



**Summary of Financial Results (Unaudited)**  
**for the First Nine Months of the Fiscal Year Ending March 31, 2014 [Consolidated]**  
**(From April 1, 2013 to December 31, 2013)**  
**[Japanese GAAP]**

February 7, 2014

Name of Listed Company: Daiwa House Industry Co., Ltd.  
 URL: <http://www.daiwahouse.co.jp/>  
 Code No.: 1925  
 Listed Exchanges: First section of the Tokyo Stock Exchange  
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Scheduled Date of Filing Quarterly Report: February 12, 2014  
 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 Nine Months Ended December 31, 2013 (From April 1, 2013 to December 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	%
Nine months ended:								
December 31, 2013	1,896,005	33.0	104,392	17.6	107,490	17.7	61,509	19.6
December 31, 2012	1,425,915	7.8	88,733	0.9	91,330	2.4	51,408	61.9

Note: Comprehensive income: Nine months ended December 31, 2013: 79,264 million yen (46.7 %);  
 Nine months ended December 31, 2012: 54,026 million yen (94.5%)

	Basic net income per share	Diluted net income per share
Nine months ended:	Yen	Yen
December 31, 2013	98.22	—
December 31, 2012	88.84	—

**(2) Consolidated Financial Conditions**

	Total assets	Net assets	Net assets ratio
As of:	Millions of yen	Millions of yen	%
December 31, 2013	2,595,867	923,362	35.3
March 31, 2013	2,371,238	734,883	30.9

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

(Net assets – Minority interests) is as follows. December 31, 2013: 917,545 million yen; March 31, 2013: 733,623 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
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2013	—	0.00	—	35.00	35.00
Fiscal year ending March 31, 2014	—	20.00	—	—	—
Fiscal year ending March 31, 2014 (forecasts)	—	—	—	23.00	43.00

Note: Revision made to the dividend forecast announced on November 8, 2013: None

### 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	2,550,000	27.0	150,000	17.2	143,000	(1.6)	88,000	32.8	138.84

Note: Revision made to business forecasts announced on November 8, 2013: 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.):** 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 December 31, 2013	660,421,851 shares	As of March 31, 2013	599,921,851 shares
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##### 2) Number of treasury stock at the end of the period

As of December 31, 2013	1,293,293 shares	As of March 31, 2013	21,248,944 shares
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##### 3) Average number of shares during the period (for the nine months under review)

Nine months ended December 31, 2013	626,216,227 shares	Nine months ended December 31, 2012	578,700,208 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 have 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. 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 Nine Months under Review (3) Business Forecasts" of "the Attached Material" on page 5 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 February 7, 2014. Relevant financial materials 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 Nine Months under Review

### (1) Business Results

During the first nine months of fiscal 2013 ending March 31, 2014, the Japanese economy continued to recover thanks to an increase in domestic demand mainly accompanying the positive effect of *Abenomics* and disaster-related reconstruction demand. This recovery was also attributable to a gradual economic rebound in the United States and Europe. However, uncertainties about the future remained primarily due to concerns over stagnant exports and domestic capital expenditures amid slower growth in emerging markets and a greater number of companies shifting production overseas as well as anxiety concerning consumer reaction following the consumption tax increase.

In the housing industry, the picture remained encouraging. During the period under review, the number of new housing starts increased compared with the same month of the previous year for the sixteenth consecutive month starting from September 2012. This was due partly to a rebound in consumer confidence based on improved economic sentiment, anticipated high interest rates, and a last-minute demand surge before the consumption tax increase scheduled for April 1, 2014.

Under these conditions, the Daiwa House Group launched the 4th Medium-Term Management Plan, “3G&3S” for the Next Step, which covers the three years beginning from fiscal 2013. The plan was formulated based on future growth strategies in order to enable the Group to grow and develop even further in the years ahead.

In the 3rd Medium-Term Management Plan, the Daiwa House Group took on the challenge of implementing its 3G strategy (the three Gs are the initial letters of Group, Global, and Great, the three key words that define this strategy) of sustaining growth across the entire Group, accelerating its global development, and becoming an excellent company. In its 4th Medium-Term Management Plan, the Group added the basic 3S approach of Speed, Safety, and Sustainability that forms the basis of its implementation of the 3G strategy. Using both “3G & 3S,” the Group will ensure growth into the future.

In the first nine months under review, with its three-year investment plan totaling 650 billion yen (breakdown: 400 billion yen for real-estate development, 50 billion yen for overseas investment, 50 billion yen for M&A, and 150 billion yen for capital investment), the Daiwa House Group issued new shares of common stock in a public offering, undertook the retirement of treasury stock, and issued new shares through third-party allotment. As a result, the Group raised a total of 138,228 million yen in new funds that will be invested in real-estate development in its three priority investment fields: the Rental Housing Business; the Commercial Facilities Business; and the Logistics, Business and Corporate Facilities Business.

In June 2013, the Daiwa House Group converted Cosmos Initia Co. Ltd. into a subsidiary as a measure to strengthen and expand the Condominiums Business, and converted Daiyoshi Trust Co., Ltd. into a subsidiary in preparation for full-scale entry into the parking business.

As a result, for the first nine months under review, on a consolidated basis, Daiwa House Industry recorded net sales of 1,896,005 million yen (up 33.0% year on year). Ordinary income came to 107,490 million yen (up 17.7%), and net income totaled 61,509 million yen (up 19.6%).

### (2) Financial Condition

Total assets at the end of the reporting nine-month period, on a consolidated basis, came to 2,595,867 million yen, an increase of 224,629 million yen compared with 2,371,238 million yen at the previous fiscal year-end. This was primarily due to an increase in inventories from the conversion of Cosmos Initia Co., Ltd. into a subsidiary and the purchase of property, plant and equipment in the Logistics, Business and Corporate

#### Facilities Business.

Total liabilities at the end of the reporting nine-month period, on a consolidated basis, totaled 1,672,505 million yen, an increase of 36,150 million yen compared with 1,636,354 million yen at the previous fiscal year-end. This was mainly attributable to increases in interest-bearing debt and advances received on uncompleted construction contracts, despite the payment of notes and accounts payables for construction contracts and other, and income taxes payable.

Total net assets at the end of the reporting nine-month period, on a consolidated basis, amounted to 923,362 million yen, an increase of 188,479 million yen compared with 734,883 million yen at the previous fiscal year-end. This was primarily due to the recording of net income for the reporting period of 61,509 million yen and the raising of funds from the issuance of new shares and the retirement of treasury stock.

### **(3) Business Forecasts**

No changes have been made to the Company's consolidated business forecasts for the fiscal year ending March 31, 2014 since being announced in the "Summary of Financial Results for the First Six Months of the Fiscal Year Ending March 31, 2014" on November 8, 2013.

## 2. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

	(Millions of yen)	
	As of March 31, 2013	As of December 31, 2013
<b>Assets</b>		
Current assets		
Cash and deposits	248,799	214,423
Notes and accounts receivable from completed construction contracts and other	189,770	223,558
Short-term investment securities	8	20
Costs on uncompleted construction contracts	21,712	27,258
Real estate for sale	302,635	321,509
Real estate for sale in process	47,752	79,753
Land for development	1,332	1,332
Merchandise and finished goods	14,035	14,462
Work in process	5,435	11,388
Raw materials and supplies	5,680	6,861
Other	147,332	153,793
Allowance for doubtful accounts	(2,949)	(3,853)
<b>Total current assets</b>	<b>981,546</b>	<b>1,050,508</b>
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	671,508	707,972
Accumulated depreciation	(326,507)	(338,008)
Buildings and structures, net	345,000	369,964
Land	396,353	475,026
Other	171,741	191,952
Accumulated depreciation	(110,460)	(111,357)
Other, net	61,280	80,595
<b>Total property, plant and equipment</b>	<b>802,634</b>	<b>925,585</b>
Intangible assets		
Goodwill	49,652	50,616
Other	30,605	31,433
<b>Total intangible assets</b>	<b>80,258</b>	<b>82,049</b>
Investments and other assets		
Investment securities	153,599	163,900
Lease and guarantee deposits	190,543	197,704
Other	166,491	179,546
Allowance for doubtful accounts	(3,835)	(3,427)
<b>Total investments and other assets</b>	<b>506,799</b>	<b>537,723</b>
<b>Total noncurrent assets</b>	<b>1,389,691</b>	<b>1,545,359</b>
<b>Total assets</b>	<b>2,371,238</b>	<b>2,595,867</b>

	(Millions of yen)	
	As of March 31, 2013	As of December 31, 2013
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable for construction contracts and other	337,767	278,718
Short-term loans payable	7,495	25,834
Current portion of bonds payable	53	123
Current portion of long-term loans payable	38,987	78,119
Commercial papers	—	15,000
Income taxes payable	33,051	17,747
Advances received	37,581	43,377
Advances received on uncompleted construction contracts	60,166	89,087
Provision for bonuses	30,038	18,442
Provision for warranties for completed construction	6,695	6,995
Asset retirement obligations	1,585	1,572
Other	164,129	183,531
<b>Total current liabilities</b>	<b>717,551</b>	<b>758,548</b>
Noncurrent liabilities		
Bonds payable	130,667	130,670
Long-term loans payable	197,585	162,194
Long-term lease and guarantee deposits	226,683	238,469
Provision for retirement benefits	210,341	217,641
Asset retirement obligations	24,777	26,682
Other	128,747	138,297
<b>Total noncurrent liabilities</b>	<b>918,803</b>	<b>913,956</b>
<b>Total liabilities</b>	<b>1,636,354</b>	<b>1,672,505</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	110,120	161,699
Capital surplus	226,824	294,632
Retained earnings	404,979	431,195
Treasury stock	(19,998)	(1,242)
<b>Total shareholders' equity</b>	<b>721,926</b>	<b>886,284</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	24,326	30,054
Revaluation reserve for land	(13,160)	(11,304)
Foreign currency translation adjustment	531	12,511
<b>Total accumulated other comprehensive income</b>	<b>11,697</b>	<b>31,261</b>
Subscription rights to shares	—	38
Minority interests	1,259	5,778
<b>Total net assets</b>	<b>734,883</b>	<b>923,362</b>
<b>Total liabilities and net assets</b>	<b>2,371,238</b>	<b>2,595,867</b>

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

	(Millions of yen)	
	Nine months ended December 31, 2012 (From April 1, 2012 to December 31, 2012)	Nine months ended December 31, 2013 (From April 1, 2013 to December 31, 2013)
Net sales	1,425,915	1,896,005
Cost of sales	1,127,673	1,538,252
Gross profit	298,242	357,752
Selling, general and administrative expenses	209,509	253,360
Operating income	88,733	104,392
Non-operating income		
Interest income	2,335	2,863
Dividends income	1,712	2,216
Equity in earnings of affiliates	1,021	822
Miscellaneous income	4,444	5,030
Total non-operating income	9,513	10,933
Non-operating expenses		
Interest expenses	4,147	3,471
Miscellaneous expenses	2,768	4,363
Total non-operating expenses	6,916	7,835
Ordinary income	91,330	107,490
Extraordinary income		
Gain on sales of noncurrent assets	51	1,107
Gain on sales of investment securities	28	50
Gain on amortization of prior service cost	204	—
Gain on step acquisitions	122	93
Other	—	0
Total extraordinary income	405	1,252
Extraordinary losses		
Loss on sales of noncurrent assets	222	564
Loss on retirement of noncurrent assets	806	922
Impairment loss	58	134
Loss on valuation of investment securities	7,112	1,788
Loss on sales of investment securities	—	0
Other	16	—
Total extraordinary losses	8,216	3,410
Income before income taxes and minority interests	83,519	105,332
Income taxes-current	23,473	38,378
Income taxes-deferred	8,693	5,372
Total income taxes	32,166	43,750
Income before minority interests	51,353	61,581
Minority interests in income (loss)	(55)	72
Net income	51,408	61,509



**(Consolidated Statements of Comprehensive Income)**

	(Millions of yen)	
	Nine months ended December 31, 2012 (From April 1, 2012 to December 31, 2012)	Nine months ended December 31, 2013 (From April 1, 2013 to December 31, 2013)
Income before minority interests	51,353	61,581
Other comprehensive income		
Valuation difference on available-for-sale securities	2,782	5,614
Foreign currency translation adjustment	(21)	5,734
Share of other comprehensive income of associates accounted for using equity method	(87)	6,334
Total other comprehensive income	2,673	17,682
Comprehensive income	54,026	79,264
(Comprehensive income attributable to)		
Comprehensive income attributable to shareholders of the parent	54,081	79,216
Comprehensive income attributable to minority interests	(55)	47

### (3) Notes

#### Notes on Premise of Going Concern

No items to report.

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

Based on a resolution of the board of directors' meeting held on July 5, 2013, during the first six months under review, the Company issued new shares through a public offering, and the retirement of treasury stock, and issued new shares through third-party allotment, related to the sale of the Company's stock by exercising an over-allotment option, thereby increasing capital stock by 51,578 million yen and capital surplus by 67,807 million yen, and decreasing treasury stock by 18,842 million yen. As a result, at the end of the reporting nine-month period, capital stock amounted to 161,699 million yen and capital surplus came to 294,632 million yen.

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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 February 7, 2014.