



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

November 6, 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
 Representative: Naotake Ohno, President and COO
 Contact: Yuji Yamada, Executive Officer and General Manager, IR Department
 Phone No.: 06-6342-1400
 E-mail to: dh.ir.communications@daiwahouse.jp

Scheduled Date of Filing Quarterly Securities Report: November 10, 2015
 Scheduled Date of Commencement of Dividend Payment: December 4, 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 Six Months Ended September 30, 2015 (From April 1, 2015 to September 30, 2015)

(1) Consolidated Business 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	%
Six months ended:								
September 30, 2015	1,535,590	15.9	130,482	62.8	129,121	56.8	92,722	50.4
September 30, 2014	1,324,847	6.6	80,127	14.4	82,332	17.5	61,668	54.0

Note: Comprehensive income: Six months ended September 30, 2015: 81,146 million yen (3.9%)
 Six months ended September 30, 2014: 78,107 million yen (46.3%)

	Basic net income per share		Diluted net income per share	
	Yen	Yen	Yen	Yen
Six months ended:				
September 30, 2015	140.39		140.08	
September 30, 2014	93.56		—	

(2) Consolidated Financial Conditions

	Total assets		Net assets		Net assets ratio	
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	%	%
As of						
September 30, 2015	3,062,607		1,190,124		38.5	
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. September 30, 2015: 1,180,107 million yen; March 31, 2015: 1,105,628 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
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2015	—	25.00	—	35.00	60.00
Fiscal year ending March 31, 2016	—	35.00			
Fiscal year ending March 31, 2016 (forecasts)			—	45.00	80.00

Note: Revision made to the dividend forecast announcement on May 13, 2015: Yes
 Cash dividends (forecasts) for the fiscal year ending March 31, 2016 is comprised of ¥35.00 per share as an ordinary dividend and ¥10.00 per share as the 60th 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	3,180,000	13.1	240,000	33.1	228,000	12.5	154,000	31.5	232.50

Note: Revision made to business forecast announcement on May 13, 2015: Yes

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 September 30, 2015	666,238,205 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 September 30, 2015	1,624,746 shares	As of March 31, 2015	1,619,741 shares
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3) Average number of shares during the period

Six months ended September 30, 2015	660,461,695 shares	Six months ended September 30, 2014	659,112,315 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 Six Months under Review (3) Earnings Forecasts” of “the Attached Material” on page 5 for the suppositions that form the assumptions for earnings forecasts.

(Obtaining supplementary explanatory materials)

The Company plans to hold a briefing for institutional investors and securities analysts on November 6, 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 Six Months under Review

(1) Earnings Results

The Japanese economy continued to experience a gradual recovery throughout the first six months of the fiscal year ending March 2016. Government economic policies and lower oil prices have played a part in rising corporate capital investments, and improved employment environment and higher payrolls. However, the deceleration of the Chinese economy has caused a downward swing in industrial production and exports, affecting certain sectors negatively.

The housing industry also continued to show signs of recovery, mainly due to outperforming year-on-year levels for the seventh consecutive month since March 2015 in terms of new housing starts, helping to diminish the negative impact of the April 2014 consumption tax increases. Although the general construction market has experienced eight consecutive months of lower year-on-year results for public works construction orders, private construction orders have shown twelve straight months of higher year-on-year performance since October 2014, owing to the strong domestic recovery of the manufacturing industry, particularly in terms of corporate capital investments.

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 and other businesses.

As another measure toward stronger competitive ability, Daiwa LifeNext Co., Ltd. and Daiwa Service Co., Ltd., both companies dealing mainly in the condominium management business, merged in April 2015. Further, in order to achieve greater management efficiency and stronger competitive ability in our construction business, Daiwa House Industry Co., Ltd. made Daiwa Odakyu Construction Co., Ltd. a wholly owned subsidiary in August 2015. This transaction was made in advance of the expected merger between Daiwa Odakyu Construction and Fujita Corporation, aiming to build a strong foundation for growth.

As a result, net sales for the first six months of the fiscal year ending March 2016 was 1,535,590 million yen (+15.9% year on year). Ordinary income was 129,121 million yen (+56.8% year on year), while net income attributable to owners of the parent amounted to 92,722 million yen (+50.4% year on year).

(2) Financial Conditions

Total assets as of the end of the consolidated six-month reporting period was 3,062,607 million yen, an increase of 41,600 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 increases in accounts receivable, as well as an increase in property, plant, and equipment via acquisitions of investment properties, although cash and deposits decreased due to payments to reduce interest-bearing debts.

Total liabilities as of the end of the consolidated six-month reporting period amounted to 1,872,482 million yen, representing a 35,707 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 redemptions of commercial paper and repayments of short-term loans payable to improve capital efficiency.

Total net assets as of the end of the consolidated six-month reporting period amounted to 1,190,124 million yen, representing a 77,307 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 recording of net income attributable to owners of the parent of 92,722 million yen, offset in part by payments of dividends related to the prior consolidated fiscal year.

(3) Earnings Forecasts

Based on recent order trends and second-quarter earnings, the Company has revised consolidated earnings forecasts for the full year. Refer to Announcement of Dividend Payment (Interim Dividend) and Revision of Earnings and Dividend Forecasts for the Fiscal Year Ending March 2016, announced on November 6, 2015, regarding matters related to the revisions of these forecasts.

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 differences due to 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 six 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 six 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 September 30, 2015
Assets		
Current assets		
Cash and deposits	238,776	155,514
Notes and accounts receivable from completed construction contracts and other	244,045	266,045
Short-term investment securities	16	16
Costs on uncompleted construction contracts	31,778	33,478
Real estate for sale	423,869	415,833
Real estate for sale in process	114,915	136,154
Land for development	647	647
Merchandise and finished goods	14,984	15,148
Work in process	6,709	6,368
Raw materials and supplies	5,785	6,145
Other	192,067	205,675
Allowance for doubtful accounts	(3,347)	(4,197)
Total current assets	1,270,247	1,236,831
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	782,817	817,914
Accumulated depreciation	(365,178)	(379,936)
Buildings and structures, net	417,638	437,978
Land	566,139	618,190
Other	199,303	205,856
Accumulated depreciation	(112,960)	(115,165)
Other, net	86,342	90,690
Total property, plant and equipment	1,070,121	1,146,859
Intangible assets		
Goodwill	48,136	56,033
Other	32,441	31,743
Total intangible assets	80,578	87,777
Investments and other assets		
Investment securities	252,982	235,675
Lease and guarantee deposits	199,562	200,673
Other	150,944	158,372
Allowance for doubtful accounts	(3,430)	(3,582)
Total investments and other assets	600,059	591,138
Total noncurrent assets	1,750,759	1,825,775
Total assets	3,021,007	3,062,607

(Millions of yen)

	As of March 31, 2015	As of September 30, 2015
Liabilities		
Current liabilities		
Notes and accounts payable for construction contracts and other	309,261	310,588
Short-term loans payable	70,892	67,996
Current portion of bonds payable	110	83
Current portion of long-term loans payable	34,803	39,517
Commercial papers	72,000	—
Income taxes payable	27,415	43,697
Advances received	39,732	45,950
Advances received on uncompleted construction contracts	90,487	88,466
Provision for bonuses	39,249	42,754
Provision for warranties for completed construction	6,819	6,733
Asset retirement obligations	1,617	1,608
Other	223,713	224,465
Total current liabilities	916,104	871,861
Noncurrent liabilities		
Bonds payable	110,595	110,054
Long-term loans payable	275,128	284,724
Long-term lease and guarantee deposited	241,355	244,618
Net defined benefit liability	179,470	182,847
Asset retirement obligations	29,434	30,905
Other	156,100	147,470
Total noncurrent liabilities	992,085	1,000,621
Total liabilities	1,908,190	1,872,482
Net assets		
Shareholders' equity		
Capital stock	161,699	161,699
Capital surplus	294,632	311,226
Retained earnings	534,639	604,065
Treasury stock	(1,965)	(1,980)
Total shareholders' equity	989,005	1,075,009
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	84,678	70,606
Deferred gains or losses on hedges	84	(18)
Revaluation reserve for land	(457)	(217)
Foreign currency translation adjustment	32,318	34,728
Total accumulated other comprehensive income	116,623	105,097
Subscription rights to shares	38	38
Non-controlling interests	7,149	9,977
Total net assets	1,112,817	1,190,124
Total liabilities and net assets	3,021,007	3,062,607

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

	(Millions of yen)	
	Six months ended September 30, 2014 (From April 1, 2014 to September 30, 2014)	Six months ended September 30, 2015 (From April 1, 2015 to September 30, 2015)
Net sales	1,324,847	1,535,590
Cost of sales	1,068,854	1,213,970
Gross profit	255,992	321,619
Selling, general and administrative expenses	175,865	191,136
Operating income	80,127	130,482
Non-operating income		
Interest income	1,985	1,866
Dividends income	1,325	1,647
Equity in earnings of affiliates	518	—
Miscellaneous income	3,714	2,500
Total non-operating income	7,543	6,014
Non-operating expenses		
Interest expenses	2,535	2,494
Taxes and dues	584	1,150
Equity in losses of affiliates	—	415
Miscellaneous expenses	2,218	3,316
Total non-operating expenses	5,337	7,376
Ordinary income	82,332	129,121
Extraordinary income		
Gain on sales of noncurrent assets	1,202	360
Gain on sales of investment securities	3,348	4,309
Gain on revision of retirement benefit plan	9,394	—
Gain on step acquisitions	5	4,147
Total extraordinary income	13,949	8,817
Extraordinary losses		
Loss on sales of noncurrent assets	55	36
Loss on retirement of noncurrent assets	1,460	457
Impairment loss	3	346
Loss on sales of investment securities	—	116
Loss on valuation of investment securities	4	—
Merger expenses	—	700
Other	60	15
Total extraordinary losses	1,585	1,673
Income before income taxes	94,697	136,266
Income taxes-current	23,550	45,561
Income taxes-deferred	9,670	(2,192)
Total income taxes	33,220	43,368
Net income	61,476	92,897
Profit (loss) attributable to non-controlling interests	(191)	174
Net income attributable to owners of the parent	61,668	92,722

(Consolidated Statements of Comprehensive Income)

	(Millions of yen)	
	Six months ended September 30, 2014 (From April 1, 2014 to September 30, 2014)	Six months ended September 30, 2015 (From April 1, 2015 to September 30, 2015)
Net income	61,476	92,897
Other comprehensive income		
Valuation difference on available-for-sale securities	22,739	(13,726)
Deferred gains or losses on hedges	(10)	(102)
Foreign currency translation adjustment	(3,331)	1,331
Share of other comprehensive income of associates accounted for using equity method	(2,767)	747
Total other comprehensive income	16,630	(11,750)
Comprehensive income	78,107	81,146
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	78,289	80,958
Comprehensive income attributable to non-controlling interests	(182)	188

(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 November 6, 2015.