



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

November 9, 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: Keiichi Yoshii, President and COO  
 Contact: Yuji Yamada, Senior Executive Officer and General Manager, IR Department  
 Phone No.: 06-6342-1400  
 E-mail to: [dh.ir.communications@daiwahouse.jp](mailto:dh.ir.communications@daiwahouse.jp)

Scheduled Date of Filing Quarterly Securities Report: November 10, 2017  
 Scheduled Date of Commencement of Dividend Payment: December 5, 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 Six Months Ended September 30, 2017 (From April 1, 2017 to September 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	%
Six months ended: September 30, 2017	1,809,739	6.5	180,467	23.9	181,049	26.3	123,539	28.6
September 30, 2016	1,698,788	10.6	145,615	11.6	143,400	11.1	96,046	3.6

Note: Comprehensive income: Six months ended September 30, 2017: 115,585 million yen (57.0%)  
 Six months ended September 30, 2016: 73,638 million yen (-9.3%)

	Basic net income per share	Diluted net income per share
	Yen	Yen
Six months ended: September 30, 2017	186.10	186.09
September 30, 2016	144.84	144.77

**(2) Consolidated Financial Conditions**

	Total assets	Net assets	Net assets ratio
	Millions of yen	Millions of yen	%
As of September 30, 2017	3,768,805	1,420,121	36.9
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. September 30, 2017: 1,391,382 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
Fiscal year ended March 31, 2017	Yen —	Yen 40.00	Yen —	Yen 52.00	Yen 92.00
Fiscal year ending March 31, 2018	—	45.00			
Fiscal year ending March 31, 2018 (forecasts)			—	53.00	98.00

Note: Revision made to the dividend forecast announcement on May 11, 2017: Yes

### 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	325,000	4.8	323,000	7.5	216,000	7.1	325.29

Note: Revision made to business forecast announcement on May 25, 2017: Yes

#### 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 September 30, 2017	666,238,205 shares	As of March 31, 2017	666,238,205 shares
--------------------------	--------------------	----------------------	--------------------

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

As of September 30, 2017	2,020,609 shares	As of March 31, 2017	2,691,551 shares
--------------------------	------------------	----------------------	------------------

**3) Average number of shares during the period**

Six months ended September 30, 2017	663,844,641 shares	Six months ended September 30, 2016	663,123,584 shares
-------------------------------------	--------------------	-------------------------------------	--------------------

\* 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 Six 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 November 9, 2017. Relevant financial statements to be handed out at the briefing will be posted on our official website at the same time.

## Contents of the Attached Material

1. Qualitative Information Regarding Consolidated Results for the First Six Months under Review.....	4
(1) Earnings Results .....	4
(2) Financial Conditions .....	4
(3) Earnings Forecasts .....	4
2. Consolidated Financial Statements and Main Notes .....	5
(1) Consolidated Balance Sheets .....	5
(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income .....	7
Consolidated Statements of Income .....	7
Consolidated Statements of Comprehensive Income .....	8
(3) Notes.....	9
Notes on Premise of Going Concern.....	9
Notes on Significant Changes in the Amount of Shareholders' Equity .....	9
Changes in Significant Subsidiaries during the Period under Review .....	9

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

### (1) Earnings Results

During the first six-month period 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.

In the housing industry, the market has been showing a sluggish trend overall. New housing construction starts in the Built-for-Sale dwelling category recorded year-on-year increase while Owned and Rented turned downward. The general construction market has been showing a firm trend overall. On a year-on-year comparison new construction starts in Factories and Warehouses and other turned upward, whereas Stores turned downward.

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 demand in the domestic market.

As a result, the Daiwa House Group recorded consolidated net sales of 1,809,739 million yen (+6.5% year on year) for the first six months of the fiscal year ending March 2018. Ordinary income came to 181,049 million yen (+26.3% year on year), while net income attributable to owners of the parent amounted to 123,539 million yen (+28.6% year on year).

### (2) Financial Conditions

Total assets as of the end of the consolidated six-month reporting period amounted to 3,768,805 million yen, an increase of 212,920 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, and an increase in inventory assets accompanying the acquisition of real estate for sale.

Total liabilities as of the end of the consolidated six-month reporting period amounted to 2,348,684 million yen, an increase of 122,701 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 loans and the issuance of bonds, and an increase in notes and accounts payable for construction contracts and other.

Total net assets as of the end of the consolidated six-month reporting period amounted to 1,420,121 million yen, an increase of 90,219 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 123,539 million yen, which more than offset the payment of dividends to shareholders for the previous fiscal year.

### (3) Earnings Forecasts

Based on recent order trends and second-quarter earnings, the Company has revised consolidated earnings forecasts for the full year. Refer to Announcement of a Revision of Earnings and Dividend Forecasts for the Fiscal Year Ending March 2018, announced on November 9, 2017, regarding matters related to the revision of these forecasts.

## 2. Consolidated Financial Statements and Main Notes

### (1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2017	As of September 30, 2017
<b>Assets</b>		
Current assets		
Cash and deposits	216,749	203,796
Notes and accounts receivable from completed construction contracts and other	315,275	306,041
Mortgage notes receivable held for sale	–	13,711
Short-term investment securities	2,006	2,020
Costs on uncompleted construction contracts	49,484	61,778
Real estate for sale	444,422	481,409
Real estate for sale in process	102,608	120,668
Land for development	647	647
Merchandise and finished goods	14,719	15,405
Work in process	6,583	6,402
Raw materials and supplies	5,818	6,155
Other	254,525	277,902
Allowance for doubtful accounts	-7,653	-8,148
Total current assets	1,405,188	1,487,790
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	892,595	956,261
Accumulated depreciation	-410,518	-424,252
Buildings and structures, net	482,076	532,008
Land	759,813	809,338
Other	286,142	307,656
Accumulated depreciation	-120,652	-125,049
Other, net	165,489	182,607
Total property, plant and equipment	1,407,380	1,523,954
Intangible assets		
Goodwill	52,892	59,139
Other	34,097	38,035
Total intangible assets	86,989	97,174
Investments and other assets		
Investment securities	270,112	266,214
Lease and guarantee deposits	214,740	218,586
Other	174,109	177,865
Allowance for doubtful accounts	-2,635	-2,780
Total investments and other assets	656,326	659,886
Total noncurrent assets	2,150,696	2,281,015
Total assets	3,555,885	3,768,805

(Millions of yen)

	As of March 31, 2017	As of September 30, 2017
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable for construction contracts and other	383,232	428,968
Short-term loans payable	78,944	88,393
Current portion of bonds payable	10	104
Current portion of long-term loans payable	69,401	42,822
Income taxes payable	52,511	50,397
Advances received	47,802	59,235
Advances received on uncompleted construction contracts	113,850	116,679
Provision for bonuses	50,014	49,718
Provision for warranties for completed construction	7,096	5,919
Asset retirement obligations	1,967	1,754
Other	217,141	221,316
<b>Total current liabilities</b>	<b>1,021,973</b>	<b>1,065,310</b>
<b>Noncurrent liabilities</b>		
Bonds payable	200,000	235,394
Long-term loans payable	292,316	339,863
Long-term lease and guarantee deposited	261,343	264,512
Net defined benefit liability	271,548	270,033
Asset retirement obligations	37,595	39,697
Other	141,205	133,872
<b>Total noncurrent liabilities</b>	<b>1,204,009</b>	<b>1,283,373</b>
<b>Total liabilities</b>	<b>2,225,983</b>	<b>2,348,684</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	161,699	161,699
Capital surplus	311,393	311,705
Retained earnings	734,242	818,944
Treasury stock	-8,450	-6,336
<b>Total shareholders' equity</b>	<b>1,198,884</b>	<b>1,286,012</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	88,642	82,421
Deferred gains or losses on hedges	-5	8
Revaluation reserve for land	3,495	7,688
Foreign currency translation adjustment	17,273	15,250
<b>Total accumulated other comprehensive income</b>	<b>109,405</b>	<b>105,369</b>
Subscription rights to shares	115	115
Non-controlling interests	21,495	28,623
<b>Total net assets</b>	<b>1,329,901</b>	<b>1,420,121</b>
<b>Total liabilities and net assets</b>	<b>3,555,885</b>	<b>3,768,805</b>

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

	(Millions of yen)	
	Six months ended September 30, 2016 (From April 1, 2016 to September 30, 2016)	Six months ended September 30, 2017 (From April 1, 2017 to September 30, 2017)
Net sales	1,698,788	1,809,739
Cost of sales	1,348,712	1,411,628
Gross profit	350,076	398,110
Selling, general and administrative expenses	204,460	217,643
Operating income	145,615	180,467
Non-operating income		
Interest income	1,458	1,603
Dividends income	2,287	1,988
Equity in earnings of affiliates	-	370
Miscellaneous income	3,489	3,720
Total non-operating income	7,235	7,683
Non-operating expenses		
Interest expenses	2,503	2,492
Taxes and dues	364	821
Foreign exchange losses	2,997	-
Equity in losses of affiliates	336	-
Miscellaneous expenses	3,249	3,788
Total non-operating expenses	9,450	7,102
Ordinary income	143,400	181,049
Extraordinary income		
Gain on sales of noncurrent assets	45	702
Gain on sales of investment securities	431	472
Other	21	31
Total extraordinary income	498	1,206
Extraordinary losses		
Loss on sales of noncurrent assets	10	26
Loss on retirement of noncurrent assets	450	453
Impairment loss	-	246
Loss on sales of investment securities	2	-
Loss on disaster	724	-
Other	5	17
Total extraordinary losses	1,192	744
Income before income taxes	142,706	181,510
Income taxes-current	44,303	54,910
Income taxes-deferred	2,172	2,393
Total income taxes	46,476	57,304
Net income	96,229	124,205
Net income attributable to non-controlling interests	183	665
Net income attributable to owners of the parent	96,046	123,539

**(Consolidated Statements of Comprehensive Income)**

(Millions of yen)

	Six months ended September 30, 2016 (From April 1, 2016 to September 30, 2016)	Six months ended September 30, 2017 (From April 1, 2017 to September 30, 2017)
Net income	96,229	124,205
Other comprehensive income		
Valuation difference on available-for-sale securities	-4,168	-6,237
Deferred gains or losses on hedges	-58	17
Foreign currency translation adjustment	-9,276	-1,309
Share of other comprehensive income of associates accounted for using equity method	-9,087	-1,090
Total other comprehensive income	-22,591	-8,620
Comprehensive income	73,638	115,585
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	74,077	115,310
Comprehensive income attributable to non-controlling interests	-438	275



**(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 November 9, 2017.