



Company: Daiwa House Industry Co., Ltd.
(Code number:1925,
First Section of the Tokyo Stock Exchange)

Representative: Naotake Ohno, President and COO

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(Revision/Revision to Numerical Data) Partial Revision to Summary of Financial Results for the Fiscal Year Ended March 31, 2016 [Consolidated] (Japanese GAAP)

Daiwa House Industry Co., Ltd. (the Company) identified certain necessary revisions in the Company's Summary of Financial Results for the Fiscal Year Ended March 31, 2016 [Consolidated] (Japanese GAAP). The Company also made certain revisions in numerical data. This revised Summary of Financial Results includes this revised numerical data.

1. Reasons for the revision

After publishing the Summary of Financial Results for the Fiscal Year Ended March 31, 2016 [Consolidated] (Japanese GAAP), the Company discovered misstatements in the numerical data of the Consolidated Statements of Cash Flows and in the Notes to Consolidated Financial Statements. Accordingly, the Company has corrected said misstatements. These revisions have no impact on the Company's consolidated business results or consolidated financial condition.

2. Revisions details

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1. Consolidated Results of Operation for the Fiscal Year Ended March 31, 2016 (From April 1, 2015 to March 31, 2016)

(3) Consolidated Cash Flows

(Before revision)

	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, 2016	278,497	(202,507)	(130,125)	188,923
Fiscal year ended March 31, 2015	139,465	(235,027)	129,202	234,544

(After revision)

	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, 2016	278,497	(202,447)	(130,185)	188,923
Fiscal year ended March 31, 2015	139,465	(235,027)	129,202	234,544

<Reference Material> Key Performance Indicators

1. Performance Indicators

(Before revision)

Fiscal years	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016	Forecast for the fiscal year ending March 31, 2017
(Snip)					
Cash flows from operating activities (millions of yen)	164,247	78,451	139,465	278,497	—
Cash flows from investing activities (millions of yen)	(140,736)	(240,439)	(235,027)	<u>(202,507)</u>	—
Cash flows from financing activities (millions of yen)	(28,633)	110,131	129,202	<u>(130,125)</u>	—
Cash and cash equivalents, end of year (millions of yen)	245,037	198,733	234,544	188,923	—

(After revision)

Fiscal years	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016	Forecast for the fiscal year ending March 31, 2017
(Snip)					
Cash flows from operating activities (millions of yen)	164,247	78,451	139,465	278,497	—
Cash flows from investing activities (millions of yen)	(140,736)	(240,439)	(235,027)	<u>(202,447)</u>	—
Cash flows from financing activities (millions of yen)	(28,633)	110,131	129,202	<u>(130,185)</u>	—
Cash and cash equivalents, end of year (millions of yen)	245,037	198,733	234,544	188,923	—

1. Analysis on Business Results and Financial Conditions

(2) Analysis on Financial Conditions

2. Cash Flows during the Reporting Fiscal Year

(Before revisions)

Cash and cash equivalents for the reporting fiscal year amounted to 188,923 million yen, for a decrease of 45,620 million yen. Net cash provided by operating activities stood at 278,497 million yen, net cash used in investing activities came to 202,507 million yen, and net cash used in financing activities came to 130,125 million yen.

Cash flows from operating activities

During the reporting fiscal year, net cash provided by operating activities came to 278,497 million yen (+99.7% year on year). This was mainly the result of the posting of 156,214 million yen in income before income taxes and non-controlling shareholders' interests for the reporting period, as well as an increase in net defined benefit liability for employees, resulting from a change in the discount rate applied to the calculation of retirement benefit obligations.

Cash flows from investing activities

During the reporting fiscal year, net cash used in investing activities came to 202,507 million yen (compared with 235,027 million yen used in the previous fiscal year). This was primarily the result of the acquisition of property, plant and equipment, including rental real estates, and investments in real estate development.

Cash flows from financing activities

During the reporting fiscal year, net cash used in financing activities came to 130,125 million yen (compared with net cash provided in the amount of 129,202 million yen for the previous fiscal year). This was primarily the result of the repayment of interest-bearing debt such as loans payable.

(After revisions)

Cash and cash equivalents for the reporting fiscal year amounted to 188,923 million yen, for a decrease of 45,620 million yen. Net cash provided by operating activities stood at 278,497 million yen, net cash used in investing activities came to 202,447 million yen, and net cash used in financing activities came to 130,185 million yen.

Cash flows from operating activities

During the reporting fiscal year, net cash provided by operating activities came to 278,497 million yen (+99.7% year on year). This was mainly the result of the posting of 156,214 million yen in income before income taxes and non-controlling shareholders' interests for the reporting period, as well as an increase in net defined benefit liability for employees, resulting from a change in the discount rate applied to the calculation of retirement benefit obligations.

Cash flows from investing activities

During the reporting fiscal year, net cash used in investing activities came to 202,447 million yen (compared with 235,027 million yen used in the previous fiscal year). This was primarily the result of the acquisition of property, plant and equipment, including rental real estates, and investments in real estate development.

Cash flows from financing activities

During the reporting fiscal year, net cash used in financing activities came to 130,185 million yen (compared with net cash provided in the amount of 129,202 million yen for the previous fiscal year). This was primarily the result of the repayment of interest-bearing debt such as loans payable.

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4. Consolidated Financial Statements

(4) Consolidated Statements of Cash Flows

(Before revision)

	(Millions of yen)	
	Previous fiscal year (From April 1, 2014 to March 31, 2015)	Reporting fiscal year (From April 1, 2015 to March 31, 2016)
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment and intangible assets	(232,211)	(178,179)
Proceeds from sales of property, plant and equipment	2,604	2,763
Purchase of investment securities	(16,645)	(26,177)
Proceeds from sales and redemption of investment securities	11,720	19,042
Purchase of investments in subsidiaries	(138)	(60)
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(1,206)	(9,533)
Payments for acquisition of business	(405)	(110)
Proceeds from collection of lease and guarantee deposits	(6,546)	(5,282)
Other, net	7,801	(4,969)
Net cash provided by (used in) investing activities	<u>(235,027)</u>	<u>(202,507)</u>
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	48,670	(24,302)
Net increase (decrease) in commercial papers	72,000	(72,000)
Proceeds from long-term loans payable	134,083	61,703
Repayment of long-term loans payable	(66,234)	(46,641)
Proceeds from issuance of bonds	80,000	—
Redemption of bonds	(100,135)	(610)
Repayments of finance lease obligations	(3,137)	(2,750)
Proceeds from share issuance to non-controlling shareholders	258	3,634
Repayments to non-controlling shareholders	—	(3)
Purchase of treasury stock	(51)	(2,652)
Proceeds from sales of treasury stock	0	0
Cash dividends paid	(36,251)	(46,319)
Dividends paid to non-controlling interests	—	(183)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	(0)
Net cash provided by (used in) financing activities	<u>129,202</u>	<u>(130,125)</u>
Effect of exchange rate change on cash and cash equivalents	<u>2,137</u>	<u>(4,738)</u>
Net increase (decrease) in cash and cash equivalents	<u>35,778</u>	<u>(58,875)</u>
Cash and cash equivalents at the beginning of the period	198,733	234,544
Increase in cash and cash equivalents from newly consolidated subsidiary	31	14
Increase in cash and cash equivalents resulting from share exchange	—	13,240
Cash and cash equivalents at the end of the period	<u>234,544</u>	<u>188,923</u>

(After revision)

(Millions of yen)

	Previous fiscal year (From April 1, 2014 to March 31, 2015)	Reporting fiscal year (From April 1, 2015 to March 31, 2016)
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment and intangible assets	(232,211)	(178,179)
Proceeds from sales of property, plant and equipment	2,604	2,763
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Purchase of investments in subsidiaries	(138)	—
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(1,206)	(9,533)
Payments for acquisition of business	(405)	(110)
Proceeds from collection of lease and guarantee deposits	(6,546)	(5,282)
Other, net	7,801	(4,969)
Net cash provided by (used in) investing activities	(235,027)	(202,447)
Net cash provided by (used in) financing activities		
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Cash and cash equivalents at the end of the period	234,544	188,923

4. Consolidated Financial Statements

(5) Notes to Consolidated Financial Statements

(Before revision)

(Supplementary Information)

(Revision of Deferred Tax Asset and Deferred Tax Liability Amounts due to Changes in Corporate Tax Rates)

On March 29, 2016, the government of Japan promulgated the Act for Partial Revision of the Income Tax Act, Etc. (Act No.15, 2016) and the Act for Partial Revision of the Local Tax Act (Act No.13, 2016). These acts reduce corporate tax rates for consolidated fiscal years beginning on or after April 1, 2016.

In conjunction with these new laws, effective statutory tax rate used for calculating deferred tax assets and deferred tax liabilities will be reduced from the current 33.0% to 30.8% for temporary differences expected to be reversed during consolidated fiscal years beginning on April 1, 2016 and April 1, 2017. The effective statutory tax rate shall be further reduced to 30.6% for temporary differences expected to be reversed during consolidated fiscal year beginning April 1, 2018.

As a result of this change in tax rates, deferred tax assets (amount after deducting deferred tax liabilities) decreased by 5,317 million yen, while income taxes-deferred and valuation differences on available-for-sale securities increased by 7,352 million yen and 2,029 million yen, respectively. The deferred tax liabilities for land revaluation decreased by 1,111 million yen, with the same amount transferred to revaluation reserve for land. Accordingly, revaluation reserve for land (a component of other comprehensive income) increased by 1,111 million yen.

(After revision)

(Supplementary Information)

(Revision of Deferred Tax Asset and Deferred Tax Liability Amounts due to Changes in Corporate Tax Rates)

On March 29, 2016, the government of Japan promulgated the Act for Partial Revision of the Income Tax Act, Etc. (Act No.15, 2016) and the Act for Partial Revision, Etc. of the Local Tax Act, Etc. (Act No.13, 2016). These acts reduce corporate tax rates for consolidated fiscal years beginning on or after April 1, 2016.

In conjunction with these new laws, effective statutory tax rate used for calculating deferred tax assets and deferred tax liabilities will be reduced from the 32.2% used for calculation for the previous fiscal year to 30.8% for temporary differences expected to be reversed during consolidated fiscal years beginning on April 1, 2016 and April 1, 2017. The effective statutory tax rate shall be further reduced to 30.6% for temporary differences expected to be reversed during consolidated fiscal year beginning April 1, 2018.

As a result of this change in tax rates, deferred tax assets (amount after deducting deferred tax liabilities) decreased by 5,317 million yen, while income taxes-deferred and valuation differences on available-for-sale securities increased by 7,352 million yen and 2,029 million yen, respectively. The deferred tax liabilities for land revaluation decreased by 1,111 million yen, with the same amount transferred to revaluation reserve for land. Accordingly, revaluation reserve for land (a component of other comprehensive income) increased by 1,111 million yen.

End

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 of the press release dated June 20, 2016.