



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

February 6, 2015

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: February 10, 2015
 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 Nine Months Ended December 31, 2014 (From April 1, 2014 to December 31, 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	%
Nine months ended:								
December 31, 2014	1,976,032	4.2	116,101	11.2	119,423	11.1	85,281	38.6
December 31, 2013	1,896,005	33.0	104,392	17.6	107,490	17.7	61,509	19.6

Note: Comprehensive income: Nine months ended December 31, 2014: 113,251 million yen (42.9 %)
 Nine months ended December 31, 2013: 79,264 million yen (46.7%)

	Basic net income per share	Diluted net income per share
Nine months ended:	Yen	Yen
December 31, 2014	129.39	—
December 31, 2013	98.22	—

(2) Consolidated Financial Conditions

	Total assets	Net assets	Net assets ratio
As of	Millions of yen	Millions of yen	%
December 31, 2014	2,931,525	1,059,894	35.9
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. December 31, 2014: 1,053,872 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	Yen	Yen	Yen
	—	20.00	—	30.00	50.00
Fiscal year ending March 31, 2015	—	25.00	—		
Fiscal year ending March 31, 2015 (forecasts)				25.00 to 35.00	50.00 to 60.00

Note: Revision made to the dividend forecast announcement on November 7, 2014: Yes

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	173,000	5.8	172,000	(2.5)	108,000	5.8	163.88

Note: Revision made to business forecast announcement on November 7, 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 December 31, 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 December 31, 2014	1,617,475 shares	As of March 31, 2014	1,300,280 shares
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3) Average number of shares during the period

Nine months ended December 31, 2014	659,079,180 shares	Nine months ended December 31, 2013	626,216,227 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 institutional investors and securities analysts on February 6, 2015. 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 Nine Months under Review	4
(1) Business Results	4
(2) Financial Conditions	4
(3) Business Forecasts	5
2. Summary Information (Notes)	5
(1) Changes of Accounting Policies Applied, Changes in Accounting Estimates and Retrospective Restatement	5
3. Consolidated Financial Statements	6
(1) Consolidated Balance Sheets	6
(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income	8
Consolidated Statements of Income	8
Consolidated Statements of Comprehensive Income	9
(3) Notes	10
Notes on Premise of Going Concern	10
Notes on Significant Changes in the Amount of Shareholders' Equity	10
Significant Subsequent Events	10

1. Qualitative Information regarding Consolidated Results for the First Nine Months under Review

(1) Business Results

Japan's economy showed an improving employment and income picture for the first nine months of the fiscal year ending March 2015. The economic outlook also improved, however gradually, owing in part to government economic policies. Despite this improvement, consumer spending remained stagnant in the wake of last year's consumption tax increase, which encouraged front-loaded purchases prior to the policy's taking effect. As a result, certain sectors of our economy continue to face challenges.

In April 2014, Japan's government enacted two policies to help the housing industry recover from the effects of the consumption tax increase. The first policy was the introduction of higher tax credits on home loans, while the second policy was to establish a new housing subsidy. Despite these two policies, new housing starts in Japan have continued to perform lower than year-on-year figures for the past ten consecutive months. Furthermore, rental housing has underperformed year-on-year levels for the past six consecutive months, beginning July 2014. Demand has cooled for these properties, which were popular for a time as a tax planning vehicle prior to the planned increase in inheritance tax rates.

In light of these circumstances, the Daiwa House Group has been engaged in strategies for growth acceleration as we work to expand our business lines. We have based these efforts on *3G&3S for the Next Step*, the Daiwa House Group's fourth medium-term management plan, which will conclude in March 2016. 3G&3S consists of the 3G Strategies that have driven growth to date: Group (expand market share through Group growth), Global (accelerate expansion into global markets), and Great (develop an excellent company). The 3S part of this plan serves as our basic stance for executing these strategies, namely, Speed, Safety, and Sustainability.

In June 2014, Daiwa House Group made Tomo Co., Ltd. a subsidiary to grow the Group's parking business and generate greater efficiencies. Tomo is active in the Kanto and Kinki regions of Japan where the parking lot markets are largest.

The Group has looked to expand overseas with the May 2014 launch of the Berkeley Project (rental apartments) in Tarrant County, Texas, U.S.A. This business is a joint venture with Lincoln Property Company, a major real-estate company. During November 2014, the Group launched the Water's Edge Project in Dallas, Texas, U.S.A.—another joint venture with Lincoln.

As a result, the Daiwa House Group recorded net sales of 1,976,032 million yen (+4.2% year on year) for the first nine months of the fiscal year ending March 2015. Ordinary income was 119,423 million yen (+11.1%), while net income amounted to 85,281 million yen (+38.6%).

(2) Financial Condition

As of the end of the consolidated reporting nine-month period, the Group had recorded total assets of 2,931,525 million yen, an increase of 265,578 million yen compared to 2,665,946 million yen in total assets at the end of the prior consolidated fiscal year. This increase was mainly due to an increase of 148,373 million yen in inventories due to purchases of real estate for sale (in process), an increase of 57,147 million yen in property, plant and equipment, due to acquisitions of real estate for investment, and a 41,046 million yen increase in investment securities, owing to market price increases.

Total liabilities as of the end of the consolidated reporting nine-month period amounted to 1,871,630 million yen, representing a 198,370 million yen increase compared to 1,673,260 million yen in total liabilities at the end of the prior consolidated fiscal year. The main factor behind this increase was the Group's issuances of bonds and commercial paper.

Total net assets as of the end of consolidated reporting nine-month period increased 67,208 million yen compared to 992,686 million yen in the prior consolidated fiscal year end, reaching 1,059,894 million yen. This increase was mainly due to 85,281 million yen in net income and increases in valuation difference on available-for-sale securities, which more than offset dividend payments related to the prior consolidated fiscal year.

(3) Business Forecasts

The Group has not revised consolidated business forecasts subsequent to the November 7, 2014 forecasts as published in Summary of Financial Results for the First Six Months of the Fiscal Year Ending March 2015.

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 ending March 31, 2015, the Company began applying Accounting Standards for Retirement Benefits (Accounting Standards Board of Japan (ASBJ) Statement No. 26, May 17, 2012) and Application Guidelines for Accounting Standards for Retirement Benefits (ASBJ Guidance No. 25, May 17, 2012) and the provisions contained in the text of Paragraph 35 of Accounting Standards for Retirement Benefits and the text of Paragraph 67 of Application Guidelines for Accounting Standards for 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 Standards for Retirement Benefits follows the transitional treatment set forth in Paragraph 37 of Accounting Standards 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 six months of the fiscal year under review was recorded retained earnings.

As a result, net defined benefit liabilities at the beginning of the first nine months of the fiscal year under review increased by 14,418 million yen and 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 for the reporting period.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2014	As of December 31, 2014
Assets		
Current assets		
Cash and deposits	212,114	230,260
Notes and accounts receivable from completed construction contracts and other	227,276	236,618
Short-term investment securities	18	216
Costs on uncompleted construction contracts	23,818	33,759
Real estate for sale	322,365	398,386
Real estate for sale in process	80,499	139,857
Land for development	647	647
Merchandise and finished goods	13,930	14,877
Work in process	7,960	9,698
Raw materials and supplies	6,355	6,725
Other	184,126	189,506
Allowance for doubtful accounts	(3,382)	(3,709)
Total current assets	1,075,731	1,256,844
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	728,101	772,015
Accumulated depreciation	(343,635)	(362,309)
Buildings and structures, net	384,466	409,706
Land	485,813	512,040
Other	183,524	191,814
Accumulated depreciation	(109,916)	(112,528)
Other, net	73,607	79,286
Total property, plant and equipment	943,886	1,001,033
Intangible assets		
Goodwill	49,910	48,967
Other	32,263	32,736
Total intangible assets	82,173	81,703
Investments and other assets		
Investment securities	199,026	240,072
Lease and guarantee deposits	198,995	197,818
Other	169,973	157,272
Allowance for doubtful accounts	(3,840)	(3,219)
Total investments and other assets	564,154	591,943
Total noncurrent assets	1,590,215	1,674,680
Total assets	2,665,946	2,931,525

(Millions of yen)

	As of March 31, 2014	As of December 31, 2014
Liabilities		
Current liabilities		
Notes and accounts payable for construction contracts and other	274,776	284,683
Short-term loans payable	22,302	58,093
Current portion of bonds payable	100,053	100,131
Current portion of long-term loans payable	60,442	25,626
Commercial papers	—	50,000
Income taxes payable	46,796	3,767
Advances received	39,933	40,883
Advances received on uncompleted construction contracts	70,238	84,875
Provision for bonuses	36,524	19,807
Provision for warranties for completed construction	7,419	6,748
Asset retirement obligations	1,581	1,546
Other	185,404	212,700
Total current liabilities	845,474	888,863
Noncurrent liabilities		
Bonds payable	30,614	110,637
Long-term loans payable	180,156	247,741
Long-term lease and guarantee deposited	241,897	238,345
Net defined benefit liability	204,801	201,067
Asset retirement obligations	27,414	29,315
Other	142,901	155,660
Total noncurrent liabilities	827,786	982,766
Total liabilities	1,673,260	1,871,630
Net assets		
Shareholders' equity		
Capital stock	161,699	161,699
Capital surplus	294,632	294,632
Retained earnings	465,719	502,853
Treasury stock	(1,256)	(1,960)
Total shareholders' equity	920,794	957,224
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	50,498	76,840
Deferred gains or losses on hedges	10	103
Revaluation reserve for land	(5,241)	(2,766)
Foreign currency translation adjustment	20,456	22,471
Total accumulated other comprehensive income	65,723	96,648
Subscription rights to shares	38	38
Minority interests	6,129	5,982
Total net assets	992,686	1,059,894
Total liabilities and net assets	2,665,946	2,931,525

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

	(Millions of yen)	
	Nine months ended December 31, 2013 (From April 1, 2013 to December 31, 2013)	Nine months ended December 31, 2014 (From April 1, 2014 to December 31, 2014)
Net sales	1,896,005	1,976,032
Cost of sales	1,538,252	1,595,613
Gross profit	357,752	380,419
Selling, general and administrative expenses	253,360	264,318
Operating income	104,392	116,101
Non-operating income		
Interest income	2,863	2,926
Dividends income	2,216	2,498
Equity in earnings of affiliates	822	352
Miscellaneous income	5,030	5,862
Total non-operating income	10,933	11,641
Non-operating expenses		
Interest expenses	3,471	3,840
Miscellaneous expenses	4,363	4,478
Total non-operating expenses	7,835	8,318
Ordinary income	107,490	119,423
Extraordinary income		
Gain on sales of noncurrent assets	1,107	1,222
Gain on sales of investment securities	50	3,362
Gain on revision of retirement benefit plan	—	9,394
Gain on step acquisitions	93	5
Other	0	8
Total extraordinary income	1,252	13,993
Extraordinary losses		
Loss on sales of noncurrent assets	564	57
Loss on retirement of noncurrent assets	922	1,538
Impairment loss	134	210
Loss on valuation of investment securities	1,788	69
Loss on sales of investment securities	0	—
Other	—	64
Total extraordinary losses	3,410	1,940
Income before income taxes and minority interests	105,332	131,477
Income taxes-current	38,378	30,998
Income taxes-deferred	5,372	15,688
Total income taxes	43,750	46,686
Income before minority interests	61,581	84,790
Minority interests in income (loss)	72	(490)
Net income	61,509	85,281

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Nine months ended December 31, 2013 (From April 1, 2013 to December 31, 2013)	Nine months ended December 31, 2014 (From April 1, 2014 to December 31, 2014)
Income before minority interests	61,581	84,790
Other comprehensive income		
Valuation difference on available-for-sale securities	5,614	26,152
Deferred gains or losses on hedges	—	93
Foreign currency translation adjustment	5,734	598
Share of other comprehensive income of associates accounted for using equity method	6,334	1,616
Total other comprehensive income	17,682	28,460
Comprehensive income	79,264	113,251
(Comprehensive income attributable to)		
Comprehensive income attributable to shareholders of the parent	79,216	113,731
Comprehensive income attributable to minority interests	47	(480)

(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.

Significant Subsequent Events

The Company has determined, at the meeting of the Board of Directors held on February 6, 2015, to implement a share exchange under which Daiwa House Industry Co., Ltd. as a wholly-owned parent company, will make Daiwa Odakyu Construction Co., Ltd. its wholly-owned subsidiary and that both companies have entered into a share exchange agreement as of today.

For details, please refer to the press release "Announcement Concerning Entry into Share Exchange Agreement (Simplified Share Exchange) Between Daiwa House Industry Co., Ltd. and Daiwa Odakyu Construction Co., Ltd.", on February 6, 2015.

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 6, 2015.