



Summary of Financial Results (Unaudited)
for the First Three Months of the Fiscal Year Ending March 31, 2015 [Consolidated]
(From April 1, 2014 to June 30, 2014)
[Japanese GAAP]

August 8, 2014

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
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Scheduled Date of Filing Quarterly Securities Report: August 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 First Three Months Ended June 30, 2014 (From April 1, 2014 to June 30, 2014)

(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, 2014	604,806	4.6	33,394	16.5	34,451	16.9	30,674	65.1
June 30, 2013	578,058	29.5	28,661	15.3	29,479	15.5	18,583	51.2

Note: Comprehensive income: Three months ended June 30, 2014: 27,958 million yen (12.0%)
 Three months ended June 30, 2013: 24,959 million yen (96.3%)

	Basic net income per share	Diluted net income per share
Three months ended:	Yen	Yen
June 30, 2014	46.54	—
June 30, 2013	32.11	—

(2) Consolidated Financial Conditions

	Total assets	Net assets	Net assets ratio
As of	Millions of yen	Millions of yen	%
June 30, 2014	2,656,822	991,619	37.1
March 31, 2014	2,665,946	992,686	37.0

(Reference) Net assets ratio = (Net assets – Minority interests)/Total assets × 100
 (Net assets – Minority interests) is as follows. June 30, 2014: 985,495 million yen; March 31, 2014: 986,518 million yen

2. Dividends

	Dividend per share				
	End of 1 st quarter (June 30)	End of 2 nd quarter (Sept. 30)	End of 3 rd quarter (Dec. 31)	Fiscal year-end (March 31)	Annual
Fiscal year ended March 31, 2014	Yen —	Yen 20.00	Yen —	Yen 30.00	Yen 50.00
Fiscal year ending March 31, 2015	—				
Fiscal year ending March 31, 2015 (forecasts)		25.00	—	25.00	50.00

Note: Revision made to the dividend forecast announcement on May 9, 2014: None

3. Consolidated Business Forecasts for the Fiscal Year Ending March 31, 2015 (From April 1, 2014 to March 31, 2015)

(% 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, 2015	2,800,000	3.7	170,000	3.9	169,000	(4.2)	105,000	2.8	159.30

Note: Revision made to business forecast announcement on May 9, 2014: 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: Yes**
 - 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, 2014	660,421,851 shares	As of March 31, 2014	660,421,851 shares
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2) Number of treasury stock at the end of the period

As of June 30, 2014	1,305,428 shares	As of March 31, 2014	1,300,280 shares
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3) Average number of shares during the period

Three months ended June 30, 2014	659,119,007 shares	Three months ended June 30, 2013	578,663,897 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 Three Months under Review (3) 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 institutional investors and securities analysts on August 8, 2014. 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) Business Results

During the first three months of fiscal 2014 ending March 31, 2015, despite signs of a modest recovery trend underpinned by public-sector demand due to economic stimulus measures, and following a rally in private-sector demand, the Japanese economy remained unable to achieve a full recovery due in part to a reactionary fall in demand after the consumption tax increase.

In the housing industry, as a means to ease the reactionary fall in demand following the consumption tax increase, tax decreases for home loans were expanded and a home benefits system went into effect in April 2014. However, once the clear effects of the impact of the reactionary fall in demand became known, new housing starts decreased for four consecutive months starting from March 2014.

Under these conditions, the Daiwa House Group formulated the “4th Medium-Term Management Plan, ‘3G&3S’ for the Next Step,” which ends in fiscal 2015, and it has sought to expand its operations under the theme of “Speeding up growth.” (3G&3S refers to the Group’s 3G Strategy, under which it has grown, the initial letters of Group, Great, and Global, the three key words that define this strategy of sustaining growth across the entire Group, becoming an excellent company, and accelerating its global development, plus the basic 3S approach of Speed, Safety, and Sustainability that forms the basis of its implementation of the 3G strategy.)

In June 2014, TOMO Co., Ltd., which primarily operates in the large Kanto and Kinki market areas, was made a subsidiary, and it has worked to further expand and streamline the parking business.

As a result, for the reporting three-month period, on a consolidated basis, the Daiwa House Group recorded net sales of 604,806 million yen, up 4.6% year on year. Ordinary income came to 34,451 million yen, up 16.9%, and net income was 30,674 million yen, up 65.1%.

(2) Financial Conditions

Total assets at the end of the reporting three-month period totaled 2,656,822 million yen, a decrease of 9,124 million yen compared with 2,665,946 million yen at the previous fiscal year-end. Notes and accounts receivable from completed construction contracts and other decreased by 37,277 million yen due to collections, while inventories increased by 17,025 million yen on purchase of real estate for sale and real estate for sale in process, and property, plant and equipment increased by 36,343 million yen due to the purchase of real estate for investment.

Total liabilities at the end of the reporting three-month period totaled 1,665,203 million yen, a decrease of 8,057 million yen compared with 1,673,260 million yen at the previous fiscal year-end. Current liabilities decreased 71,086 million yen from decreases of notes and accounts payable for construction contracts and other, and income taxes payable, and differences in the period to which provision for bonuses applies. In contrast, noncurrent liabilities increased by 63,028 million yen due to the procurement of funds through bonds payable.

Total assets at the end of the reporting three-month period totaled 991,619 million yen, a decrease of 1,066 million yen compared with 992,686 million yen at the previous fiscal year-end. This was primarily due to the payment of dividends for the previous fiscal year and the impact of changes in the discount rate for retirement benefits, despite the recording of 30,674 million yen in net income.

(3) Business Forecasts

With respect to the Company’s business forecasts on a consolidated basis for the fiscal year ending March 31, 2015, no changes have been made to the business forecasts in the “Summary of Financial Results for the Fiscal Year Ended March 31, 2014,” announced on May 9, 2014.

2. Summary Information (Notes)

(1) Changes of Accounting Policies Applied, Changes in Accounting Estimates and Retrospective Restatement

Changes of Accounting Policies

(Application of Accounting Standard for Retirement Benefits)

From the first three months of the fiscal year under review, the Company began applying Accounting Standard for Retirement Benefits (Accounting Standards Board of Japan (ASBJ) Statement No. 26, May 17, 2012) and Application Guidelines of Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, May 17, 2012) and the provisions contained in the text of paragraph 35 of Accounting Standard for Retirement Benefits and the text of paragraph 67 of Application Guidelines of Retirement Benefits. The Company has reviewed its method of calculating retirement benefit obligations and service costs and has changed its attribution method for projected retirement benefits from the straight-line attribution method and point method to the benefit formula, and changed its method for determining the discount rate to a single-weighted average discount rate that reflects the estimated payment period of the retirement benefit and the expected payment at the time of each retirement benefit.

The Application of Accounting Standard for Retirement Benefits follows the transitional treatment set forth in paragraph 37 of Accounting Standard for Retirement Benefits and the effect of the change in the method of calculating retirement benefit obligations and service costs at the beginning of the first three months of the fiscal year under review has recorded retained earnings.

As a result, net defined benefit liabilities at the beginning of the first three months of the fiscal year under review increased by 14,418 million yen retained earnings decreased by 9,428 million yen. In addition, the effect of this change had no material impact on operating income, ordinary income, and income before income taxes and minority interests.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2014	As of June 30, 2014
Assets		
Current assets		
Cash and deposits	212,114	202,069
Notes and accounts receivable from completed construction contracts and other	227,276	189,999
Short-term investment securities	18	18
Costs on uncompleted construction contracts	23,818	26,096
Real estate for sale	322,365	312,285
Real estate for sale in process	80,499	103,791
Land for development	647	647
Merchandise and finished goods	13,930	14,430
Work in process	7,960	8,988
Raw materials and supplies	6,355	6,363
Other	184,126	169,492
Allowance for doubtful accounts	(3,382)	(2,882)
Total current assets	1,075,731	1,031,300
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	728,101	752,307
Accumulated depreciation	(343,635)	(350,100)
Buildings and structures, net	384,466	402,207
Land	485,813	510,688
Other	183,524	178,595
Accumulated depreciation	(109,916)	(111,261)
Other, net	73,607	67,334
Total property, plant and equipment	943,886	980,230
Intangible assets		
Goodwill	49,910	50,408
Other	32,263	32,703
Total intangible assets	82,173	83,112
Investments and other assets		
Investment securities	199,026	201,339
Lease and guarantee deposits	198,995	200,994
Other	169,973	163,499
Allowance for doubtful accounts	(3,840)	(3,654)
Total investments and other assets	564,154	562,178
Total noncurrent assets	1,590,215	1,625,522
Total assets	2,665,946	2,656,822

	(Millions of yen)	
	As of March 31, 2014	As of June 30, 2014
Liabilities		
Current liabilities		
Notes and accounts payable for construction contracts and other	274,776	223,738
Short-term loans payable	22,302	41,770
Current portion of bonds payable	100,053	100,135
Current portion of long-term loans payable	60,442	63,664
Income taxes payable	46,796	2,122
Advances received	39,933	41,143
Advances received on uncompleted construction contracts	70,238	79,328
Provision for bonuses	36,524	17,369
Provision for warranties for completed construction	7,419	6,861
Asset retirement obligations	1,581	1,622
Other	185,404	196,631
Total current liabilities	845,474	774,388
Noncurrent liabilities		
Bonds payable	30,614	95,706
Long-term loans payable	180,156	185,485
Long-term lease and guarantee deposited	241,897	244,200
Net defined benefit liabilities	204,801	193,709
Asset retirement obligations	27,414	28,086
Other	142,901	143,627
Total noncurrent liabilities	827,786	890,814
Total liabilities	1,673,260	1,665,203
Net assets		
Shareholders' equity		
Capital stock	161,699	161,699
Capital surplus	294,632	294,632
Retained earnings	465,719	464,858
Treasury stock	(1,256)	(1,265)
Total shareholders' equity	920,794	919,924
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	50,498	52,353
Deferred gains or losses on hedges	10	—
Revaluation reserve for land	(5,241)	(2,908)
Foreign currency translation adjustment	20,456	16,125
Total accumulated other comprehensive income	65,723	65,570
Subscription rights to shares	38	38
Minority interests	6,129	6,085
Total net assets	992,686	991,619
Total liabilities and net assets	2,665,946	2,656,822

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

	(Millions of yen)	
	Three months ended June 30, 2013 (From April 1, 2013 to June 30, 2013)	Three months ended June 30, 2014 (From April 1, 2014 to June 30, 2014)
Net sales	578,058	604,806
Cost of sales	470,621	487,239
Gross profit	107,437	117,566
Selling, general and administrative expenses	78,776	84,172
Operating income	28,661	33,394
Non-operating income		
Interest income	884	959
Dividends income	1,195	1,229
Equity in earnings of affiliates	—	163
Miscellaneous income	1,493	1,380
Total non-operating income	3,573	3,731
Non-operating expenses		
Interest expenses	1,109	1,186
Taxes and dues	159	633
Equity in losses of affiliates	307	—
Miscellaneous expenses	1,177	855
Total non-operating expenses	2,754	2,675
Ordinary income	29,479	34,451
Extraordinary income		
Gain on sales of noncurrent assets	1,063	1,147
Gain on sales of investment securities	23	3,336
Gain on revision of retirement benefit plan	—	9,394
Gain on step acquisitions	93	5
Total extraordinary income	1,179	13,883
Extraordinary losses		
Loss on sales of noncurrent assets	5	50
Loss on retirement of noncurrent assets	101	1,081
Impairment loss	132	—
Loss on valuation of investment securities	—	2
Other	—	60
Total extraordinary losses	239	1,194
Income before income taxes and minority interests	30,420	47,140
Income taxes-current	3,575	1,828
Income taxes-deferred	8,336	14,874
Total income taxes	11,912	16,703
Income before minority interests	18,507	30,436
Minority interests in loss	(75)	(238)
Net income	18,583	30,674

(Consolidated Statements of Comprehensive Income)

	(Millions of yen)	
	Three months ended June 30, 2013 (From April 1, 2013 to June 30, 2013)	Three months ended June 30, 2014 (From April 1, 2014 to June 30, 2014)
Income before minority interests	18,507	30,436
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,036)	1,800
Deferred gains or losses on hedges	—	(10)
Foreign currency translation adjustment	3,801	(2,052)
Share of other comprehensive income of associates accounted for using equity method	3,686	(2,215)
Total other comprehensive income	6,451	(2,478)
Comprehensive income	24,959	27,958
(Comprehensive income attributable to)		
Comprehensive income attributable to shareholders of the parent	25,033	28,189
Comprehensive income attributable to minority interests	(74)	(231)

(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.

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, 2014.