



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

August 5, 2011

Name of Listed Company: Daiwa House Industry Co., Ltd.  
 Code No.: 1925  
 URL: <http://www.daiwahouse.co.jp/>  
 Listed Exchanges: First section of the Tokyo Stock Exchange;  
 First section of the Osaka Securities Exchange  
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Scheduled Date of Filing Quarterly Report: August 10, 2011  
 Supplemental documents for the financial results provided: Yes  
 Results briefing for the period under review provided: Yes (for institutional investors and securities analysts)

(Amounts below one million yen are omitted)

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

**(1) Consolidated Business Results**

(% figures represent year-on-year change)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended:								
June 30, 2011	410,100	15.5	24,617	74.7	24,483	55.4	13,689	79.5
June 30, 2010	354,964	(6.0)	14,093	1.7	15,753	4.9	7,627	(5.4)

Note: Comprehensive income

Three months ended June 30, 2011: 11,295 million yen (43.0%); Three months ended June 30, 2010: 7,896 million yen (—%)

	Basic net income per share	Diluted net income per share
Three months ended:	Yen	Yen
June 30, 2011	23.65	—
June 30, 2010	13.17	—

**(2) Consolidated Financial Conditions**

	Total assets	Net assets	Net assets ratio
As of:	Millions of yen	Millions of yen	%
June 30, 2011	1,953,413	634,704	32.4
March 31, 2011	1,934,236	635,186	32.8

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

(Net assets – Minority interests) is as follows. June 30, 2011: 633,861 million yen; March 31, 2011: 634,151 million yen

**2. Dividends**

(Record date)	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, 2011	Yen —	Yen 0.00	Yen —	Yen 20.00	Yen 20.00
Fiscal year ending March 31, 2012	—	—	—	—	—
Fiscal year ending March 31, 2012 (forecasts)	—	0.00	—	25.00	25.00

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

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

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

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

(% figures represent year-on-year change)

	Net sales		Operating income		Ordinary income		Net income		Basic net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2011	870,000	5.9	47,000	0.4	45,500	(4.3)	22,000	(23.9)	38.01
Fiscal year ending March 31, 2012	1,750,000	3.5	95,000	8.3	93,000	17.6	47,000	72.4	81.20

Note: Revision made to business forecasts announced on June 10, 2011: None

### 4. Others

- (1) **Changes in Significant Subsidiaries during the period under review (This refers to changes in specified subsidiaries associated with changes in the scope of consolidation.):** None
- (2) **Application of Accounting Methods Unique to the Preparation of the Quarterly Consolidated Financial Statements:** None
- (3) **Changes of Accounting Policies Applied, Changes in Accounting Estimates and Retrospective Restatement**
  - 1) **Changes of accounting policies applied due to amendment of accounting standards:** None
  - 2) **Changes of accounting policies due to reasons other than 1):** None
  - 3) **Changes in accounting estimates:** None
  - 4) **Retrospective restatement:** None
- (4) **Number of Issued and Outstanding Shares (Common Stock)**

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

As of June 30, 2011	599,921,851 shares	As of March 31, 2011	599,921,851 shares
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#### 2) Number of treasury stock at the end of the period

As of June 30, 2011	21,119,400 shares	As of March 31, 2011	21,115,009 shares
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#### 3) Average number of shares during the period (for the three months under review)

Three months ended June 30, 2011	578,805,728 shares	Three months ended June 30, 2010	579,084,741 shares
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#### \* Presentation of implementing the quarterly review procedures

As of the time when the quarterly financial results are disclosed, the Group had not completed the reviewing (checking) procedures for quarterly 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. Actual results may differ significantly from those presented herein as a consequence of numerous factors such as the financial market, economic conditions, competitor situations and fluctuations in land prices. Please refer to the section of "Qualitative Information Regarding Consolidated Business Forecasts" of "the Attached Material" on page 4 for the suppositions that form the assumptions for business forecasts.

#### (Obtaining supplementary explanatory materials)

The Company plans to hold a briefing for analysts and institutional investors on August 5, 2011. Relevant financial statements to be handed out at the briefing will be posted on our official website at the same time.

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

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

During the first quarter of the fiscal 2011 ending March 31, 2012, the economic situation in Japan was extremely severe, partly due to the aftermath of the Great East Japan Earthquake. Despite some signs of an upswing in the economy, including an early recovery by the nation's production system and improved consumer confidence, there remains a strong risk of a further economic downturn against the backdrop of political instability and the prolonged appreciation of the yen's exchange rate. The outlook thus continues to be highly uncertain.

In the Housing industry, government measures to encourage home buying proved successful. These included the Flat 35S preferential interest rate mortgage loans and the housing eco-points system, both of which had been applied since the previous fiscal year. Fears of a sharp decline in housing demand following the March 11 disaster proved unfounded, and new housing construction starts, excluding rental housing, posted firm figures.

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

Particularly with regard to contributing to reconstruction efforts after the Great East Japan Earthquake, we placed top priority on providing temporary housing as soon as possible for people who have lost their homes and are being forced to live in evacuation centers. With regard to our management policy of expanding market share through marketing tailored to local needs, we have introduced a new "block" system by dividing up our nationwide marketing efforts, carried out by the staff at our 83 branch offices, into six regions. This has enabled us to develop products that incorporate the unique features of each region, and to bolster our ties with landowners.

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

In the field of CSR activities, to make social contributions through our business operations, at temporary housing units in the areas hit by the earthquake and tsunami we provided support for the installation of "greenery curtains" (which are effective in cooling down rooms by blocking the sun's rays and cutting down on electricity consumption), and also donated eco-friendly LED street lamps. At the end of June we published the CSR Report 2011 as part of our proactive efforts to provide our stakeholders with information on the Group's CSR activities.

As a result, for the reporting first-quarter period, on a consolidated basis, we recorded net sales of ¥410,100 million (up 15.5% year on year). Ordinary income came to ¥24,483 million (up 55.4%), while net income rose 79.5% to ¥13,689 million.

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

Total assets at the end of the reporting first-quarter period, on a consolidated basis, stood at ¥1,953,413 million, for an increase of ¥19,177 million compared with the ¥1,934,236 million at the previous fiscal year-end. This is mainly attributable to increases in inventories and investment securities, which more than offset a decline in cash and deposits resulting from the dividend payment and the acquisition of property, plant and equipment.

Total liabilities at the end of the reporting first-quarter period, on a consolidated basis, stood at ¥1,318,709 million, for an increase of ¥19,659 million compared with the ¥1,299,049 million at the previous fiscal year-end. This is mainly attributable to the procurement of funds through the issuance of commercial papers and an increase in advances received on uncompleted construction contracts, which more than offset a decrease in the provision for bonuses.

Net assets at the end of the reporting first-quarter period, on a consolidated basis, declined by ¥482 million from the ¥635,186 million at the previous fiscal year-end, to ¥634,704 million, in spite of the posting of net income in the amount of ¥13,689 million, principally as a result of the payment of shareholders' dividends for the previous fiscal year.

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

With respect to the Company's business forecasts on a consolidated accounts basis for the term ending March 31, 2012, no changes have been made to the business forecasts in the Notification of Business Performance and Dividend Forecasts announced on June 10, 2011.

2.Consolidated Quarterly Financial Statements

(1) Consolidated Quarterly Balance Sheets

	(Millions of yen)	
	As of March 31, 2011	As of June 30, 2011
<b>Assets</b>		
Current assets		
Cash and deposits	149,379	129,257
Notes receivable, accounts receivable from completed construction contracts and other	95,686	99,035
Short-term investment securities	6	6
Costs on uncompleted construction contracts	15,307	16,589
Real estate for sale	231,716	229,410
Real estate for sale in process	31,821	44,949
Land for development	2,237	1,983
Merchandise and finished goods	10,321	11,476
Work in process	4,822	8,985
Raw materials and supplies	5,760	7,837
Other	135,580	147,485
Allowance for doubtful accounts	(1,379)	(1,428)
<b>Total current assets</b>	<b>681,261</b>	<b>695,588</b>
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	605,561	613,951
Accumulated depreciation	(277,752)	(282,446)
Buildings and structures, net	327,808	331,505
Land	387,343	378,830
Other	138,182	142,882
Accumulated depreciation	(93,210)	(94,752)
Other, net	44,971	48,130
<b>Total property, plant and equipment</b>	<b>760,123</b>	<b>758,465</b>
Intangible assets	21,491	22,665
Investments and other assets		
Investment securities	117,718	124,643
Lease and guarantee deposits	189,607	188,883
Other	176,527	175,616
Allowance for doubtful accounts	(8,821)	(8,777)
Allowance for investment loss	(3,672)	(3,672)
<b>Total investments and other assets</b>	<b>471,360</b>	<b>476,694</b>
<b>Total noncurrent assets</b>	<b>1,252,975</b>	<b>1,257,825</b>
<b>Total assets</b>	<b>1,934,236</b>	<b>1,953,413</b>

	(Millions of yen)	
	As of March 31, 2011	As of June 30, 2011
<b>Liabilities</b>		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	129,462	124,935
Short-term loans payable	9,136	6,291
Current portion of bonds payable	4,500	4,500
Current portion of long-term loans payable	25,122	24,867
Commercial papers payable	—	15,000
Income taxes payable	6,675	2,987
Advances received on uncompleted construction contracts	32,090	43,308
Provision for bonuses	22,164	12,761
Provision for warranties for completed construction	6,304	6,081
Asset retirement obligations	1,780	1,837
Other	152,470	167,383
Total current liabilities	389,705	409,954
Noncurrent liabilities		
Bonds payable	101,300	101,300
Long-term loans payable	255,498	247,741
Long-term lease and guarantee deposited	226,315	226,300
Provision for retirement benefits	175,532	174,264
Asset retirement obligations	21,672	22,003
Other	129,024	137,145
Total noncurrent liabilities	909,343	908,755
Total liabilities	1,299,049	1,318,709
Net assets		
Shareholders' equity		
Capital stock	110,120	110,120
Capital surplus	226,824	226,824
Retained earnings	362,281	364,350
Treasury stock	(19,874)	(19,875)
Total shareholders' equity	679,351	681,419
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,582	5,763
Revaluation reserve for land	(47,314)	(47,274)
Foreign currency translation adjustment	(5,467)	(6,047)
Total accumulated other comprehensive income	(45,200)	(47,558)
Minority interests	1,035	842
Total net assets	635,186	634,704
Total liabilities and net assets	1,934,236	1,953,413

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

	(Millions of yen)	
	Three months ended June 30, 2010 (From April 1, 2010 to June 30, 2010)	Three months ended June 30, 2011 (From April 1, 2011 to June 30, 2011)
Net sales	354,964	410,100
Cost of sales	280,629	322,542
Gross profit	74,334	87,558
Selling, general and administrative expenses	60,241	62,940
Operating income	14,093	24,617
Non-operating income		
Interest income	494	717
Dividends income	1,149	952
Equity in earnings of affiliates	269	—
Miscellaneous income	2,139	1,479
Total non-operating income	4,052	3,149
Non-operating expenses		
Interest expenses	2,010	1,634
Equity in losses of affiliates	—	906
Miscellaneous expenses	381	742
Total non-operating expenses	2,391	3,283
Ordinary income	15,753	24,483
Extraordinary income		
Gain on sales of noncurrent assets	24	39
Gain on sales of investment securities	41	566
Total extraordinary income	65	606
Extraordinary loss		
Loss on sales of noncurrent assets	1	35
Loss on retirement of noncurrent assets	75	147
Impairment loss	106	30
Loss on valuation of investment securities	183	272
Loss on adjustment for changes of accounting standard for asset retirement obligations	2,804	—
Other	0	—
Total extraordinary losses	3,173	486
Income before income taxes and minority interests	12,646	24,603
Income taxes-current	1,131	2,313
Income taxes-deferred	3,894	8,596
Total income taxes	5,025	10,910
Income before minority interests	7,620	13,693
Minority interests in income (loss)	(6)	4
Net income	7,627	13,689



(Consolidated Quarterly Statements of Comprehensive Income)

	(Millions of yen)	
	Three months ended June 30, 2010 (From April 1, 2010 to June 30, 2010)	Three months ended June 30, 2011 (From April 1, 2011 to June 30, 2011)
Income before minority interests	7,620	13,693
Other comprehensive income		
Valuation difference on available-for-sale securities	55	(1,718)
Foreign currency translation adjustment	82	193
Share of other comprehensive income of associates accounted for using equity method	136	(872)
Total other comprehensive income	275	(2,398)
Comprehensive income	7,896	11,295
(Comprehensive income attributable to)		
Comprehensive income attributable to shareholders of the parent	7,902	11,290
Comprehensive income attributable to minority interests	(6)	4

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

No items to report.

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

No items to report.

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**Disclaimer:**

This English translation has been prepared for general reference purposes only. The Company shall not be responsible for any consequence resulting from the use of the English translation in place of the original Japanese text. In any legal matter, readers should refer to and rely upon the original Japanese text released on August 5, 2011.