acquired all shares in Fujita Corporation and made it a subsidiary. In February 2013, Daiwa LifeNext Co., Ltd. established a joint venture, Daiwa LifeNext Korea Co., Ltd. in South Korea, thereby developing its overseas business foundation.

As a result of the above, the Daiwa House Group posted consolidated net sales in the reporting fiscal year of 2,007,989 million yen, up 8.6% year-on-year. Operating income was 128,024 million yen, up 11.4% year-on-year. Ordinary income was 145,395 million yen, up 34.0% year-on-year. Net income amounted to 66,274 million yen, up 99.6% year-on-year.

Results by business segment are as follows.

Single-Family Houses Business

In the Single-Family Houses Business, our D-HEMS systems (Home Energy Management System) incorporated in SMAxEco ORIGINAL[*1] smart houses launched in October 2011 were designated to receive government subsidies for equipment used in projects to promote the introduction of building and energy management systems (BEMS) in fiscal 2011. Both D-HEMS systems and lithium-iron storage batteries received government subsidies, and Daiwa House increased sales of xevo homes. In July 2012, the proposal for Harumidai Eco-Model Town Project (Osaka), the first Daiwa House smart communities project, was adopted by the "The Model Projects for Promoting CO_2 Reduction in Housing and Building (fiscal 2012)" for new housing and building businesses (Single-Family Houses Category) proposed by the Ministry of Land, Infrastructure, Transport and Tourism. Daiwa House is intensifying its efforts to roll out its own smart communities and its “Luminous Solar Panel Hikarigaoka Eco-Town Project” (Kanagawa) was selected for priority negotiation in September 2012.

In February 2013, Daiwa House initiated a proposal for HAPPY HUG III[*2], its third proposal for a home targeted at child-rearing families. In March 2013, we improved housing model appeal by launching xevo GranWood, a wooden house built with the first totally new construction method[*3] in 10 years.

As a result, sales of this segment amounted to 351,157 million yen, up 4.4% year-on-year, and operating income was 12,587 million yen, up 14.3% year-on-year.

*1. A smart house fitted with home-use lithium-ion storage batteries (2.5kWh), solar power generation, and D-HEMS.

*2. A proposal for a home targeted at child-rearing families that includes an open kitchen with a wide-sweeping view, movable partitions that enable the room layout to be freely changed as the children grow, and other features.

*3. The “GranWood Construction Method.” A construction method that uses “all-barrier insulation," which thermally seals and insulates the entire home. This is a 100% domestically produced specification that enables the wooden frame structure to be built with 100% domestically produced lumber, and provides a "seamless structure” that takes into account building strength and insulation.

Rental Housing Business

In the Rental Housing Business, Daiwa House proposed a housing model that meets the diverse needs of landowners and tenants and can accommodate a wide variety of lifestyles. To give customers a better understanding of our rental housing, in August 2012, we opened the D-room Plaza Hall facility at the Central Research Laboratory in Nara City that allows customers to actually see and experience the functionality that landowners value most in the building of rental housing.

In October 2012, Daiwa House began using SILENT HYBRID SLAB 50, a newly developed sound insulating floor specification that achieves sound insulation equivalent to LH-50[*1] and LL-40[*2], an industry first[*3] for rental housing made of light-gauge steel, and reduces audible sound by about one-third (compared to our existing products).

In addition to the SÉJOUR WIT-KJ and SÉJOUR OTT’s-KJ, multi-storied rental town house that is the first in the industry[*3] to use exterior stairways, we also launched URBANWELL DIZZO-HV, three-story rental housing for dual use as a shop, which incorporates a hybrid structure that combines heavy steel moment frames and light-weight reinforced steel panels. By enhancing our rental housing lineup with these new models, orders remained strong.

In January 2013, Daiwa Living Management Co., Ltd. expanded its operations by establishing D.U-NET CO., LTD., a joint venture business with U-NEXT Co., Ltd., a major broadband and communications company, and started an internet service provider business.

As a result, sales of this segment amounted to 592,568 million yen, up 12.5 % year-on-year, and operating income was 52,278 million yen, down 1.4% year-on-year.

*1. Level, Heavy-Weight (heavy-weight floor impact sound level), interrupting performance for heavy-weight floor impact sound such as the sound of children jumping up and down.

*2. Level, Light-Weight (light-weight floor impact sound level), interrupting performance for light-weight floor impact sound such as the sound of eating utensils (plates, bowls, silverware, etc.) dropping.

*3. Based on Daiwa House research.

Condominiums Business

Daiwa House has pursued the condominiums business with the aim of supplying properties with higher protential asset value and higher value-added condominiums to customers and society. In the Tokyo metropolitan area, sales of units at PREMIST Hamadayama, which feature self-regulating programs that control special lighting for a good night's sleep and air conditioners, began in December 2012 and have been favorable. In the Tokyo Bay area, units at PREMIST BAYFORT SQUARE TOYOSU, which were offered for sale in March 2013, are expected to sell out quickly. Furthermore, sales of condominiums in Japan's regions including Sapporo, Sendai, Shizuoka, and Fukuoka, where supply has been constant, have been brisk.

As a result, sales of this segment amounted to 156,795 million yen, up 21.7% year-on-year, and operating income was 9,968 million yen, up 164.3% year-on-year.

Existing Home Business

The Existing Home Business took steps to cultivate its relationship with owners of Daiwa House's single-family houses and rental housing. At the same time, it proposed finely tailored solutions to these customers featuring earthquake resistance diagnosis and seismic retrofitting to maintain asset value and enable customers to enjoy their cherished homes for longer. Notably, installations of photovoltaic power generation systems increased as orders were strong. Taking advantage of the Ministry of Land, Infrastructure, Transport and Tourism's Safety Net Project for fiscal year 2012, we sought to increase orders for repair and renovation work nationwide.

Also, leveraging our experience and know-how, we collaborated with Daiwa House Renew Co., Ltd.* and Royal Home Center Co., Ltd., with the aim of expanding into the general renovation market.

As a result, sales of this segment amounted to 76,473 million yen, up12.2% year-on-year, and operating income was 6,134 million yen, up 35.2% year-on-year.

*On April 1, 2013, Daiwa House Industry's home renovation business was integrated into Daiwa House Renew and its name was changed to Daiwa House Reform Co., Ltd.

Commercial Facilities Business

The Commercial Facilities Business continued to pursue proposal-driven sales centered on roadside store development by leveraging its abundant land-related data and expertise in store-opening support for tenant businesses, in addition to developing facilities all over Japan using a style of management firmly geared to locality.

As a new initiative, we opened a branch in Taiwan in April 2012 and put in place a system to support Japanese companies entering Taiwan. Further, in May 2012, field tests were launched for D's SMART STORE, next-generation eco-friendly stores that help reduce CO_2 emissions.

Daiwa Lease Co., Ltd. is opening Frespo open-mall-type commercial facilities nationwide. It has expanded at a steady pace with the opening of Frespo Omochanomachi (Tochigi) in August 2012, Frespo Kuboten Town (Fukuoka), Frespo Nagata (Osaka) in September 2012, and Frespo Hidatakayama (Gifu) in November 2012.

As a result, sales of this segment amounted to 347,234 million yen, up 13.1% year-on-year, and operating income was 45,946 million yen, up 38.5% year-on-year.

Logistics, Business and Corporate Facilities Business

The Logistics, Business and Corporate Facilities Business increased orders by leveraging its know-how in each of its specialized fields of logistics, medical and nursing care, and corporate facilities. In logistics, orders have been steady for advanced logistics that feature earthquake resistant facilities and ensuring lifeline infrastructure particulary after the Great East Japan Earthquake .

In addition to order-made BTS* logistics properties, which are logistics warehouses for specific companies, we started working on multi-tenant logistics properties for an unspecified number of corporate tenants, mainly in the Tokyo metropolitan area.

In 2011, with the revision of the Act for the Stable Living of the Elderly to eliminate the supply shortage of homes suitable for the elderly, a system has been launched for assisted-living housing for senior citizens. As support measures for boosting supply have improved due to this revision, we have fortified our sales activities for assisted-living housing for the elderly.

In December 2012, we launched D's SMART FACTORY, a next-generation eco-friendly product, which helps to reduce CO_2 emissions, targeted at factories. Overseas, we set up a local business structure with Daiwa House Vietnam Co., Ltd. in Hanoi in April 2012 and a repersentative office in Ho Chi Minh in September 2012. We have moved aggressively to expand overseas by acquiring the stock of a partner company in Indonesia in November 2012.

As a result, sales of this segment amounted to 251,463 million yen, down 2.2% year-on-year, and operating income was 20,689 million yen, down 20.1% year-on-year.

*BTS (Built-to-Suit) logistics. Logistics facilities for specific customers.

Health & Leisure Business

This Health and Leisure Business segment continued to face difficulties with unseasonably bad weather, a deflationary environment, deteriorating relations between Japan and neighboring countries, and other factors. Nevertheless, we expanded the repeat traveler market segment through aggressive direct marketing. Furthermore, we did our utmost to raise customer satisfaction by refurbishing some of our hotel facilities and providing high-quality service tailored to customer needs.

In the Fitness Club Division, we steadily increased the number of facilities by opening two full-scale fitness centers and spas in Kanagawa Prefecture and Tokyo, two hot yoga studios for the pursuit of "beauty" in Hokkaido and Tokyo, and three esthetic and nail salons in Tokyo. In addition, we took steps to gain new members by creating new value for customers with esthetic salons and golf simulators incorporated in existing fitness centers.

As a result, sales of this segment amounted to 61,430 million yen, up 4.8% year-on-year, and operating loss was 220 million yen (operating income of 61 million yen in the previous fiscal year).

Other Businesses

The Environment and Energy Business Division undertook a large-scale solar power generation project and began electric power generation at the Hibiki International Logistics Center in February 2013. We completed construction of the Okayama No. 2 Plant equipped with a photovoltaic power generation system, and began construction of a mega-solar facility on the site of our former Sapporo Factory in December 2012, thus marking the full-fledged start of this business.

The City Hotels Division increased its total number of hotels to 37 with the opening of Daiwa Roynet Hotel Takamatsu, Daiwa Roynet Hotel Kyoto-Shijokarasuma in April 2012, Daiwa Roynet Hotel Sapporo-Susukino in July 2012, and Daiwa Roynet Hotel Utsunomiya in March 2013. In June 2012, we upgraded all Daiwa Roynet Hotels with Wi-Fi for wireless internet connectivity. We also made new efforts to meet customer needs by creating separate rooms for toilet and bath, and other measures.

In the Home Center Business, after opening Royal Home Center Shirai (Chiba) in April 2012, we opened the Royal Home Center Morinomiya (Osaka), which is one of the largest home centers even among our competitors, within the JR Osaka Loop Line in October 2012. Moreover, we actively upgraded our exisiting center by taking a number of steps including partial refurbishment.

As a result, sales of this segment amounted to 275,159 million yen, up 7.6% year-on-year, and operating income was 9,823 million yen, up 20.1% year-on-year.

Business Prospects for Fiscal 2013

The Japanese economy is expected to recover gradually due to an improved export environment, the effects of government economic and fiscal policies, and increased consumer confidence. However, with a consumer backlash expected following a consumption tax increase, the future remains uncertain despite government support measures including the extension of a housing loan tax reduction.

Against this backdrop, we will continue to deliver new products and services that meet diverse customer needs in Japan and abroad and develop new customer segments and thereby increase orders and improve business performance.

In addition, Daiwa House REIT Investment Corporation listed on the Tokyo Stock Exchange REIT Index in November 2012. By supplying the market with excellent properties, Daiwa House REIT Investment will promote the growth of the Daiwa House Group while taking special care to prevent conflict-of-interest transactions.

In January 2013, we acquired all the shares of Fujita Corporation and turned it into a subsidiary. Fujita Corporation, which has business platforms in North America and Southeast Asia, possesses high technological and business planning capabilities as well as sales channels. These capabilities should be conducive to the Daiwa House Group’s growth strategy and lead to business growth, particularly in overseas markets.

In February 2013, Daiwa House Investment Corporation (China), a Daiwa House Group company, concluded a contract to establish a joint-venture company with Baoye Group Co., Ltd. The new company will manufacture materials and develop a sales system to industrialize low-rise housing in China, as well as seek to further expand its overseas business.

As a result, for fiscal 2013, we expect sales of 2,400,000 million yen, operating income of 140,000 million yen, ordinary income of 135,000 million yen and net income of 73,000 million yen.

(2) Analysis on Financial Conditions

1. Financial Position

Total assets at the end of the reporting fiscal year increased by 285,140 million yen from 2,086,097 million yen at the end of the previous fiscal year, to 2,371,238 million yen. This was mainly attributable to an increase in notes and accounts receivable from completed construction contracts and other, property, plant and equipment, and intangible assets including goodwill and an increase in investment securities accompanied by an appreciation of market prices.

Total liabilities at the end of the reporting fiscal year increased by 208,148 million yen from 1,428,206 million yen at the end of the previous fiscal year, to 1,636,354 million yen. This was mainly attributable to an increase in notes and accounts payable for construction contracts and other, advances received on uncompleted construction contracts and provision for retirement benefits.

Total net assets at the end of the reporting fiscal year increased by 76,992 million yen from 657,891 million yen at the end of the previous fiscal year, to 734,883 million yen. This result principally reflected the recording of net income in the amount of 66,274 million yen for the reporting fiscal year and an increase in valuation difference on available-for-sale securities, despite the recording of cash dividends paid for the previous fiscal year.

Of the above, the increases in notes and accounts receivable from completed construction contracts and other, intangible assets including goodwill, notes and accounts payable for construction contracts and other, advances received on uncompleted construction contracts and provision for retirement benefits were the result of turning Fujita Corporation into a consolidated subsidiary.

The net assets ratio as of March 31, 2013 was 30.9%, virtually unchanged from 31.5% at the end of the previous fiscal year.

2. Cash Flows During the Reporting Fiscal Year

With regard to cash and cash equivalents (“cash”) for the reporting fiscal year, net cash provided by operating activities stood at 164,247 million yen, while net cash used in investing activities came to 140,736 million yen, and net cash used in financing activities was 28,633 million yen. In total, the net decrease in cash and cash equivalents was 3,674 million yen. Consequently, cash and cash equivalents at the end of the reporting fiscal year amounted to 245,037 million yen.

(Cash flows from operating activities)

During the reporting fiscal year, net cash provided by operating activities stood at 164,247 million yen, down 34.0% year-on-year. This was mainly the result of the recording of income before income taxes and minority interests in the amount of 113,262 million yen for the reporting fiscal year, an increase in notes and accounts payable for construction contracts and other.

(Cash flows from investing activities)

During the reporting fiscal year, net cash used in investing activities was 140,736 million yen (compared with 117,226 million yen used in the previous fiscal year). This was as a result of purchase of property, plant and equipment including rental real estate, as well as purchase of investment securities.

(Cash flows from financing activities)

During the reporting fiscal year, net cash used in financing activities was 28,633 million yen (compared with 28,766 million yen used in the previous fiscal year). This was primarily the result of cash dividend payments in the previous fiscal year and repayment of long-term loans payable.

3. Cash Flow Indicators

	Fiscal year ended March 31, 2011	**Fiscal year ended March 31, 2012**	**Fiscal year ended March 31, 2013**
Net assets ratio	32.8%	31.5%	30.9%
Net assets ratio on market-value basis	30.6%	30.3%	44.4%
Repayment years of interest-bearing debt	3.1 (year)	1.5 (year)	2.3 (year)
Interest coverage ratio	22.9	56.0	46.2

*The standards for the indicators are as follows. All have been computed based on consolidated financial figures.
Net assets ratio: (Net assets – Minority interests)/Total assets
Net assets 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 expenses

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

4. Outlook on Financial Conditions for the Fiscal Year Ending March 31, 2014 (Consolidated)

For the full fiscal year ending March 31, 2014, we expect capital investments of 140,000 million yen and depreciation of 48,000 million yen.

2. Management policy

(1) Basic Management Policy of the Group

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

In fiscal 2005, we launched a new Group management vision called "Connecting Hearts" to mark our 50th anniversary and created a new group symbol, the "Endless Heart." Under this vision, we clarified our corporate mission as a 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 made a fresh start toward our 100th anniversary.

The Daiwa House Group is engaged in a wide range of businesses, including the construction of single-family houses, rental housing, as well as condominiums, and the existing home business, mainly renovation and real estate agency ("Housing"). We also undertake activities that support the business sector through commercial facilities business, and the business and corporate facilities business, such as logistics and medical and nursing care facilities ("Business"), and those that support people's everyday lives, such as our Health and Leisure Business and Other Businesses ("Life"). By pursuing these various business activities, the Group, working as one, is committed to honoring its relationship with each and every customer, and to promoting partnerships with customers to share joy throughout our customers' whole lives and build long-lasting ties of trust.

As described above, our management vision "Connecting Hearts" and our Group symbol "Endless Heart" signify enduring ties with our stakeholders, including our customers, shareholders, business partners, employees and local communities. As a "Group that co-creates value for individuals, communities and people's lifestyles," we will continue to offer reliable, environmental-friendly products and relaxing, pleasant spaces.

(2) Medium to Long-Term Management Strategy of the Group

Fiscal 2011 was the first year of the 3rd Medium-Term Management Plan for the Group, laying out basic policies under the name "3 Gs for New Growth." The three Gs are the initial letters of "Group" (sustained growth), "Great" (groundwork for growth), and "Global" (pathway to growth).

The plan has an overarching central theme of "New Growth," under which Daiwa House Group aims to expand market share in the face of radical structural change in its markets through new approaches to creating strategies and by developing new customer segments.

The 3Gs will drive this performance. To achieve sustained growth for the Group, we will raise competitiveness of core businesses and seek out new earnings opportunities; to lay the groundwork for growth, we will upgrade management infrastructure and strengthen human resource development; and to prepare a pathway to global growth, we will build up our overseas bases and expand our business portfolio in overseas markets.

In addition, our next Medium-Term Management Plan is now under review.

(3) Issues Facing the Group

The Japanese economy is expected to recover gradually due to an improved export environment, the effects of government economic and fiscal policies, and increased consumer confidence. However, with a consumer backlash expected following a consumption tax increase, the future remains uncertain despite government support measures including the extension of a housing loan tax reduction.

Against this backdrop, we will continue to deliver new products and services that meet diverse customer needs in Japan and abroad and develop new customer segments and thereby increase orders and improve business performance.

In addition, Daiwa House REIT Investment Corporation listed on the Tokyo Stock Exchange REIT Index in November 2012. By supplying the market with excellent properties, Daiwa House REIT Investment will promote the growth of the Daiwa House Group while taking special care to prevent conflict-of-interest transactions.

In January 2012, we acquired all the shares of Fujita Corporation and turned it into a subsidiary. Fujita Corporation, which has business platforms in North America and Southeast Asia, possesses high technological and business planning capabilities as well as sales channels. These capabilities should be conducive to the Daiwa House Group's growth strategy and lead to business growth, particularly in overseas markets.

In February 2013, Daiwa House Investment Corporation (China), a Daiwa House Group company, concluded a contract to establish a joint-venture company with Baoye Group. The new company will manufacture materials and develop a sales system to industrialize low-rise housing in China, as well as seek to further expand its overseas business.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	Previous fiscal year (as of March 31, 2012)	Reporting fiscal year (as of March 31, 2013)
Assets		
Current assets		
Cash and deposits	250,649	248,799
Notes and accounts receivable from completed construction contracts and other	93,874	189,770
Lease receivables and investment assets	21,903	18,657
Short-term investment securities	6	8
Costs on uncompleted construction contracts	14,361	21,712
Real estate for sale	297,483	302,635
Real estate for sale in process	34,968	47,752
Land for development	1,378	1,332
Merchandise and finished goods	12,333	14,035
Work in process	6,002	5,435
Raw materials and supplies	5,411	5,680
Deferred tax assets	29,575	29,109
Other	78,412	99,565
Allowance for doubtful accounts	(1,604)	(2,949)
Total current assets	844,757	981,546
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	630,129	671,508
Accumulated depreciation	(295,823)	(326,507)
Buildings and structures, net	334,305	345,000
Machinery, equipment and vehicles	89,258	95,240
Accumulated depreciation	(65,436)	(70,539)
Machinery, equipment and vehicles, net	23,822	24,700
Tools, furniture and fixtures	37,480	43,282
Accumulated depreciation	(30,345)	(35,424)
Tools, furniture and fixtures, net	7,135	7,857
Land	364,954	396,353
Lease assets	12,663	18,484
Accumulated depreciation	(3,154)	(4,497)
Lease assets, net	9,509	13,987
Construction in progress	8,820	14,735
Total property, plant and equipment	748,548	802,634
Intangible assets		
Goodwill	13,292	49,652
Other	18,763	30,605
Total intangible assets	32,056	80,258
Investments and other assets		
Investment securities	118,334	153,599
Long-term loans receivable	8,137	5,084
Lease and guarantee deposits	186,657	190,543
Deferred tax assets	107,318	101,027
Other	47,484	60,379
Allowance for doubtful accounts	(7,195)	(3,835)
Total investments and other assets	460,735	506,799
Total noncurrent assets	1,241,340	1,389,691
Total assets	2,086,097	2,371,238

(Millions of yen)

	Previous fiscal year (as of March 31, 2012)	Reporting fiscal year (as of March 31, 2013)
Liabilities		
Current liabilities		
Notes and accounts payable for construction contracts and other	210,241	337,767
Short-term loans payable	2,559	7,495
Current portion of bonds payable	1,353	53
Current portion of long-term loans payable	145,436	38,987
Lease obligations	2,311	2,591
Accounts payable-other	78,474	90,126
Income taxes payable	24,826	33,051
Advances received on uncompleted construction contracts	48,993	76,072
Provision for bonuses	26,995	30,038
Provision for warranties for completed construction	6,224	6,695
Asset retirement obligations	1,621	1,585
Other	82,834	93,087
Total current liabilities	631,872	717,551
Noncurrent liabilities		
Bonds payable	100,720	130,667
Long-term loans payable	133,556	197,585
Lease obligations	22,867	22,009
Deposits received from members	37,293	35,105
Long-term lease and guarantee deposits	218,479	226,683
Deferred tax liabilities for land revaluation	24,184	24,056
Provision for retirement benefits	188,400	210,341
Asset retirement obligations	22,613	24,777
Other	48,219	47,576
Total noncurrent liabilities	796,334	918,803
Total liabilities	1,428,206	1,636,354
Net assets		
Shareholders' equity		
Capital stock	110,120	110,120
Capital surplus	226,824	226,824
Retained earnings	380,751	404,979
Treasury stock	(19,944)	(19,998)
Total shareholders' equity	697,751	721,926
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,566	24,326
Revaluation reserve for land	(40,738)	(13,160)
Foreign currency translation adjustment	(7,469)	531
Total accumulated other comprehensive income	(40,640)	11,697
Minority interests	779	1,259
Total net assets	657,891	734,883
Total liabilities and net assets	2,086,097	2,371,238

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

(Consolidated Statements of Income)

(Millions of yen)

	Previous fiscal year (From April 1, 2011 to March 31, 2012)	Reporting fiscal year (From April 1, 2012 to March 31, 2013)
Net sales	1,848,797	2,007,989
Cost of sales	1,468,844	1,592,218
Gross profit	379,952	415,771
Selling, general and administrative expenses		
Sales commission	12,620	13,628
Advertising expenses	22,381	24,443
Promotion expenses	4,956	5,304
Provision of allowance for doubtful accounts	1,722	4,259
Directors' compensations	2,543	2,901
Employees' salaries and allowances	99,481	105,832
Provision for bonuses	16,622	18,418
Retirement benefit expenses	17,320	17,633
Legal welfare expenses	15,378	16,304
Stationery expenses	7,090	9,760
Correspondence and transportation expenses	14,186	14,711
Rents	10,114	10,807
Depreciation	6,382	7,106
Tax and dues	12,448	11,560
Other	21,746	25,072
Total selling, general and administrative expenses	264,996	287,746
Operating income	114,955	128,024
Non-operating income		
Interest income	3,013	3,191
Dividends income	1,745	1,850
Equity in earnings of affiliates	—	500
Amortization of actuarial gain for employees' retirement benefits	—	16,281
Miscellaneous income	6,843	6,164
Total non-operating income	11,601	27,988
Non-operating expenses		
Interest expenses	6,368	5,278
Tax and dues	815	1,001
Provision of allowance for doubtful accounts	606	95
Amortization of actuarial loss for employees' retirement benefits	5,111	—
Equity in losses of affiliates	1,431	—
Miscellaneous expenses	3,717	4,241
Total non-operating expenses	18,051	10,616
Ordinary income	108,506	145,395

(Millions of yen)

	Previous fiscal year (From April 1, 2011 to March 31, 2012)	Reporting fiscal year (From April 1, 2012 to March 31, 2013)
Extraordinary income		
Gain on sales of noncurrent assets	103	73
Gain on sales of investment securities	612	909
Gain on reversal of allowance for loss on disaster	640	—
Gain on revision of retirement benefit plan	—	31,331
Gain on step acquisitions	—	122
Total extraordinary income	1,356	32,436
Extraordinary losses		
Loss on sales of noncurrent assets	247	261
Loss on retirement of noncurrent assets	1,204	1,188
Impairment loss	9,811	10,727
Loss on sales of investment securities	1,282	—
Loss on valuation of investment securities	3,921	7,112
Actuarial loss due to a change of discount rate	—	45,228
Other	373	51
Total extraordinary losses	16,840	64,569
Income before income taxes and minority interests	93,021	113,262
Income taxes-current	33,268	47,595
Income taxes-deferred	26,584	(503)
Total income taxes	59,853	47,092
Income before minority interests	33,167	66,170
Minority interests in income (loss)	(32)	(103)
Net income	33,200	66,274

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Previous fiscal year (From April 1, 2011 to March 31, 2012)	Reporting fiscal year (From April 1, 2012 to March 31, 2013)
Income before minority interests	33,167	66,170
Other comprehensive income		
Valuation difference on available-for-sale securities	84	16,632
Revaluation reserve for land	3,407	—
Foreign currency translation adjustment	(401)	3,796
Share of other comprehensive income of associates accounted for using equity method	(1,666)	4,329
Total other comprehensive income	1,424	24,758
Comprehensive income	34,592	90,929
(Comprehensive income attributable to)		
Comprehensive income attributable to shareholders of the parent	34,624	91,035
Comprehensive income attributable to minority interests	(32)	(105)

(3) Consolidated Statements of Changes in Net Assets

(Millions of yen)

	Previous fiscal year (From April 1, 2011 to March 31, 2012)	Reporting fiscal year (From April 1, 2012 to March 31, 2013)
Shareholders' equity		
Capital stock		
Balance at the begining of the period	110,120	110,120
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of the period	110,120	110,120
Capital surplus		
Balance at the begining of the period	226,824	226,824
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of the period	226,824	226,824
Retained earnings		
Balance at the begining of the period	362,281	380,751
Changes of items during the period		
Dividends from surplus	(11,576)	(14,467)
Net income	33,200	66,274
Reversal of revaluation reserve for land	(3,135)	(27,577)
Disposal of treasury stock	(19)	(0)
Total changes of items during the period	18,469	24,228
Balance at the end of the period	380,751	404,979
Treasury stock		
Balance at the begining of the period	(19,874)	(19,944)
Changes of items during the period		
Purchase of treasury stock	(111)	(55)
Disposal of treasury stock	42	1
Total changes of items during the period	(69)	(53)
Balance at the end of the period	(19,944)	(19,998)
Total shareholders' equity		
Balance at the begining of the period	679,351	697,751
Changes of items during the period		
Dividends from surplus	(11,576)	(14,467)
Net income	33,200	66,274
Reversal of revaluation reserve for land	(3,135)	(27,577)
Purchase of treasury stock	(111)	(55)
Disposal of treasury stock	22	1
Total changes of items during the period	18,400	24,174
Balance at the end of the period	697,751	721,926

(Millions of yen)

	Previous fiscal year (From April 1, 2011 to March 31, 2012)	Reporting fiscal year (From April 1, 2012 to March 31, 2013)
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the begining of the period	7,582	7,566
Changes of items during the period		
Net changes of items other than shareholders' equity	(15)	16,759
Total changes of items during the period	(15)	16,759
Balance at the end of the period	7,566	24,326
Revaluation reserve for land		
Balance at the begining of the period	(47,314)	(40,738)
Changes of items during the period		
Net changes of items other than shareholders' equity	6,576	27,577
Total changes of items during the period	6,576	27,577
Balance at the end of the period	(40,738)	(13,160)
Foreign currency translation adjustment		
Balance at the begining of the period	(5,467)	(7,469)
Changes of items during the period		
Net changes of items other than shareholders' equity	(2,001)	8,001
Total changes of items during the period	(2,001)	8,001
Balance at the end of the period	(7,469)	531
Total accumulated other comprehensive income		
Balance at the begining of the period	(45,200)	(40,640)
Changes of items during the period		
Net changes of items other than shareholders' equity	4,559	52,338
Total changes of items during the period	4,559	52,338
Balance at the end of the period	(40,640)	11,697
Minority interests		
Balance at the begining of the period	1,035	779
Changes of items during the period		
Net changes of items other than shareholders' equity	(255)	479
Total changes of items during the period	(255)	479
Balance at the end of the period	779	1,259
Total net assets		
Balance at the begining of the period	635,186	657,891
Changes of items during the period		
Dividends from surplus	(11,576)	(14,467)
Net income	33,200	66,274
Reversal of revaluation reserve for land	(3,135)	(27,577)
Purchase of treasury stock	(111)	(55)
Disposal of treasury stock	22	1
Net changes of items other than shareholders' equity	4,304	52,818
Total changes of items during the period	22,704	76,992
Balance at the end of the period	657,891	734,883

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Previous fiscal year (From April 1, 2011 to March 31, 2012)	Reporting fiscal year (From April 1, 2012 to March 31, 2013)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	93,021	113,262
Depreciation and amortization	43,790	45,836
Increase (decrease) in provision for retirement benefits	12,628	3,854
Interest and dividends income	(4,758)	(5,041)
Interest expenses	6,368	5,278
Equity in (earnings) losses of affiliates	1,431	(500)
Loss (gain) on sales and retirement of noncurrent assets	1,348	1,376
Impairment loss	9,811	10,727
Loss (gain) on valuation of investment securities	3,921	7,112
Decrease (increase) in notes and accounts receivable-trade	1,706	(21,232)
Decrease (increase) in inventories	(33,833)	(17,734)
Increase (decrease) in advances received on uncompleted construction contracts	16,902	12,988
Increase (decrease) in notes and accounts payable-trade	75,251	43,086
Other, net	35,277	7,043
Subtotal	262,868	206,058
Interest and dividends income received	2,646	2,592
Interest expenses paid	(4,442)	(3,556)
Income taxes paid	(12,300)	(40,847)
Net cash provided by (used in) operating activities	248,771	164,247
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment and intangible assets	(98,824)	(109,156)
Proceeds from sales of property, plant and equipment	785	520
Purchase of investment securities	(14,857)	(22,514)
Proceeds from sales and redemption of investment securities	2,845	11,582
Purchase of investments in subsidiaries	(731)	(547)
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	21	—
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(5,811)	(10,101)
Payments for acquisition of business	(248)	(1,096)
Payments for lease and guarantee depositis	—	(484)
Proceeds from collection of lease and guarantee deposits	3,230	—
Other, net	(3,634)	(8,939)
Net cash provided by (used in) investing activities	(117,226)	(140,736)

(Millions of yen)

	Previous fiscal year (From April 1, 2011 to March 31, 2012)	Reporting fiscal year (From April 1, 2012 to March 31, 2013)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(6,577)	4,809
Proceeds from long-term loans payable	45,250	105,465
Repayment of long-term loans payable	(47,812)	(150,041)
Proceeds from issuance of bonds	500	30,000
Redemption of bonds	(4,500)	(1,353)
Repayments of finance lease obligations	(2,150)	(2,441)
Proceeds from stock issuance to minority shareholders	―	403
Purchase of treasury stock	(111)	(55)
Proceeds from sales of treasury stock	22	1
Cash dividends paid	(11,576)	(14,467)
Repayments of payables under fluidity lease receivables	(1,811)	(952)
Net cash provided by (used in) financing activities	(28,766)	(28,633)
Effect of exchange rate change on cash and cash equivalents	(309)	1,448
Net increase (decrease) in cash and cash equivalents	102,469	(3,674)
Cash and cash equivalents at the beginning of the period	146,243	248,712
Cash and cash equivalents at the end of the period	248,712	245,037

(5) Notes to Consolidated Financial Statements

(Notes on premise of going concern)

Not applicable.

(Difficult to Distinguish Changes in Accounting Policies from Changes in Accounting Estimates)

(Change in method of depreciation)

The Company and its consolidated subsidiaries have changed their method of depreciation based on revised corporate taxation law with regard to property, plant and equipment acquired on or after April 1, 2012, with effect from the first quarter of the reporting fiscal year.

The impact from this change on operating income, ordinary income, and income before income taxes and minority interests for the reporting fiscal year is negligible.

(Change of Presentation Method)

(Consolidated balance sheets)

“Goodwill,” which had been included under “Intangible assets” in the previous fiscal year, was presented separately beginning from the reporting fiscal year due to its increasing financial importance. In order to reflect this change of presentation method, the previous fiscal year’s financial statements have been reclassified.

As a result, the 32,056 million yen, which had been presented under “Intangible assets” in the previous fiscal year’s consolidated financial statements has been reclassified as 13,292 million yen under “Goodwill” and 18,763 million yen under “Other.”

(Business Combination)

1. Overview of Business Combination

(1) Name and business description of acquired company

Name of company from which the shares were acquired: Fujita Holdings Co., Ltd.

Name of acquired company: Fujita Corporation

Business description: Mainly, contract construction work, planning, designing, and supervision of construction work, and consulting for construction

(2) Main reasons for business combination

The Company believes that combining Fujita’s sophisticated technological and planning capabilities and its strong sales channels with the Company’s ability to make proposals and its business models will contribute to its sustained growth (raising the competitiveness of core businesses and seeking out new earnings opportunities) and will open a new pathway to growth (building up overseas bases and expanding the business portfolio overseas).

Fujita Corporation’s overseas operations are more developed than that of the Company’s, especially in North America and Southeast Asia. Using Fujita’s overseas platform will enable the Group to expand and enhance its overseas operations and to expand and enhance its businesses in Japan, such as the corporate facilities business and commercial facilities business.

The Company has decided to acquire shares in Fujita Corporation, making it a subsidiary, in the belief that the acquisition will contribute to the growth of the Group.

(3) Date of business combination

January 22, 2013

(4) Legal form of business combination

Acquisition of shares

(5) Company name after business combination

The company name remains unchanged

(6) Percentage of voting rights acquired

100％

(7) Primary basis for determining the acquiring company

Daiwa House is the acquiring company because it paid cash to acquire the issued shares

2. Period of operating results of the acquired company included in the consolidated financial statements

Because the acquisition date is deemed to be March 31, 2013, the acquired company's operating results have not been included in the consolidated operating results for the reporting fiscal year.

(Segment Information)

a. Segment Information

1. Outline of reportable business segments

The reportable business segments of the Group consist of those for which separate financial information is available within the Group's structural units. Segments are also subject to regular reviews as the Management determines the allocation of management resources and assesses the business performance.

The Daiwa House Group engages in a comprehensive business across a broad range of fields, including the construction of residential housing and commercial buildings. The Group established eight business segments, set up a comprehensive strategy for each business segment and operates to enhance competitiveness with prompt decision-making and sophisticated expertise, integrating its value chain and sharing its customer base.

Accordingly, our business segments consist of different products and services, based on their business domains. Excluding the Other Businesses segment, there are seven reportable business segments: Single-Family Houses Business, Rental Housing Business, Condominiums Business, Existing Home Business, Commercial Facilities Business, Business and Corporate Facilities Business, and Health and Leisure Business segments.

In the Single-Family Houses Business segment, we engage in construction by order of single-family houses and sale of a package of a new house with lands. In Rental Housing Business segment, the Group conducts rental housing development, construction, management, operation, and real estate agency services. In the Condominium Business segment, we develop, sell, and manage condominiums. In the Existing Home Business segment, the Group engages in renovation and real estate agency services. The Commercial Facilities Business segment develops, builds, manages, and operates commercial facilities. The Logistics, Business and Corporate Facilities Business segment develops and builds logistics and manufacturing facilities, and medical and nursing-care facilities, and builds, manages, and operates temporary facilities. The Health and Leisure Business segment engages in the management and operation of resort hotels, golf courses, fitness clubs and nursing-care facilities.

2. Method of calculating sales and operating income (losses), assets and others by reportable business segment

The method of accounting by reportable business segment has been to state the amount based on the accounting standard used for the presentation of consolidated financial statements. Reportable segment income is a figure that is based on operating income. Inter-segment income and transfers are based on the prevailing market price.

3. Sales and operating income (losses), assets and others by reportable business segment
Previous fiscal year (From April 1, 2011 to March 31, 2012)

(Millions of yen)

	Reportable Business Segments					
	Single-Family Houses	Rental Housing	Condominiums	Existing Home Business	Commercial Facilities	Logistics, Business & Corporate Facilities
Sales						
(1) Sales to customers	334,715	525,434	128,870	66,383	302,028	251,062
(2)Inter-segment sales or transfers	1,649	1,320	1	1,756	4,906	5,937
Total	336,364	526,755	128,872	68,140	306,934	257,000
Operating income	11,010	52,997	3,770	4,536	33,163	25,895
Assets	185,239	202,769	196,451	19,671	409,740	353,192
Others						
Depreciation	2,216	6,197	1,201	380	12,362	4,616
Net increase in property, plant and equipment, and intangible assets	3,353	20,296	3,720	548	25,899	29,199

	Reportable Business Segments		Other Businesses (Note: 1)	Subtotal	Adjustment (Note: 2)	Amounts on the consolidated financial statements
	Health & Leisure	Total				
Sales						
(1) Sales to customers	58,517	1,667,012	181,784	1,848,797	—	1,848,797
(2)Inter-segment sales or transfers	118	15,690	73,897	89,588	(89,588)	—
Total	58,636	1,682,703	255,682	1,938,385	(89,588)	1,848,797
Operating income	61	131,435	8,176	139,611	(24,655)	114,955
Assets	87,428	1,454,493	346,310	1,800,804	285,293	2,086,097
Others						
Depreciation	2,371	29,345	13,839	43,185	604	43,790
Net increase in property, plant and equipment, and intangible assets	3,945	86,962	16,153	103,115	489	103,604

Notes: 1. Other Businesses include construction support, city hotels, overseas businesses and others.

2. Adjustment:

(1) 24,655 million yen in adjustments to operating income by business segment includes 656 million yen in elimination within business segments, 716 million yen in impairment loss on amortization of goodwill, and 24,715 million yen in corporate expenses not allocated to each business segment. Corporate expenses mainly consist of general and administrative expenses and experiment and research expenses not attributable to reportable business segments.

(2) 285,293 million yen in adjustments to assets by business segment includes 123,270 million yen in elimination within business segments, and 408,563 million yen in the Group assets. Group assets mainly consist of the Company's surplus funds (cash and cash equivalents), the Company's long-term investment funds (investment securities), and the assets associated with Administration Headquarters of the Company.

(3) 604 million yen in adjustments to depreciation by business segment includes 386 million yen in elimination within business segments, and 991 million yen in the depreciation attributable to Group assets.

(4) 489 million yen in adjustments to net increase in property, plant and equipment, and intangible assets by business segment includes 297 million yen in elimination within business segments, and 786 million yen in Headquarters' capital investment of the Company, such as properties and equipment.

3. Operating income by business segment is adjusted to correspond to operating income in the consolidated statements of income.

Reporting fiscal year (From April 1, 2012 to March 31, 2013)

(Millions of yen)

	Reportable Business Segments					
	Single-Family Houses	**Rental Housing**	**Condominiums**	**Existing Home Business**	**Commercial Facilities**	**Logistics, Business & Corporate Facilities**
Sales (1) Sales to customers	349,932	589,673	156,751	75,529	339,605	240,387
(2)Inter-segment sales or transfers	1,225	2,894	43	943	7,629	11,076
Total	351,157	592,568	156,795	76,473	347,234	251,463
Operating income (losses)	12,587	52,278	9,968	6,134	45,946	20,689
Assets	199,556	208,010	206,254	20,265	430,050	577,749
Others Depreciation	2,495	6,509	1,331	459	13,263	5,487
Net increase in property, plant and equipment, and intangible assets	4,312	10,479	4,321	828	22,465	45,612

	Reportable Business Segments		Other Businesses (Note: 1)	Subtotal	Adjustment (Note: 2)	Amounts on the consolidated financial statements
	Health & Leisure	**Total**				
Sales (1) Sales to customers	61,387	1,813,267	194,722	2,007,989	—	2,007,989
(2)Inter-segment sales or transfers	43	23,856	80,437	104,293	(104,293)	—
Total	61,430	1,837,123	275,159	2,112,283	(104,293)	2,007,989
Operating income (losses)	(220)	147,382	9,823	157,206	(29,182)	128,024
Assets	94,958	1,736,845	380,497	2,117,342	253,895	2,371,238
Others Depreciation	2,355	31,902	13,184	45,087	749	45,836
Net increase in property, plant and equipment, and intangible assets	7,086	95,106	26,136	121,242	141	121,383

Notes: 1. Other Businesses include construction support, city hotels, overseas businesses and others.

2. Adjustment:

(1) 29,182 million yen in adjustments to operating income (losses) by business segment includes 1,323 million yen in elimination within business segments, 716 million yen in impairment loss on amortization of goodwill, and 28,574 million yen in corporate expenses not allocated to each business segment. Corporate expenses mainly consist of general and administrative expenses and experiment and research expenses not attributable to reportable business segments.

(2) 253,895 million yen in adjustments to assets by business segment includes 141,324 million yen in elimination within business segments, and 395,219 million yen in the Group assets. Group assets mainly consist of the Company's surplus funds (cash and cash equivalents), the Company's long-term investment funds (investment securities), and the assets associated with Administration Headquarters of the Company.

(3) 749 million yen in adjustments to depreciation by business segment includes 391 million yen in elimination within business segments, and 1,140 million yen in the depreciation attributable to Group assets.

(4) 141 million yen in adjustments to net increase in property, plant and equipment, and intangible assets by business segment includes 868 million yen in elimination within business segments, and 1,009 million yen in Headquarters' capital investment of the Company, such as properties and equipment.

3. Operating income (losses) by business segment is adjusted to correspond to operating income in the consolidated statements of income.

b. Information regarding impairment loss on noncurrent assets, by reportable business segment

Previous fiscal year (from April 1, 2011 to March 31, 2012)

(Millions of yen)

	Single-Family Houses	Rental Housing	Condo-miniums	Existing Home Business	Commercial Facilities	Logistics, Business & Corporate Facilities	Health & Leisure	Other Businesses (*)	Eliminations/ Corporate	Total
Impairment loss	760	671	192	131	5,079	339	2,127	393	116	9,811

(*) Amounts are construction-support related.

Reporting fiscal year (from April 1, 2012 to March 31, 2013)

(Millions of yen)

	Single-Family Houses	Rental Housing	Condo-miniums	Existing Home Business	Commercial Facilities	Logistics, Business & Corporate Facilities	Health & Leisure	Other Businesses (*)	Eliminations/ Corporate	Total
Impairment loss	74	419	12	7	1,432	21	5,170	3,588	—	10,727

(*) Amounts are construction-support related.

c. Information regarding amortization of goodwill, and unamortized balances of goodwill, by reportable business segment

Previous fiscal year (from April 1, 2011 to March 31, 2012)

(Millions of yen)

	Single-Family Houses	Rental Housing	Condo-miniums	Existing Home Business	Commercial Facilities	Logistics, Business & Corporate Facilities	Health & Leisure	Other Businesses (*)	Eliminations/ Corporate	Total
Amortization of goodwill	—	(8)	562	—	406	(0)	—	(130)	—	829
Fiscal year-end unamortized balance of goodwill	—	(128)	16,847	—	5,764	(7)	—	(9,182)	—	13,292

(*) Amounts are construction-support related.

Reporting fiscal year (from April 1, 2012 to March 31, 2013)

(Millions of yen)

	Single-Family Houses	Rental Housing	Condo-miniums	Existing Home Business	Commercial Facilities	Logistics, Business & Corporate Facilities	Health & Leisure	Other Businesses (*)	Eliminations/ Corporate	Total
Amortization of goodwill	—	(8)	1,002	—	450	(0)	143	(312)	—	1,274
Fiscal year-end unamortized balance of goodwill	—	(120)	16,246	—	5,847	32,939	1,223	(6,484)	—	49,652

(*) Amounts are construction-support related.

d. Information regarding gain on negative goodwill, by reportable business segment

Previous fiscal year (from April 1, 2011 to March 31, 2012)

Not applicable.

Reporting fiscal year (from April 1, 2012 to March 31, 2013)

Not applicable.

(Per Share Information)

	Previous fiscal year (From April 1, 2011 to March 31, 2012)	Reporting fiscal year (From April 1, 2012 to March 31, 2013)
Net assets per share	1,135.46 yen	1,267.77 yen
Basic net income per share	57.36 yen	114.52 yen
Diluted net income per share	— yen	— yen

Notes: 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.

	Previous fiscal year (From April 1, 2011 to March 31, 2012)	Reporting fiscal year (From April 1, 2012 to March 31, 2013)
Basic net income per share		
Net income (millions of yen)	33,200	66,274
Amount not belonging to general shareholders (millions of yen)	—	—
Basic net income related to common stock (millions of yen)	33,200	66,274
Average amount of common stock during the year (thousand shares)	578,781	578,694

(Significant Subsequent Events)

Not applicable.