



**Summary of Financial Results (Unaudited)**  
**for the First Nine Months of the Fiscal Year Ending March 31, 2017 [Consolidated]**  
**(From April 1, 2016 to December 31, 2016)**  
**[Japanese GAAP]**

February 9, 2017

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, Senior Executive Officer and General Manager, IR Department  
 Phone No.: 06-6342-1400  
 E-mail to: [dh.ir.communications@daiwahouse.jp](mailto:dh.ir.communications@daiwahouse.jp)

Scheduled Date of Filing Quarterly Securities Report: February 10, 2017  
 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, 2016 (From April 1, 2016 to December 31, 2016)**

**(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	%
Nine months ended:								
December 31, 2016	2,514,666	12.1	209,405	23.1	210,377	23.2	142,111	18.8
December 31, 2015	2,242,336	13.5	170,062	46.5	170,826	43.0	119,575	40.2

Note: Comprehensive income: Nine months ended December 31, 2016: 123,147 million yen (3.6%)  
 Nine months ended December 31, 2015: 118,856 million yen (4.9%)

	Basic net income per share		Diluted net income per share	
	Yen	Yen	Yen	Yen
Nine months ended:				
December 31, 2016	214.31		214.23	
December 31, 2015	180.71		180.05	

**(2) Consolidated Financial Conditions**

	Total assets	Net assets	Net assets ratio
	Millions of yen	Millions of yen	%
As of			
December 31, 2016	3,452,571	1,248,011	35.7
March 31, 2016	3,257,805	1,181,986	35.9

(Reference) Net assets ratio = (Net assets – (Non-controlling interests + Subscription rights to shares))/Total assets×100  
 (Net assets – (Non-controlling interests + Subscription rights to shares)) is as follows. December 31, 2016: 1,232,934 million yen;  
 March 31, 2016: 1,170,278 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, 2016	—	35.00	—	45.00	80.00
Fiscal year ending March 31, 2017	—	40.00	—		
Fiscal year ending March 31, 2017 (forecasts)				45.00	85.00

Note: Revision made to the dividend forecast announcement on November 9, 2016: None  
 Cash dividends for the fiscal year ended March 31, 2016 is comprised of ¥35.00 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, 2017 (From April 1, 2016 to March 31, 2017)

(% 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, 2017	3,460,000	8.4	280,000	15.2	272,000	16.4	182,000	75.7	274.44

Note: Revision made to business forecast announcement on November 9, 2016: 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 December 31, 2016	666,238,205 shares	As of March 31, 2016	666,238,205 shares
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#### 2) Number of treasury stock at the end of the period

As of December 31, 2016	2,901,244 shares	As of March 31, 2016	2,429,422 shares
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#### 3) Average number of shares during the period

Nine months ended December 31, 2016	663,115,963 shares	Nine months ended December 31, 2015	661,706,731 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 Nine Months under Review (3) Earnings Forecasts” of “the Attached Material” on page 4 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 February 9, 2017. 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 Nine Months under Review

### (1) Earnings Results

During the first nine-month period under review, the Japanese economy overall continued to follow a gradual recovery trend amid a continued improvement in employment and personal income, although corporate earnings failed to show further progress.

In the housing industry, the market has been showing a firm trend overall. New housing construction starts in the Owned, Rented and Built for Sale categories all posted year-on-year increases. In the general construction market, while the value of public works orders in showed a weak trend, with repeated cycles of increase and decrease, private works orders held firm against the backdrop of vigorous capital investment by the retail, service and real estate industries.

Amid these circumstances, and in accordance with the Daiwa House Group Fifth Medium-Term Management Plan (FY2016–2018), we have been following a policy of aggressive investment in real estate development while working to expand our core business operations by capturing firm demand in the domestic market.

As a result, the Daiwa House Group recorded consolidated net sales of 2,514,666 million yen (+12.1% year on year) for the first nine months of the fiscal year ending March 31, 2017. Ordinary income came to 210,377 million yen (+23.2% year on year), while net income attributable to owners of the parent amounted to 142,111 million yen (+18.8% year on year).

### (2) Financial Conditions

Total assets on a consolidated basis as of the end of the first nine months of the fiscal year ending March 31, 2017 amounted to 3,452,571 million yen, an increase of 194,766 million yen over the 3,257,805 million yen recorded at the previous fiscal year end. This was principally due to an increase in property, plant and equipment accompanying the acquisition of real estate for investment, in addition to an increase in notes and accounts receivable from completed construction contracts and other, which more than offset a decline in inventory assets accompanying the sale of real estate for sale.

Total liabilities at the end of the nine-month period under review amounted to 2,204,559 million yen, for an increase of 128,741 million yen compared with the 2,075,818 million yen recorded at the previous fiscal year end. This was principally due to fund procurement via loans and the issuance of bonds, which more than offset a decrease in notes and accounts payable for construction contracts and other.

Total net assets at the end of the nine-month period under review were 1,248,011 million yen, for an increase of 66,024 million yen over the 1,181,986 million yen recorded at the previous fiscal year end. This was principally due to the posting of net income for the period attributable to owners of the parent in the amount of 142,111 million yen, which more than offset the payment of dividends to shareholders for the previous fiscal year.

### **(3) Earnings Forecasts**

Regarding consolidated business performance forecasts for the term ending March 31, 2017, the forecasts issued on November 9, 2016 in the Group's "Announcement of Revision of Earnings and Dividend Forecast for the Fiscal Year Ending March 31, 2017" remain unchanged.

## **2. Summary Information (Notes)**

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

Change in Accounting Policies

#### **(Application of Practical Solution on a change in depreciation method due to Tax Reform 2016)**

In accordance with the revision to the Corporation Tax Act, with effect from the first three-month period of the fiscal year ending March 31, 2017, in its consolidated accounts the Company has applied the "Practical Solution on a change in depreciation method due to Tax Reform 2016" (ASBJ Practical Issues Task Force (PITF) Solution No. 32, June 17, 2016). Accordingly, the Company has changed the depreciation method for facilities attached to buildings and structures acquired on and after April 1, 2016 from the declining-balance method to the straight-line method.

The effect of this change on the Company's consolidated financial statements for the first nine-month period of the fiscal year is immaterial.

**3. Consolidated Financial Statements**  
**(1) Consolidated Balance Sheets**

(Millions of yen)

	As of March 31, 2016	As of December 31, 2016
<b>Assets</b>		
Current assets		
Cash and deposits	192,571	254,403
Notes and accounts receivable from completed construction contracts and other	281,755	338,880
Short-term investment securities	16	2,006
Costs on uncompleted construction contracts	36,753	53,769
Real estate for sale	461,763	417,554
Real estate for sale in process	112,854	127,376
Land for development	647	647
Merchandise and finished goods	15,194	15,392
Work in process	7,081	7,399
Raw materials and supplies	5,870	7,112
Other	216,923	226,019
Allowance for doubtful accounts	(2,583)	(3,422)
<b>Total current assets</b>	<b>1,328,849</b>	<b>1,447,139</b>
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	819,612	856,063
Accumulated depreciation	(391,565)	(410,084)
Buildings and structures, net	428,046	445,979
Land	652,043	669,509
Other	226,562	268,318
Accumulated depreciation	(115,947)	(119,668)
Other, net	110,614	148,650
<b>Total property, plant and equipment</b>	<b>1,190,704</b>	<b>1,264,138</b>
Intangible assets		
Goodwill	54,413	54,031
Other	32,793	31,276
<b>Total intangible assets</b>	<b>87,206</b>	<b>85,308</b>
Investments and other assets		
Investment securities	265,870	269,097
Lease and guarantee deposits	205,659	211,521
Other	182,493	178,011
Allowance for doubtful accounts	(2,978)	(2,644)
<b>Total investments and other assets</b>	<b>651,045</b>	<b>655,985</b>
<b>Total noncurrent assets</b>	<b>1,928,955</b>	<b>2,005,432</b>
<b>Total assets</b>	<b>3,257,805</b>	<b>3,452,571</b>

(Millions of yen)

	As of March 31, 2016	As of December 31, 2016
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable for construction contracts and other	368,494	346,812
Short-term loans payable	54,291	110,387
Current portion of bonds payable	10,085	54
Current portion of long-term loans payable	31,748	77,151
Commercial papers	—	110,000
Income taxes payable	60,429	13,578
Advances received	49,418	53,223
Advances received on uncompleted construction contracts	107,531	108,937
Provision for bonuses	46,662	25,609
Provision for warranties for completed construction	7,098	6,649
Asset retirement obligations	1,718	1,907
Other	236,310	202,330
<b>Total current liabilities</b>	<b>973,790</b>	<b>1,056,640</b>
Noncurrent liabilities		
Bonds payable	100,010	140,000
Long-term loans payable	295,828	275,946
Long-term lease and guarantee deposited	249,949	256,691
Net defined benefit liability	280,228	285,970
Asset retirement obligations	32,998	35,879
Other	143,012	153,430
<b>Total noncurrent liabilities</b>	<b>1,102,028</b>	<b>1,147,919</b>
<b>Total liabilities</b>	<b>2,075,818</b>	<b>2,204,559</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	161,699	161,699
Capital surplus	311,226	311,390
Retained earnings	591,850	677,100
Treasury stock	(4,617)	(9,095)
<b>Total shareholders' equity</b>	<b>1,060,158</b>	<b>1,141,095</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	84,983	85,252
Deferred gains or losses on hedges	35	1,359
Revaluation reserve for land	702	1,047
Foreign currency translation adjustment	24,399	4,178
<b>Total accumulated other comprehensive income</b>	<b>110,119</b>	<b>91,838</b>
Subscription rights to shares	38	116
Non-controlling interests	11,669	14,961
<b>Total net assets</b>	<b>1,181,986</b>	<b>1,248,011</b>
<b>Total liabilities and net assets</b>	<b>3,257,805</b>	<b>3,452,571</b>

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

	(Millions of yen)	
	Nine months ended December 31, 2015 (From April 1, 2015 to December 31, 2015)	Nine months ended December 31, 2016 (From April 1, 2016 to December 31, 2016)
Net sales	2,242,336	2,514,666
Cost of sales	1,786,899	2,000,185
Gross profit	455,437	514,481
Selling, general and administrative expenses	285,375	305,076
Operating income	170,062	209,405
Non-operating income		
Interest income	2,719	2,249
Dividends income	2,910	3,655
Miscellaneous income	3,916	4,685
Total non-operating income	9,546	10,589
Non-operating expenses		
Interest expenses	3,714	3,787
Taxes and dues	1,534	861
Equity in losses of affiliates	415	385
Miscellaneous expenses	3,117	4,582
Total non-operating expenses	8,781	9,617
Ordinary income	170,826	210,377
Extraordinary income		
Gain on sales of noncurrent assets	545	218
Gain on sales of investment securities	4,363	952
Gain on step acquisitions	4,147	—
Other	—	21
Total extraordinary income	9,056	1,192
Extraordinary losses		
Loss on sales of noncurrent assets	41	37
Loss on retirement of noncurrent assets	620	725
Impairment loss	346	—
Loss on sales of investment securities	116	3
Loss on valuation of investment securities	187	31
Merger expenses	826	—
Loss on disaster	—	747
Other	23	8
Total extraordinary losses	2,162	1,553
Income before income taxes	177,720	210,016
Income taxes-current	53,656	57,721
Income taxes-deferred	4,401	9,888
Total income taxes	58,057	67,610
Net income	119,662	142,406
Net income attributable to non-controlling interests	87	294
Net income attributable to owners of the parent	119,575	142,111



**(Consolidated Statements of Comprehensive Income)**

	(Millions of yen)	
	Nine months ended December 31, 2015 (From April 1, 2015 to December 31, 2015)	Nine months ended December 31, 2016 (From April 1, 2016 to December 31, 2016)
Net income	119,662	142,406
Other comprehensive income		
Valuation difference on available-for-sale securities	5,042	312
Deferred gains or losses on hedges	(93)	1,324
Foreign currency translation adjustment	(4,026)	(11,001)
Share of other comprehensive income of associates accounted for using equity method	(1,728)	(9,893)
Total other comprehensive income	(806)	(19,258)
Comprehensive income	118,856	123,147
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	119,042	123,485
Comprehensive income attributable to non- controlling interests	(185)	(337)

**(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 February 9, 2017.