



**Summary of Financial Results (Unaudited)**  
**for the First Three Months of the Fiscal Year Ending March 31, 2018 [Consolidated]**  
**(From April 1, 2017 to June 30, 2017)**  
**[Japanese GAAP]**

August 8, 2017

Name of Listed Company: Daiwa House Industry Co., Ltd.  
 Code No.: 1925  
 URL: <http://www.daiwahouse.co.jp/English/>  
 Listed Exchanges: First section of the Tokyo Stock Exchange  
 Representative: Naotake Ohno, President and COO  
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Scheduled Date of Filing Quarterly Securities Report: August 10, 2017  
 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 First Three Months Ended June 30, 2017 (From April 1, 2017 to June 30, 2017)**

**(1) Consolidated Earnings Results**

(% figures represent year-on-year change)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended:								
June 30, 2017	817,439	2.4	72,827	18.0	74,284	23.8	50,642	27.4
June 30, 2016	798,470	15.1	61,708	4.3	60,023	0.7	39,761	(6.0)

Note: Comprehensive income: Three months ended June 30, 2017: 44,187million yen (-5.2%)  
 Three months ended June 30, 2016: 46,587 million yen (5.6%)

	Basic net income per share		Diluted net income per share	
	Yen	Yen	Yen	Yen
Three months ended:				
June 30, 2017	76.31		76.31	
June 30, 2016	59.94		59.89	

**(2) Consolidated Financial Conditions**

	Total assets	Net assets	Net assets ratio
	Millions of yen	Millions of yen	%
As of			
June 30, 2017	3,605,107	1,347,233	36.6
March 31, 2017	3,555,885	1,329,901	36.8

(Reference) Net assets ratio = (Net assets – Non-controlling interests)/Total assets × 100

(Net assets – Non-controlling interests) is as follows. June 30, 2017: 1,318,968 million yen; March 31, 2017: 1,308,290 million yen

**2. Dividends**

	Dividend per share				
	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, 2017	—	40.00	—	52.00	92.00
Fiscal year ending March 31, 2018	—				
Fiscal year ending March 31, 2018 (forecasts)		45.00	—	50.00	95.00

Note: Revision made to the dividend forecast announcement on May 11, 2017: None

### 3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2018 (From April 1, 2017 to March 31, 2018)

(% figures represent year-on-year change)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent		Basic net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2018	3,750,000	6.7	315,000	1.6	312,000	3.8	210,000	4.1	316.41

Note: Revision made to business forecast announcement on May 25, 2017: None

#### Notes:

- (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): Yes**

Addition: 1

Company name: Neighborhoods Capital, LLC

- (2) **Application of Accounting Methods Unique to the Preparation of the Quarterly Consolidated Financial Statements: None**

- (3) **Changes in Accounting Policies Applied, Changes in Accounting Estimates and Retrospective Restatement**

1) **Changes in accounting policies applied due to amendment of accounting standards: None**

2) **Changes in 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 June 30, 2017	666,238,205 shares	As of March 31, 2017	666,238,205 shares
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- 2) **Number of treasury stock at the end of the period**

As of June 30, 2017	2,525,518 shares	As of March 31, 2017	2,691,551 shares
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- 3) **Average number of shares during the period**

Three months ended June 30, 2017	663,631,604 shares	Three months ended June 30, 2016	663,367,107 shares
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\* **This quarterly financial results report is not subject to quarterly review procedures**

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

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

Consolidated earnings 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 the financial market, economic conditions, competitor situations and fluctuations in land prices.

Please refer to the section of “1. Qualitative Information Regarding Consolidated Results for the First Three Months under Review (3) Earnings Forecasts” of “the Attached Material” on page 4 for the suppositions that form the assumptions for earnings forecasts.

#### (Obtaining supplementary explanatory materials)

The Company plans to hold a briefing for institutional investors and securities analysts on August 8, 2017. 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 Three Months under Review

### (1) Earnings Results

During the first quarter of the business term under review, the Japanese economy continued to follow a gradual recovery trend, against the background of a pickup in consumer spending and an ongoing improvement in both employment and incomes, among other positive factors.

Looking at the housing industry, in the Owned, Rented and Built-for-Sale dwelling categories, a repeating pattern of increase and decrease was observed in the number of new construction starts. However, the overall figure for the first-quarter period under review held flat at the previous year's level. In the general construction market, on a year-on-year comparison new construction starts in Factories and Warehouses turned upward, whereas Offices and Stores turned downward. The overall figure for the first-quarter period under review held flat from the previous year.

Amid these circumstances, and in accordance with its Fifth Medium-Term Management Plan (FY2016–2018), the Daiwa House Group is following a policy of aggressive investment in real estate development while working to expand its core business operations to capture vigorous demand in the domestic market.

As a result, the Daiwa House Group recorded consolidated net sales of 817,439 million yen (+2.4% year on year) for the first three months of the fiscal year ending March 2018. Ordinary income came to 74,284 million yen (+23.8% year on year), while net income attributable to owners of the parent amounted to 50,642 million yen (+27.4% year on year).

### (2) Financial Conditions

Total assets as of the end of the consolidated three-month reporting period amounted to 3,605,107 million yen, an increase of 49,222 million yen compared with 3,555,885 million yen in total assets at the end of the previous consolidated fiscal year. This was principally due to an increase in property, plant and equipment accompanying the acquisition of real estate for investment and other.

Total liabilities as of the end of the consolidated three-month reporting period amounted to 2,257,873 million yen, an increase of 31,890 million yen compared with 2,225,983 million yen in total liabilities at the end of the previous consolidated fiscal year. This was principally due to fund procurement via commercial papers and the issuance of bonds, which more than offset a decrease in notes and accounts payable for construction contract and other.

Total net assets as of the end of the consolidated three-month reporting period amounted to 1,347,233 million yen, an increase of 17,331 million yen compared with 1,329,901 million yen in total net assets at the end of the previous consolidated fiscal year. This was principally due to the posting of net income for the period attributable to owners of the parent in the amount of 50,642 million yen, which more than offset the payment of dividends to shareholders for the previous fiscal year.

### (3) Earnings Forecasts

Regarding consolidated business performance forecasts for the term ending March 31, 2018, the forecasts issued on May 25, 2017 remain unchanged.

## 2. Consolidated Financial Statements and Main Notes

### (1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2017	As of June 30, 2017
<b>Assets</b>		
Current assets		
Cash and deposits	216,749	155,608
Notes and accounts receivable from completed construction contracts and other	315,275	271,679
Mortgage notes receivable held for sale	—	5,310
Short-term investment securities	2,006	2,016
Costs on uncompleted construction contracts	49,484	57,246
Real estate for sale	444,422	472,044
Real estate for sale in process	102,608	126,048
Land for development	647	647
Merchandise and finished goods	14,719	15,748
Work in process	6,583	7,151
Raw materials and supplies	5,818	6,655
Other	254,525	253,491
Allowance for doubtful accounts	-7,653	-7,702
Total current assets	1,405,188	1,365,946
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	892,595	916,521
Accumulated depreciation	-410,518	-417,344
Buildings and structures, net	482,076	499,177
Land	759,813	805,895
Other	286,142	302,856
Accumulated depreciation	-120,652	-122,884
Other, net	165,489	179,972
Total property, plant and equipment	1,407,380	1,485,044
Intangible assets		
Goodwill	52,892	60,718
Other	34,097	37,803
Total intangible assets	86,989	98,521
Investments and other assets		
Investment securities	270,112	267,224
Lease and guarantee deposits	214,740	216,693
Other	174,109	174,356
Allowance for doubtful accounts	-2,635	-2,680
Total investments and other assets	656,326	655,594
Total noncurrent assets	2,150,696	2,239,160
Total assets	3,555,885	3,605,107

(Millions of yen)

	As of March 31, 2017	As of June 30, 2017
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable for construction contracts and other	383,232	318,231
Short-term loans payable	78,944	102,679
Current portion of bonds payable	10	114
Current portion of long-term loans payable	69,401	23,530
Commercial papers	—	90,000
Income taxes payable	52,511	7,251
Advances received	47,802	55,424
Advances received on uncompleted construction contracts	113,850	119,295
Provision for bonuses	50,014	24,955
Provision for warranties for completed construction	7,096	6,021
Asset retirement obligations	1,967	1,909
Other	217,141	256,629
<b>Total current liabilities</b>	<b>1,021,973</b>	<b>1,006,043</b>
Noncurrent liabilities		
Bonds payable	200,000	235,419
Long-term loans payable	292,316	315,791
Long-term lease and guarantee deposited	261,343	262,211
Net defined benefit liability	271,548	267,400
Asset retirement obligations	37,595	38,419
Other	141,205	132,588
<b>Total noncurrent liabilities</b>	<b>1,204,009</b>	<b>1,251,830</b>
<b>Total liabilities</b>	<b>2,225,983</b>	<b>2,257,873</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	161,699	161,699
Capital surplus	311,393	311,703
Retained earnings	734,242	746,216
Treasury stock	-8,450	-7,924
<b>Total shareholders' equity</b>	<b>1,198,884</b>	<b>1,211,694</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	88,642	85,307
Deferred gains or losses on hedges	-5	6
Revaluation reserve for land	3,495	7,521
Foreign currency translation adjustment	17,273	14,437
<b>Total accumulated other comprehensive income</b>	<b>109,405</b>	<b>107,273</b>
Subscription rights to shares	115	115
Non-controlling interests	21,495	28,149
<b>Total net assets</b>	<b>1,329,901</b>	<b>1,347,233</b>
<b>Total liabilities and net assets</b>	<b>3,555,885</b>	<b>3,605,107</b>

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

(Millions of yen)

	Three months ended June 30, 2016 (From April 1, 2016 to June 30, 2016)	Three months ended June 30, 2017 (From April 1, 2017 to June 30, 2017)
Net sales	798,470	817,439
Cost of sales	639,153	639,546
Gross profit	159,316	177,892
Selling, general and administrative expenses	97,608	105,065
Operating income	61,708	72,827
Non-operating income		
Interest income	724	753
Dividends income	1,613	1,867
Miscellaneous income	1,126	1,802
Total non-operating income	3,465	4,423
Non-operating expenses		
Interest expenses	1,268	1,276
Taxes and dues	232	508
Foreign exchange losses	2,537	28
Equity in losses of affiliates	122	57
Miscellaneous expenses	988	1,096
Total non-operating expenses	5,149	2,966
Ordinary income	60,023	74,284
Extraordinary income		
Gain on sales of noncurrent assets	17	525
Gain on sales of investment securities	90	103
Total extraordinary income	107	628
Extraordinary losses		
Loss on sales of noncurrent assets	4	11
Loss on retirement of noncurrent assets	241	148
Loss on disaster	561	—
Other	5	10
Total extraordinary losses	812	170
Income before income taxes	59,319	74,743
Income taxes-current	3,653	11,455
Income taxes-deferred	15,690	12,541
Total income taxes	19,344	23,996
Net income	39,974	50,747
Net income attributable to non-controlling interests	212	104
Net income attributable to owners of the parent	39,761	50,642

**(Consolidated Statements of Comprehensive Income)**

(Millions of yen)

	Three months ended June 30, 2016 (From April 1, 2016 to June 30, 2016)	Three months ended June 30, 2017 (From April 1, 2017 to June 30, 2017)
Net income	39,974	50,747
Other comprehensive income		
Valuation difference on available-for-sale securities	12,704	-3,334
Deferred gains or losses on hedges	-47	14
Foreign currency translation adjustment	-3,002	-1,533
Share of other comprehensive income of associates accounted for using equity method	-3,040	-1,705
Total other comprehensive income	6,613	-6,559
Comprehensive income	46,587	44,187
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	46,538	44,484
Comprehensive income attributable to non-controlling interests	48	-297



**(3) Notes**

**Notes on Premise of Going Concern**

No items to report.

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

No items to report.

**Changes in Significant Subsidiaries during the Period under Review**

Stanley-Martin Communities, LLC, in which an equity interest has been acquired, and its subsidiary Neighborhoods Capital, LLC have been included in the scope of consolidation with effect from the first-quarter period.

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 August 8, 2017.