



**Summary of Financial Results (Unaudited)**  
**for the First Three Months of the Fiscal Year Ending March 31, 2016 [Consolidated]**  
**(From April 1, 2015 to June 30, 2015)**  
**[Japanese GAAP]**

August 7, 2015

Name of Listed Company: Daiwa House Industry Co., Ltd.  
 Code No.: 1925  
 URL: <http://www.daiwahouse.co.jp/English/>  
 Listed Exchanges: First section of the Tokyo Stock Exchange  
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Scheduled Date of Filing Quarterly Securities Report: August 11, 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 Three Months Ended June 30, 2015 (From April 1, 2015 to June 30, 2015)**

**(1) Consolidated Earnings Results**

(% figures represent year-on-year change)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended:								
June 30, 2015	693,689	14.7	59,175	77.2	59,578	72.9	42,298	37.9
June 30, 2014	604,806	4.6	33,394	16.5	34,451	16.9	30,674	65.1

Note: Comprehensive income: Three months ended June 30, 2015: 44,103 million yen (57.8%)  
 Three months ended June 30, 2014: 27,958 million yen (12.0%)

	Basic net income per share		Diluted net income per share	
	Yen	Yen	Yen	Yen
Three months ended:				
June 30, 2015	64.21	—	—	—
June 30, 2014	46.54	—	—	—

**(2) Consolidated Financial Conditions**

	Total assets	Net assets	Net assets ratio
	Millions of yen	Millions of yen	%
As of			
June 30, 2015	2,942,070	1,134,723	38.3
March 31, 2015	3,021,007	1,112,817	36.6

(Reference) Net assets ratio = (Net assets – Minority interests)/Total assets × 100  
 (Net assets – Minority interests) is as follows. June 30, 2015: 1,127,031 million yen; March 31, 2015: 1,105,628 million yen

**2. Dividends**

	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, 2015	—	25.00	—	35.00	60.00
Fiscal year ending March 31, 2016	—				
Fiscal year ending March 31, 2016 (forecasts)		30.00	—	40.00	70.00

Note: Revision made to the dividend forecast announcement on May 13, 2015: None  
 Cash dividends for the fiscal year ending March 31, 2016 comprise: ¥30.00 per share as an ordinary dividend, and ¥10.00 per share as the 60<sup>th</sup> anniversary commemorative dividend.

### 3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2016 (From April 1, 2015 to March 31, 2016)

(% figures represent year-on-year change)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent		Basic net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2016	3,000,000	6.7	200,000	10.9	192,000	(5.2)	125,000	6.7	188.71

Note: Revision made to business forecast announcement on May 13, 2015: 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 in Accounting Policies Applied, Changes in Accounting Estimates and Retrospective Restatement**
  - 1) **Changes in accounting policies applied due to amendment of accounting standards:** Yes
  - 2) **Changes in 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, 2015	660,421,851 shares	As of March 31, 2015	660,421,851 shares
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#### 2) Number of treasury stock at the end of the period

As of June 30, 2015	1,621,397 shares	As of March 31, 2015	1,619,741 shares
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#### 3) Average number of shares during the period

Three months ended June 30, 2015	658,801,242 shares	Three months ended June 30, 2014	659,119,007 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 earnings 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) Earnings Forecasts” of “the Attached Material” on page 4 for the suppositions that form the assumptions for earnings forecasts.

The Company issued 5,816,354 shares of common stock with an effective date of August 1, 2015 in a share exchange with Daiwa Odakyu Construction Co., Ltd. The Company has reflected this increase of common stock in the calculation of net income per share included in its full-year earnings forecast for the fiscal year ending March 2016.

##### (Obtaining supplementary explanatory materials)

The Company plans to hold a briefing for institutional investors and securities analysts on August 7, 2015. 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) Earnings Results

The Japanese economy continued to recover throughout the first three months of the fiscal year ending March 2016. While investment in public works projects and certain other sectors experienced weakness, lower oil prices and government economic policies played a part in rising corporate capital spending, improved employment and payroll, and a recovery in personal consumption.

The housing industry showed signs of recovery, mainly due to outperforming year-on-year levels for the fourth consecutive month since March 2015 in terms of new housing starts. This helped diminish the negative impact of the April 2014 consumption tax increases. The general construction market has seen the benefit of strong corporate capital spending growth, despite weakness in the market for public works projects.

In light of these circumstances, the Daiwa House Group expanded its investment plan from the original plan in our Fourth Medium-Term Management Plan (ending March 2016). The Group is actively engaged in real estate development investment and other projects designed to further improve earnings in our core domestic businesses.

As another means to improve our competitive ability and create a solid foundation for future growth, we merged Daiwa LifeNext Co., Ltd. and Daiwa Service Co., Ltd., both companies dealing mainly in the condominium management business. This merger took effect in April 2015.

As a result, the Daiwa House Group recorded consolidated net sales of 693,689 million yen (+14.7% year on year) for the first three months of the fiscal year ending March 2016. Ordinary income was 59,578 million yen (+72.9% year on year), while net income attributable to owners of the parent amounted to 42,298 million yen (+37.9% year on year).

### (2) Financial Conditions

As of the end of the consolidated three-month reporting period, the Group has recorded total assets of 2,942,070 million yen, a decrease of 78,937 million yen compared to 3,021,007 million yen in total assets at the end of the prior consolidated fiscal year. This result was mainly due to decreases in cash and deposits stemming from payments of construction costs and dividends, offset in part by increases in property, plant and equipment.

Total liabilities as of the end of the consolidated three-month reporting period amounted to 1,807,346 million yen, representing a 100,843 million yen decrease compared to 1,908,190 million yen in total liabilities at the end of the prior consolidated fiscal year. This result was mainly due to decreases in notes and accounts payable-trade and redemptions of commercial paper.

Total net assets as of the end of the consolidated three-month reporting period amounted to 1,134,723 million yen, which was a 21,906 million yen increase compared to 1,112,817 million yen in total net assets at the end of the prior consolidated fiscal year. This result was mainly due to net income attributable to owners of the parent of 42,298 million yen, which offset payments of dividends related to the prior consolidated fiscal year.

### (3) Earnings Forecasts

The Group has not revised consolidated earnings forecasts for the fiscal year ending March 2016 subsequent to the forecasts in the Summary of Financial Results for the Fiscal Year Ending March 2015 as published May 13, 2015.

## 2. Summary Information (Notes)

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

#### Change in Accounting Policies

##### (Application of Accounting Standard for Business Combinations)

Beginning with the first three months of the consolidated fiscal year under review, the Company has adopted the Accounting Standard for Business Combinations (ASBJ Statement No. 21, September 13, 2013), the Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22, September 13, 2013), and the Accounting Standard for Business Divestitures (ASBJ Statement No. 7, September 13, 2013). Under these changes, the Company now records equity changes in subsidiaries subject to ongoing control to capital surplus. In addition, the Company now records acquisition-related costs as costs in the consolidated fiscal year in which they occurred. With respect to business combinations occurring after the beginning of the first three months of the consolidated fiscal year under review, the Company now revises acquisition cost allocation based on provisional accounting estimates, reflecting these costs in the quarterly consolidated financial statements for the date on which the business combination occurred.

The Company has changed its presentation with respect to quarterly net income, as well as changing the presentation from “minority interests” to “non-controlling interests.” To reflect these changes in presentation, the Company has reclassified its financial statements for the first three months of the prior consolidated fiscal year and its financial statements for the prior consolidated fiscal year.

In accordance with the transitional treatment based on the provisions of section 58-2 (4) of the Accounting Standard for Business Combinations, section 44-5 (4) of the Accounting Standard for Consolidated Financial Statements, and section 57-4 (4) of the Accounting Standard for Business Divestitures, the effects of the application of these changes have been applied as of the beginning of the first three months of the consolidated fiscal year under review and for periods thereafter.

As a result, the Company does not expect this transaction to have a material impact on operating income, ordinary income, or income before income taxes for the first three months of the consolidated fiscal year under review.

### 3. Consolidated Financial Statements

#### (1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2015	As of June 30, 2015
<b>Assets</b>		
Current assets		
Cash and deposits	238,776	134,636
Notes and accounts receivable from completed construction contracts and other	244,045	227,199
Short-term investment securities	16	16
Costs on uncompleted construction contracts	31,778	31,801
Real estate for sale	423,869	403,730
Real estate for sale in process	114,915	137,141
Land for development	647	647
Merchandise and finished goods	14,984	15,743
Work in process	6,709	9,500
Raw materials and supplies	5,785	6,856
Other	192,067	192,185
Allowance for doubtful accounts	(3,347)	(3,679)
Total current assets	1,270,247	1,155,779
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	782,817	797,591
Accumulated depreciation	(365,178)	(370,181)
Buildings and structures, net	417,638	427,409
Land	566,139	584,264
Other	199,303	203,761
Accumulated depreciation	(112,960)	(113,595)
Other, net	86,342	90,166
Total property, plant and equipment	1,070,121	1,101,839
Intangible assets		
Goodwill	48,136	48,050
Other	32,441	32,059
Total intangible assets	80,578	80,109
Investments and other assets		
Investment securities	252,982	260,354
Lease and guarantee deposits	199,562	199,277
Other	150,944	148,124
Allowance for doubtful accounts	(3,430)	(3,415)
Total investments and other assets	600,059	604,341
Total noncurrent assets	1,750,759	1,786,290
<b>Total assets</b>	<b>3,021,007</b>	<b>2,942,070</b>

	(Millions of yen)	
	As of March 31, 2015	As of June 30, 2015
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable for construction contracts and other	309,261	254,914
Short-term loans payable	70,892	80,152
Current portion of bonds payable	110	110
Current portion of long-term loans payable	34,803	39,010
Commercial papers	72,000	40,000
Income taxes payable	27,415	7,655
Advances received	39,732	43,374
Advances received on uncompleted construction contracts	90,487	93,290
Provision for bonuses	39,249	20,247
Provision for warranties for completed construction	6,819	6,339
Asset retirement obligations	1,617	1,549
Other	223,713	238,056
Total current liabilities	916,104	824,701
Noncurrent liabilities		
Bonds payable	110,595	110,595
Long-term loans payable	275,128	274,488
Long-term lease and guarantee deposited	241,355	242,837
Net defined benefit liability	179,470	175,683
Asset retirement obligations	29,434	30,344
Other	156,100	148,694
Total noncurrent liabilities	992,085	982,645
Total liabilities	1,908,190	1,807,346
<b>Net assets</b>		
Shareholders' equity		
Capital stock	161,699	161,699
Capital surplus	294,632	294,632
Retained earnings	534,639	553,844
Treasury stock	(1,965)	(1,970)
Total shareholders' equity	989,005	1,008,205
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	84,678	86,869
Deferred gains or losses on hedges	84	(15)
Revaluation reserve for land	(457)	(420)
Foreign currency translation adjustment	32,318	32,391
Total accumulated other comprehensive income	116,623	118,825
Subscription rights to shares	38	38
Non-controlling interests	7,149	7,653
Total net assets	1,112,817	1,134,723
<b>Total liabilities and net assets</b>	3,021,007	2,942,070

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

	(Millions of yen)	
	Three months ended June 30, 2014 (From April 1, 2014 to June 30, 2014)	Three months ended June 30, 2015 (From April 1, 2015 to June 30, 2015)
Net sales	604,806	693,689
Cost of sales	487,239	543,260
Gross profit	117,566	150,429
Selling, general and administrative expenses	84,172	91,253
Operating income	33,394	59,175
Non-operating income		
Interest income	959	922
Dividends income	1,229	1,465
Equity in earnings of affiliates	163	—
Miscellaneous income	1,380	1,306
Total non-operating income	3,731	3,693
Non-operating expenses		
Interest expenses	1,186	1,257
Taxes and dues	633	926
Equity in losses of affiliates	—	230
Miscellaneous expenses	855	877
Total non-operating expenses	2,675	3,291
Ordinary income	34,451	59,578
Extraordinary income		
Gain on sales of noncurrent assets	1,147	282
Gain on sales of investment securities	3,336	4,063
Gain on revision of retirement benefit plan	9,394	—
Gain on step acquisitions	5	—
Total extraordinary income	13,883	4,345
Extraordinary losses		
Loss on sales of noncurrent assets	50	15
Loss on retirement of noncurrent assets	1,081	217
Impairment loss	—	346
Loss on sales of investment securities	—	114
Loss on valuation of investment securities	2	—
Merger expenses	—	300
Other	60	10
Total extraordinary losses	1,194	1,004
Income before income taxes	47,140	62,919
Income taxes-current	1,828	11,332
Income taxes-deferred	14,874	9,613
Total income taxes	16,703	20,946
Net income	30,436	41,972
Loss attributable to non-controlling interests	(238)	(326)
Net income attributable to owners of the parent	30,674	42,298



**(Consolidated Statements of Comprehensive Income)**

	(Millions of yen)	
	Three months ended June 30, 2014 (From April 1, 2014 to June 30, 2014)	Three months ended June 30, 2015 (From April 1, 2015 to June 30, 2015)
Net income	30,436	41,972
Other comprehensive income		
Valuation difference on available-for-sale securities	1,800	2,105
Deferred gains or losses on hedges	(10)	(99)
Foreign currency translation adjustment	(2,052)	(88)
Share of other comprehensive income of associates accounted for using equity method	(2,215)	213
Total other comprehensive income	(2,478)	2,130
Comprehensive income	27,958	44,103
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	28,189	44,465
Comprehensive income attributable to non-controlling interests	(231)	(361)

**(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 7, 2015.