

Summary of Financial Results for the Fiscal Year Ended March 31, 2018 [Consolidated]
(From April 1, 2017 to March 31, 2018)
[Japanese GAAP]

May 10, 2018

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: Keiichi Yoshii, 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

Scheduled Date of Ordinary General Meeting of Shareholders: June 28, 2018
Scheduled Date of Filing Securities Report: June 28, 2018
Scheduled Date of Commencement of Dividend Payment: June 29, 2018
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 Fiscal Year Ended March 31, 2018 (From April 1, 2017 to March 31, 2018)

(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	%
Fiscal year ended March 31, 2018	3,795,992	8.1	347,141	11.9	344,593	14.7	236,357	17.2
Fiscal year ended March 31, 2017	3,512,909	10.0	310,092	27.6	300,529	28.7	201,700	94.7

(Note) Comprehensive income:

Fiscal year ended March 31, 2018: 229,645 million yen (15.3%); Fiscal year ended March 31, 2017: 199,257 million yen (103.5%)

	Basic net income per share	Diluted net income per share	Return on equity (ROE)	Ordinary income to total assets ratio	Operating income to net sales ratio
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2018	355.87	355.86	17.0	9.1	9.1
Fiscal year ended March 31, 2017	304.14	304.05	16.3	8.8	8.8

(Reference) Equity in earnings of affiliates

Fiscal year ended March 31, 2018: -62 million yen; Fiscal year ended March 31, 2017: -1,274 million yen

(2) Consolidated Financial Conditions

	Total assets	Net assets	Net assets ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2018	4,035,272	1,513,585	36.5	2,218.17
March 31, 2017	3,555,885	1,329,901	36.8	1,971.66

(Reference) Net assets ratio = (Net assets – Non-controlling interests)/Total assets×100

(Net assets – Non-controlling interests) is as follows. March 31, 2018: 1,474,539 million yen; March 31, 2017: 1,308,290 million yen

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents, end of the year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended March 31, 2018	382,365	(313,664)	41,804	326,130
Fiscal year ended March 31, 2017	287,691	(343,643)	80,086	213,309

2. Dividends

	Dividend per share					Total dividends (annual)	Dividend payout ratio (consolidated)	Dividends to net assets ratio (consolidated)
	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	Millions of yen	%	%
Fiscal year ended March 31, 2017	—	40.00	—	52.00	92.00	61,285	30.2	4.9
Fiscal year ended March 31, 2018	—	45.00	—	62.00	107.00	71,280	30.1	5.1
Fiscal year ending March 31, 2019 (forecasts)	—	50.00	—	57.00	107.00		30.0	

3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2019 (From April 1, 2018 to March 31, 2019)

(% 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, 2019	4,000,000	5.4	354,000	2.0	352,000	2.1	237,000	0.3	356.52

Notes:

- (1) **Changes in Significant Subsidiaries for the Fiscal Year under Review (This refers to changes in specified subsidiaries associated with changes in the scope of consolidation): Yes**

Addition: 1

Company name: Neighborhoods Capital, LLC

- (2) **Changes in Accounting Policies Applied, Changes in Accounting Estimates and Retrospective Restatement**

1) **Changes in accounting policies applied due to amendment of accounting standards: None**

2) **Changes in accounting policies due to reasons other than 1): None**

3) **Changes in accounting estimates: None**

4) **Retrospective restatement: None**

- (3) **Number of Issued and Outstanding Shares (Common Stock)**

- 1) **Number of shares at the end of the fiscal year (including treasury stock)**

As of March 31, 2018	666,238,205 shares	As of March 31, 2017	666,238,205 shares
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- 2) **Number of treasury stock at the end of the fiscal year**

As of March 31, 2018	1,482,493 shares	As of March 31, 2017	2,691,551 shares
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- 3) **Average number of shares for the fiscal year**

Fiscal year ended March 31, 2018	664,164,059 shares	Fiscal year ended March 31, 2017	663,193,698 shares
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Note: For the number of shares used as the basis of calculating basic net income per share (consolidated), please refer to "(5) Notes to Consolidated Financial Statements (Per Share Information)" on page 23.

(Reference) Summary of Non-Consolidated Results of Operation

Non-Consolidated Results of Operation for the Fiscal Year Ended March 31, 2018 (From April 1, 2017 to March 31, 2018)

(1) Non-Consolidated Business Results

(% figures represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2018	1,814,277	5.5	237,990	19.8	263,039	23.9	198,223	34.3
Fiscal year ended March 31, 2017	1,720,394	4.3	198,673	18.5	212,346	15.5	147,582	80.0

	Basic net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended March 31, 2018	298.46	298.44
Fiscal year ended March 31, 2017	222.53	222.47

(2) Non-Consolidated Financial Conditions

	Total assets	Net assets	Net assets ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2018	2,711,058	1,174,649	43.3	1,766.87
March 31, 2017	2,410,655	1,050,139	43.6	1,582.44

(Reference) Net assets: March 31, 2018: 1,174,534 million yen; March 31, 2017: 1,050,023 million yen

* **This financial results report is not required to be audited by certified public accountants or audit corporations**

* **Remarks on appropriate use of forecasted results of operation and other special matters**

(Notes regarding earnings forecasts)

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 Fiscal Year under Review and others (4) Future Outlook” on page 9 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 May 10, 2018. 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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<Reference Material> Key Performance Indicators

1. Performance Indicators

Fiscal years	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018	Forecast for the fiscal year ending March 31, 2019
Net sales (millions of yen)	2,810,714	3,192,900	3,512,909	3,795,992	4,000,000
Cost of sales (millions of yen)	2,269,846	2,560,483	2,791,596	3,002,160	3,167,000
Selling, general and administrative expenses (millions of yen)	360,516	389,316	411,220	446,690	479,000
Operating income (millions of yen)	180,352	243,100	310,092	347,141	354,000
Ordinary income (millions of yen)	202,628	233,592	300,529	344,593	352,000
Net income attributable to owners of the parent (millions of yen)	117,133	103,577	201,700	236,357	237,000
Basic net income per share (yen)	177.74	156.40	304.14	355.87	356.52
Return on equity (ROE) (%)	11.2	9.1	16.3	17.0	—
Ordinary income to total assets ratio (%)	7.1	7.4	8.8	9.1	—
Dividend per share (yen) (of which interim dividend per share)	60 (25)	80 (35)	92 (40)	107 (45)	107 (50)
Total annual dividends (millions of yen)	39,535	53,132	61,285	71,280	—
Dividend payout ratio (%)	33.8	51.2	30.2	30.1	30.0
Dividends to net assets ratio (%)	3.8	4.6	4.9	5.1	—
Total assets (millions of yen)	3,021,007	3,257,805	3,555,885	4,035,272	—
Net assets (millions of yen)	1,112,817	1,181,986	1,329,901	1,513,585	—
Net assets ratio (%)	36.6	35.9	36.8	36.5	—
Net assets per share (yen)	1,678.24	1,762.97	1,971.66	2,218.17	—
Depreciation (millions of yen)	53,283	56,515	59,597	64,163	70,000
Net increase in property, plant and equipment and intangible assets (millions of yen)	274,990	188,312	341,656	284,590	260,000
Cash flows from operating activities (millions of yen)	139,465	278,497	287,691	382,365	—
Cash flows from investing activities (millions of yen)	(235,027)	(202,447)	(343,643)	(313,664)	—
Cash flows from financing activities (millions of yen)	129,202	(130,185)	80,086	41,804	—
Cash and cash equivalents, end of year (millions of yen)	234,544	188,923	213,309	326,130	—

2. Sales and Operating Income by Segment

(Millions of yen)

Fiscal years		Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018	Forecast for the fiscal year ending March 31, 2019
Net sales		2,810,714	3,192,900	3,512,909	3,795,992	4,000,000
Sales by segment	Single-Family Houses	375,343	378,306	390,332	385,369	390,000
	Rental Housing	772,955	880,161	977,215	1,030,834	1,060,000
	Condominiums	231,344	279,311	262,867	285,051	290,000
	Existing Homes Business	91,664	95,508	105,592	112,148	116,000
	Commercial Facilities	456,218	495,533	569,776	620,869	650,000
	Logistics, Business & Corporate Facilities	581,569	736,355	828,478	850,214	930,000
	Other Businesses	426,512	458,870	513,581	637,123	700,000
	Adjustments	(124,893)	(131,146)	(134,937)	(125,617)	(136,000)
Operating income		180,352	243,100	310,092	347,141	354,000
Sales by segment	Single-Family Houses	8,841	16,515	19,290	21,566	22,000
	Rental Housing	69,597	81,903	94,299	106,683	98,000
	Condominiums	10,819	15,796	13,431	13,328	12,000
	Existing Homes Business	9,976	11,297	13,081	13,228	14,500
	Commercial Facilities	67,279	80,332	100,742	114,178	117,000
	Logistics, Business & Corporate Facilities	38,444	68,003	78,967	88,915	96,000
	Other Businesses	10,288	9,573	16,861	23,010	39,000
	Adjustments	(34,894)	(40,322)	(26,582)	(33,770)	(44,500)

1. Qualitative Information Regarding Consolidated Results for the Fiscal Year under Review

(1) Earnings Results

During the fiscal year under review, the Japanese economy continued to follow a gradual recovery trend, against the background of a pickup in consumer spending and an ongoing improvement in both employment and incomes, among other positive factors.

In the housing industry, the market as a whole followed a weak trend, posting minus figures on a year-on-year comparison, with declines in new housing construction starts in the Owned and Rented house categories as well as in condominiums. In the general construction market, non-housing operations as a whole held firm in spite of declines in the total floorspace of new construction starts for hospitals, schools, and so on, thanks to year-on-year plus figures in the categories of warehouses and factories.

Amid these circumstances, and in accordance with its Fifth Medium-Term Management Plan (FY2016–2018), the Daiwa House Group is following a policy of aggressive investment in real estate development while working to expand its core business operations to capture demand in the domestic market. Also, in view of overseas business expansion, we acquired membership interests of Stanley-Martin Communities, LLC, a single-family housing company in the USA, as a group company.

As a result, the Daiwa House Group recorded consolidated net sales of 3,795,992 million yen (+8.1% year on year) for the fiscal year ended March 2018. Operating income came to 347,141 million yen (+11.9% year on year), ordinary income came to 344,593 million yen (+14.7% year on year), while net income attributable to owners of the parent amounted to 236,357 million yen (+17.2% year on year).

Results by business segment were as follows:

Single-Family Houses Business

In the Single-Family Houses Business segment, during the period under review, we earnestly addressed our role as a home builder and pursued community-based business projects to expand sales.

In our custom-built houses business, we focused marketing efforts on models in our xevoΣ (xevo sigma) single-family house series. These houses offer purchasers many years of dependable earthquake resistance—as well as homes that are comfortably warm in the winter and cool in the summer thanks to our proprietary external wall thermal insulation system—in addition to spacious interiors thanks to the extra-high (2.72 meter) ceilings.

We also focused on sales of single-family houses in our "skye" series—available in 3-story, 4-story, and 5-story versions, and expanded our lineup of house models with the introduction of dual-purpose houses in which a portion of the home can be rented out to a tenant or used as retail premises by the owner. For customers who are particularly discerning about design and specifications, we started up our "PREMIUM GranWood" Project, offering top-quality, fully customized wooden construction houses.

In addition, we put on sale the "Kaji Share House" (Chore-Sharing House), a single-family model for increasing dual-income households that incorporates various ideas to help cut the time required to do housework and reduce the mental stress involved. We also launched on the market the D's box, a new type of home-delivery locker designed to reduce the need for registered mail and package re-delivery. These products are part of our wide-ranging efforts to make a stronger contribution to addressing social issues.

During the period under review, we also made progress toward more fully incorporating the Internet of things (IoT) into our home products. By realizing internet connectivity among various household equipment and appliances, we aim to make our homes even more convenient for their owners and enable a more rewarding lifestyle. To this end, we initiated the "Daiwa Connect Project", under which we plan to expand the lineup of models in our "Connected Homes"* brand.

As a result, net sales for this segment amounted to 385,369 million yen (-1.3% year on year), while operating income came to 21,566 million yen (+11.8% year on year).

* Under the "Connected Homes" concept, we aim to offer a wide range of added value by utilizing data feedback on the way that home owners use the equipment and appliances installed in their homes. Hopefully, this will lead

not only to better energy conservation, but also to more efficient performance of household chores and improved health monitoring.

Rental Housing Business

In the Rental Housing Business segment, we worked to strengthen our range of proposals for more effective use of landholdings, making optimal use of our comprehensive services covering everything from initial estimates of site-use potential through planning, design and construction to management support.

During the period under review, we took steps to acquire an expanded volume of orders for large-scale projects, including strengthening our efforts in three-story as well as medium- to high-rise rental housing properties.

We also developed and marketed a number of new products, including the SEJOUR DD-1, a built-for-sale house that a portion of house can be rented out to a tenant. The product comes with an attached dog house. This model is targeted at the residents of rental housing built by the Company and managed by Daiwa Living Co., Ltd.

In our rental housing management business, Daiwa Living expanded the number of options available to rental housing tenants in their D-room+ Optional Services package, which includes an e-book service and a movie choice service, among many others. By offering a wide variety of services to meet tenants' diverse lifestyle preferences, we were able once again to maintain high occupancy rates during the term under review.

As a result, net sales for this segment amounted to 1,030,834 million yen (+5.5% year on year), while operating income came to 106,683 million yen (+13.1% year on year).

Condominium Business

In the Condominiums Business segment, we are working to offer products with higher added value for both our customers and local communities as a whole.

The sale of home units proceeded smoothly at our PREMIST Hibarigaoka*¹ and PREMIST Yoyogi-Koen condominium projects (both in Tokyo), thanks to the combined advantages of easy access to central Tokyo and a lushly green natural environment.

Additionally, the sale of home units at the PREMIST Shonan Tsujido*² condominium project (Kanagawa Pref.) went off very smoothly, with all 120 units put up for sale in Phase 1 being snapped up on the first day. The success of this marketing effort can be attributed to the fact that we offer residents a "smart" wellness service*³ utilizing IoT and artificial intelligence technologies, as well as the very convenient location of the property.

We also commenced the sale of home units in The Towers Frontier Sapporo*⁴, a condominium project that is directly connected to a large-scale shopping mall. This was part of our wider policy of focusing construction and sales efforts in provincial cities around Japan.

Group member Cosmos Initia Co., Ltd. embarked on a number of new ventures during the period under review, including the launch of the Japanese real estate industry's first property future-value estimation service employing artificial intelligence (AI) technology. This service, dubbed VALUE AI, is targeted at owners of single-building properties held for investment purposes, as well as customers considering the purchase of such properties. The system is capable of accurately forecasting the future value of real estate through the simulation of various investment plans.

In our condominium management business, Group member Daiwa LifeNext Co., Ltd. worked to provide an enhanced level of services for residents. This included the start-up of the "Online Condominium Association Administrative Meeting Service," which enables residents to hold meetings online using a PC, a smart phone, a tablet computer, or similar device.

As a result, net sales for this segment amounted to 285,051 million yen (+8.4% year on year), while operating income came to 13,328 million yen (-0.8% year on year).

*1. A joint project of Daiwa House Industry Co., Ltd., and Cosmos Initia Co., Ltd.

*2. A joint project among Daiwa House Industry Co., Ltd., Kanagawa Chuo Kotsu Co., Ltd., and Haseko Corporation.

*3. A health promotion service, combined IoT technologies and AI, and support services supervised by Sports Club NAS Co., Ltd. such as exercise proposals and others.

*4. A joint project among Daiwa House Industry Co., Ltd., Sumitomo Realty & Development Co., Ltd., and Daikyo Incorporated.

Existing Homes Business

In the Existing Homes Business segment, we took various steps to expand orders. These included strengthening our relations with owners of single-family houses and rental housing originally built by the Company, by offering property inspection services and also proposing renovation plans to extend home warranty periods. We also worked to expand our business lines, including starting to offer proposals for the renovation and maintenance of corporate-owned properties.

We also started up the new group-wide brand "Livness", which enables us to pool the data on existing housing business by our various member companies. This facilitates the making of renovation proposals as well as property purchase and resale plans to suit the individual requirements of each customer.

As a result, net sales for this segment amounted to 112,148 million yen (+6.2% year on year), while operating income came to 13,228 million yen (+1.1% year on year).

Commercial Facilities Business

In the Commercial Facilities Business segment, we made facility-opening proposals that match the business strategies of corporate tenants, as well as a wide variety of proposals that made optimal use of the unique characteristics of each region and received particularly firm levels of orders. We also took a number of measures to expand the scope of our business. These included focusing management resources on development in urban areas as well as large-scale projects, and the sale of properties to customers looking for real estate to purchase for investment purposes. In these projects, Daiwa House handled everything from land acquisition through construction to leasing out to tenants.

Also, iias-Takao—a large-scale shopping mall within Takao SakuLa City (Tokyo)— was opened. This is a multipurpose complex that incorporates both residences (single-family houses and condominiums) and commercial facilities.

As a result, net sales for this segment amounted to 620,869 million yen (+9.0% year on year), while operating income came to 114,178 million yen (+13.3% year on year).

Logistics, Business and Corporate Facilities Business

In the Logistics, Business and Corporate Facilities Business segment, during the period under review, we worked to enhance the Group's business scope by constructing a variety of facilities to suit the differing business needs of our corporate customers, and by providing total support services that enable customers to most effectively utilize their assets.

In the area of logistics facilities, we commenced construction of 19 new facilities around the country, including DPL Sakado (Saitama Pref.), which when completed will be the largest multi-tenant logistics facility built by Daiwa House Industry in terms of floorspace. Additionally, as well as forming a capital and business alliance with GROUND Inc., which possesses sole distribution rights to the Butler®*1,2 Robotic Logistics System, we also acquired acca international Co., Ltd., a company that possesses know-how in the field of logistics fulfillment support*3 for enterprises in the apparel industry, as a group company. These moves were part of our larger plan to build a next-generation platform that will make full use of advanced technologies to support logistics operations. Going forward, across the entire logistics field we plan to continue developing high value-added, next-generation logistics facilities with the aim of addressing issues that require solutions.

In the field of medical and nursing care facilities, we continued working to strengthen our lineup of solutions to management issues facing healthcare corporations and the operators of such facilities. These include the reconstruction or relocation of hospitals, and the development of projects that combine such facilities with homes for senior citizens.

In the field of production facilities, we held a number of seminars for corporate customers involved in food processing, and have been making proposals for the construction of facilities compliant with HACCP*4 standards, ahead of the mandatory introduction of the HACCP system.

During the period under review, Fujita Corporation enjoyed a steady inflow of orders in both the construction and civil engineering fields thanks to the receipt of orders for large-scale projects. In the Japanese market, Fujita won orders for logistics facilities and infrastructure, among others. Overseas, it won orders for accommodations and automotive-related factories, among others.

As a result, net sales for this segment amounted to 850,214 million yen (+2.6% year on year), while operating income came to 88,915 million yen (+12.6% year on year).

*1. The Butler System involves the use of a robot that moves along the warehouse floor and slides underneath the detachable shelves holding the merchandise, transporting the whole shelf to the operator's station, as opposed to the traditional concept of removing the goods from the shelf and transporting the goods alone. This system facilitates greater labor-saving at logistics facilities.

*2. Butler® is a registered trademark of GROUND Inc.

*3. In the mail-order business, a "logistics fulfillment support" company provides necessary management and control services at all stages of the process from receipt of the order for the goods to their delivery to the customer.

*4. Hazard analysis and critical control points (HACCP) is a systematic preventive approach to food safety in production and preparation processes, in which the dangers posed by contamination by microorganisms at each stage of the process are analyzed and managed.

Other Businesses

In our home centers business, during the period under review Royal Home Center Co., Ltd. opened three more full-lineup home centers including the Royal Home Center Nishinomiya Chuo (Hyogo Pref.), which not only meet the needs of professionals in the construction and interior decoration trades but also appeal to female customers and children. This brings the numbers of home center nationwide to 59. In addition to the sale of hardware, these stores also offer our customers a wide range of information that helps make their daily lives easier, as well as various home renovation proposals.

In our logistics business, during the period under review Daiwa Logistics Co., Ltd. opened three new facilities, notably the Arashiyama Logistics Center (Saitama Pref.) and the Komono Logistics Center (Mie Pref.), bringing the number of centers operated by this company to 82 nationwide. This extensive network of outlets enables the company to fully meet customer needs.

In our fitness club business, during the period under review Sports Club NAS Co., Ltd. opened "RUNNING BASE Osaka Castle"—located within Osaka Castle Park, which is a favorite spot for runners. This facility provides a wide range of support services for local running enthusiasts. This was just one of a number of new business lines initiated by the company.

In our city hotels business, Daiwa Royal Co., Ltd. continued to pursue its policy of opening new hotels that make optimal use of unique regional characteristics and the attractions of each hotel's immediate locality. During the period under review, the company opened the Daiwa Roynet Hotel Fukuoka Nishinakasu (Fukuoka Pref.), located within walking distance of Fukuoka City's Tenjin-Nakasu downtown area.

As a result, net sales for this segment amounted to 637,123 million yen (+24.1% year on year), while operating income came to 23,010 million yen (+36.5% year on year).

(2) Financial Conditions

Total assets as of the end of the consolidated reporting fiscal year amounted to 4,035,272 million yen, an increase of 479,387 million yen compared with 3,555,885 million yen in total assets at the end of the previous consolidated fiscal year. This was principally due to an increase in cash and deposits, an increase in inventory assets accompanying the acquisition of real estate for sale, and an increase in property, plant and equipment accompanying the acquisition of real estate for investment and other.

Total liabilities as of the end of the consolidated reporting fiscal year amounted to 2,521,687 million yen, an increase of 295,703 million yen compared with 2,225,983 million yen in total liabilities at the end of the previous

consolidated fiscal year. This was principally due to fund procurement via the issuance of corporate bonds and borrowing, and an increase in notes and accounts payable for construction contracts and other.

Total net assets as of the end of the consolidated reporting fiscal year amounted to 1,513,585 million yen, an increase of 183,683 million yen compared with 1,329,901 million yen in total net assets at the end of the previous consolidated fiscal year. This was principally due to the posting of net income for the fiscal year attributable to owners of the parent in the amount of 236,357 million yen, which more than offset the payment of dividends to shareholders for the previous fiscal year.

The net assets ratio as of March 31, 2018 was 36.5%, virtually unchanged from 36.8% at the end of the previous fiscal year.

(3) Cash Flow Position

Cash and cash equivalents for the reporting fiscal year amounted to 326,130 million yen, for an increase of 112,820 million yen. Net cash provided by operating activities stood at 382,365 million yen, net cash used in investing activities came to 313,664 million yen, and net cash provided by financing activities came to 41,804 million yen.

Cash flows from operating activities

During the reporting fiscal year, net cash provided by operating activities came to 382,365 million yen (+32.9% year on year). This is primarily attributable to the posting of 346,315 million in income before income taxes and non-controlling shareholders' interests, increase in notes and accounts payable for construction contracts and other, and the sale of real estate for sale, among other factors.

Cash flows from investing activities

During the reporting fiscal year, net cash used in investing activities came to 313,664 million yen (compared with 343,643 million yen used in the previous fiscal year). This was primarily the result of the acquisition of property, plant and equipment, including large-scale logistics facilities and commercial facilities, among other factors.

Cash flows from financing activities

During the reporting fiscal year, net cash provided by financing activities came to 41,804 million yen (-47.8% year on year). This is primarily attributable to fund procurement via the issuance of corporate bonds, which more than offset the payment of dividends to shareholders for the previous fiscal year.

(Reference) Cash Flow Indicators

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Net assets ratio	35.9%	36.8%	36.5%
Net assets ratio on market-value basis	64.7%	59.6%	67.5%
Repayment years of interest-bearing debt	1.8 years	2.2 years	2.0 years
Interest coverage ratio	97.7	93.3	122.4

* The standards for the indicators are as follows. All have been computed based on consolidated financial figures.

Net assets ratio: (Net assets – Non-controlling shareholders' interests)/Total assets

Net assets ratio on market-value basis: Total market capitalization/Total assets

Repayment years of interest-bearing debt: Interest-bearing liabilities/Operating cash flows

Interest coverage ratio: Operating cash flows/Interest expenses

Total market capitalization: Closing stock price at the fiscal year-end × Number of shares issued at the fiscal year-end (after deduction of treasury stock)

Operating cash flows: Net cash provided by (used in) operating activities on the Consolidated Statements of Cash Flows

Interest expenses: Interest expenses paid on the Consolidated Statements of Cash Flows

(4) Future Outlook

Looking at the future outlook for the Japanese economy, a gradual recovery is expected thanks to the impact of various government stimulus measures, against the backdrop of an ongoing improvement in both employment and incomes. At the same time, it is feared that the uncertainty surrounding upcoming political developments, financial market developments, and trade policies in the United States and Europe may negatively impact the Japanese domestic economy, and the situation will not warrant optimism for some time to come.

Turning to the Company's field of operations, a decrease in the number of new housing construction starts in Japan is forecast over the medium-to-long term, due to the declining trend of the country's population. In addition, there are concerns that the housing market may contract following the consumption tax hike expected to be implemented in the near future, as it has done on previous such occasions. In the general construction market, while demand is likely to remain high in the run-up to the 2020 Summer Olympics and Paralympics to be held in Tokyo, the high cost of construction materials, and trends in the labor supply market, also continue to present cause for concern.

Amid this business environment, and in accordance with its Fifth Medium-Term Management Plan (FY2016–2018), the Daiwa House Group is aiming to achieve the plan and taking into account probable future changes in the business environment and make optimal use of the Group's diverse lineup of revenue streams.

In view of the foregoing, we forecast net sales for the fiscal year ending March 31, 2019 in the amount of 4 trillion yen, with operating income of 354 billion yen, ordinary income of 352 billion yen, and net income attributable to owners of the parent of 237 billion yen. And we expect capital investments of 260 billion yen and depreciation of 70 billion yen.

2. Basic Approach to Selection of Accounting Standards

The Daiwa House Group applies Japanese accounting standards as its selected accounting standards to maintain the comparability of consolidated financial statements between accounting periods and the comparability of performance between companies.

3. Consolidated Financial Statements and Main Notes

(1) Consolidated Balance Sheets

	(Millions of yen)	
	Previous fiscal year (as of March 31, 2017)	Reporting fiscal year (as of March 31, 2018)
Assets		
Current assets		
Cash and deposits	216,749	330,806
Notes and accounts receivable from completed construction contracts and other	315,275	360,395
Lease receivables and investment assets	25,261	33,225
Mortgage notes receivable held for sale	—	12,429
Short-term investment securities	2,006	2,040
Costs on uncompleted construction contracts	49,484	58,627
Real estate for sale	444,422	556,056
Real estate for sale in process	102,608	140,049
Land for development	647	647
Merchandise and finished goods	14,719	16,284
Work in process	6,583	5,922
Raw materials and supplies	5,818	6,667
Deferred tax assets	40,729	44,745
Other	188,534	215,693
Allowance for doubtful accounts	-7,653	-8,836
Total current assets	1,405,188	1,774,756
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	892,595	970,762
Accumulated depreciation	-410,518	-424,425
Buildings and structures, net	482,076	546,337
Machinery, equipment and vehicles	130,458	143,149
Accumulated depreciation	-71,314	-77,126
Machinery, equipment and vehicles, net	59,144	66,023
Tools, furniture and fixtures	56,269	61,921
Accumulated depreciation	-42,634	-45,672
Tools, furniture and fixtures, net	13,635	16,249
Land	759,813	776,342
Lease assets	22,546	32,162
Accumulated depreciation	-6,704	-8,286
Lease assets, net	15,841	23,876
Construction in progress	76,868	72,671
Total property, plant and equipment	1,407,380	1,501,499
Intangible assets		
Goodwill	52,892	60,916
Other	34,097	42,852
Total intangible assets	86,989	103,768
Investments and other assets		
Investment securities	270,112	250,522
Long-term loans receivable	13,531	14,172
Lease and guarantee deposits	214,740	222,053
Deferred tax assets	85,357	91,070
Other	75,220	80,235
Allowance for doubtful accounts	-2,635	-2,806
Total investments and other assets	656,326	655,247
Total noncurrent assets	2,150,696	2,260,515
Total assets	3,555,885	4,035,272

(Millions of yen)

	Previous fiscal year (as of March 31, 2017)	Reporting fiscal year (as of March 31, 2018)
Liabilities		
Current liabilities		
Notes and accounts payable for construction contracts and other	383,232	479,451
Short-term loans payable	78,944	93,843
Current portion of bonds payable	10	20,110
Current portion of long-term loans payable	69,401	61,574
Lease obligations	2,698	3,474
Accounts payable-other	93,892	95,293
Income taxes payable	52,511	61,826
Advances received	47,802	61,597
Advances received on uncompleted construction contracts	113,850	124,571
Provision for bonuses	50,014	53,145
Provision for warranties for completed construction	7,096	8,232
Asset retirement obligations	1,967	2,092
Other	120,550	133,134
Total current liabilities	1,021,973	1,198,349
Noncurrent liabilities		
Bonds payable	200,000	287,342
Long-term loans payable	292,316	317,702
Lease obligations	24,120	33,572
Deposits received from members	17,104	2,827
Long-term lease and guarantee deposits	261,343	270,011
Deferred tax liabilities for land revaluation	20,823	20,074
Net defined benefit liability	271,548	258,581
Asset retirement obligations	37,595	41,027
Other	79,157	92,198
Total noncurrent liabilities	1,204,009	1,323,337
Total liabilities	2,225,983	2,521,687
Net assets		
Shareholders' equity		
Capital stock	161,699	161,699
Capital surplus	311,393	311,910
Retained earnings	734,242	903,550
Treasury stock	-8,450	-4,630
Total shareholders' equity	1,198,884	1,372,528
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	88,642	75,257
Deferred gains or losses on hedges	-5	-35
Revaluation reserve for land	3,495	6,188
Foreign currency translation adjustment	17,273	20,599
Total accumulated other comprehensive income	109,405	102,010
Subscription rights to shares	115	115
Non-controlling interests	21,495	38,929
Total net assets	1,329,901	1,513,585
Total liabilities and net assets	3,555,885	4,035,272

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

	(Millions of yen)	
	Previous fiscal year (From April 1, 2016 to March 31, 2017)	Reporting fiscal year (From April 1, 2017 to March 31, 2018)
Net sales	3,512,909	3,795,992
Cost of sales	2,791,596	3,002,160
Gross profit	721,312	793,832
Selling, general and administrative expenses		
Sales commission	19,077	19,377
Advertising expenses	34,682	34,753
Promotion expenses	6,230	6,350
Provision of allowance for doubtful accounts	845	959
Directors' compensations	3,841	4,017
Employees' salaries and allowances	148,934	157,771
Provision for bonuses	29,775	32,200
Retirement benefit expenses	11,459	16,178
Legal welfare expenses	22,801	24,547
Stationery expenses	14,196	13,429
Correspondence and transportation expenses	18,890	20,205
Rents	16,466	22,467
Depreciation	8,163	8,653
Tax and dues	25,177	29,879
Other	50,679	55,899
Total selling, general and administrative expenses	411,220	446,690
Operating income	310,092	347,141
Non-operating income		
Interest income	3,088	3,429
Dividends income	3,807	3,791
Miscellaneous income	6,357	7,412
Total non-operating income	13,253	14,633
Non-operating expenses		
Interest expenses	5,143	5,544
Tax and dues	1,744	1,941
Provision of allowance for doubtful accounts	5,045	989
Equity in losses of affiliates	1,274	62
Miscellaneous expenses	9,608	8,642
Total non-operating expenses	22,815	17,180
Ordinary income	300,529	344,593
Extraordinary income		
Gain on sales of noncurrent assets	771	1,899
Gain on sales of investment securities	990	13,288
Gain on sales of investments in capital of subsidiaries and associates	22	31
Gain on step acquisitions	—	139
Other	—	0
Total extraordinary income	1,783	15,358

(Millions of yen)

	Previous fiscal year (From April 1, 2016 to March 31, 2017)	Reporting fiscal year (From April 1, 2017 to March 31, 2018)
Extraordinary losses		
Loss on sales of noncurrent assets	56	69
Loss on retirement of noncurrent assets	2,247	1,747
Impairment loss	4,339	11,801
Loss on sales of investment securities	3	—
Loss on valuation of investment securities	38	13
Loss on disaster	752	—
Other	10	5
Total extraordinary losses	7,448	13,636
Income before income taxes and non-controlling interests	294,865	346,315
Income taxes-current	95,904	111,016
Income taxes-deferred	-3,831	-4,604
Total income taxes	92,072	106,412
Net income	202,792	239,903
Net income attributable to non-controlling interests	1,092	3,546
Net income attributable to owners of the parent	201,700	236,357

(Consolidated Statements of Comprehensive Income)

	(Millions of yen)	
	Previous fiscal year (From April 1, 2016 to March 31, 2017)	Reporting fiscal year (From April 1, 2017 to March 31, 2018)
Net income	202,792	239,903
Other comprehensive income		
Valuation difference on available-for-sale securities	3,727	-13,428
Deferred gains or losses on hedges	-40	-26
Foreign currency translation adjustment	-2,360	1,856
Share of other comprehensive income of associates accounted for using equity method	-4,861	1,340
Total other comprehensive income	-3,535	-10,258
Comprehensive income	199,257	229,645
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	198,193	226,268
Comprehensive income attributable to non-controlling interests	1,063	3,376

(3) Consolidated Statements of Changes in Net Assets

Previous fiscal year (From April 1, 2016 to March 31, 2017)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of the period	161,699	311,226	591,850	(4,617)	1,060,158
Changes of items during the period					
Dividends from surplus	—	—	(56,515)	—	(56,515)
Net income attributable to owners of the parent	—	—	201,700	—	201,700
Change in treasury shares of parent arising from transactions with non-controlling shareholders	—	126	—	—	126
Reversal of revaluation reserve for land	—	—	(2,792)	—	(2,792)
Purchase of treasury stock	—	—	—	(12,191)	(12,191)
Disposal of treasury stock	—	41	—	8,358	8,399
Net changes of items other than shareholders' equity	—	—	—	—	—
Total changes of items during the period	—	167	142,391	(3,832)	138,726
Balance at end of the period	161,699	311,393	734,242	(8,450)	1,198,884

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling shareholders' interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of the period	84,983	35	702	24,399	110,119	38	11,669	1,181,986
Changes of items during the period								
Dividends from surplus	—	—	—	—	—	—	—	(56,515)
Net income attributable to owners of the parent	—	—	—	—	—	—	—	201,700
Change in treasury shares of parent arising from transactions with non-controlling shareholders	—	—	—	—	—	—	—	126
Reversal of revaluation reserve for land	—	—	—	—	—	—	—	(2,792)
Purchase of treasury stock	—	—	—	—	—	—	—	(12,191)
Disposal of treasury stock	—	—	—	—	—	—	—	8,399
Net changes of items other than shareholders' equity	3,659	(40)	2,792	(7,125)	(714)	76	9,825	9,188
Total changes of items during the period	3,659	(40)	2,792	(7,125)	(714)	76	9,825	147,915
Balance at end of the period	88,642	(5)	3,495	17,273	109,405	115	21,495	1,329,901

Reporting fiscal year (From April 1, 2017 to March 31, 2018)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of the period	161,699	311,393	734,242	(8,450)	1,198,884
Changes of items during the period					
Dividends from surplus	—	—	(64,618)	—	(64,618)
Net income attributable to owners of the parent	—	—	236,357	—	236,357
Change of scope of equity method	—	—	272	—	272
Change in treasury shares of parent arising from transactions with non-controlling shareholders	—	516	—	—	516
Reversal of revaluation reserve for land	—	—	(2,693)	—	(2,693)
Purchase of treasury stock	—	—	—	(26)	(26)
Disposal of treasury stock	—	—	(10)	3,846	3,836
Net changes of items other than shareholders' equity	—	—	—	—	—
Total changes of items during the period	—	516	169,307	3,820	173,644
Balance at end of the period	161,699	311,910	903,550	(4,630)	1,372,528

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling shareholders' interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of the period	88,642	(5)	3,495	17,273	109,405	115	21,495	1,329,901
Changes of items during the period								
Dividends from surplus	—	—	—	—	—	—	—	(64,618)
Net income attributable to owners of the parent	—	—	—	—	—	—	—	236,357
Change of scope of equity method	—	—	—	—	—	—	—	272
Change in treasury shares of parent arising from transactions with non-controlling shareholders	—	—	—	—	—	—	—	516
Reversal of revaluation reserve for land	—	—	—	—	—	—	—	(2,693)
Purchase of treasury stock	—	—	—	—	—	—	—	(26)
Disposal of treasury stock	—	—	—	—	—	—	—	3,836
Net changes of items other than shareholders' equity	(13,384)	(30)	2,693	3,326	(7,394)	(0)	17,434	10,039
Total changes of items during the period	(13,384)	(30)	2,693	3,326	(7,394)	(0)	17,434	183,683
Balance at end of the period	75,257	(35)	6,188	20,599	102,010	115	38,929	1,513,585

(4) Consolidated Statements of Cash Flows

	(Millions of yen)	
	Previous fiscal year (From April 1, 2016 to March 31, 2017)	Reporting fiscal year (From April 1, 2017 to March 31, 2018)
Net cash provided by (used in) operating activities		
Income before income taxes and non-controlling interests	294,865	346,315
Depreciation and amortization	59,597	64,163
Increase (decrease) in net defined benefit liability	-8,679	-12,986
Interest and dividends income	-6,895	-7,221
Interest expenses	5,143	5,544
Equity in (earnings) losses of affiliates	1,274	62
Loss (gain) on sales and retirement of noncurrent assets	1,532	-82
Impairment loss	4,339	11,801
Loss (gain) on valuation of investment securities	38	13
Decrease (increase) in notes and accounts receivable-trade	-33,784	-43,227
Decrease (increase) in inventories	8,943	-53,320
Increase (decrease) in advances received	-1,010	12,711
Increase (decrease) in advances received on uncompleted construction contracts	6,411	10,623
Increase (decrease) in notes and accounts payable-trade	13,941	94,328
Other, net	46,386	52,497
Subtotal	392,105	481,223
Interest and dividends income received	5,244	5,170
Interest expenses paid	-3,082	-3,124
Income taxes paid	-106,575	-100,903
Net cash provided by (used in) operating activities	287,691	382,365
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment and intangible assets	-323,184	-276,941
Proceeds from sales of property, plant and equipment	1,740	10,651
Purchase of investment securities	-22,934	-16,324
Proceeds from sales and redemption of investment securities	18,129	24,834
Purchase of investments in subsidiaries resulting in change in scope of consolidation	-5,476	-15,451
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	—	159
Purchase of investments in capital of subsidiaries resulting in change in scope of consolidation	—	-26,502
Payments for acquisition of business	-7,223	-6,226
Other, net	-4,695	-7,862
Net cash provided by (used in) investing activities	-343,643	-313,664

(Millions of yen)

	Previous fiscal year (From April 1, 2016 to March 31, 2017)	Reporting fiscal year (From April 1, 2017 to March 31, 2018)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	17,188	-20,726
Proceeds from long-term loans payable	108,048	106,658
Repayment of long-term loans payable	-72,844	-94,901
Proceeds from issuance of bonds	100,000	107,535
Redemption of bonds	-10,085	-85
Repayments of finance lease obligations	-2,992	-3,535
Proceeds from share issuance to non-controlling shareholders	2,602	6,959
Repayments to non-controlling shareholders	-2	-2
Purchase of treasury stock	-12,191	-26
Proceeds from sales of treasury stock	8,361	3,835
Proceeds from issuance of subscription rights to shares	114	—
Cash dividends paid	-56,515	-64,618
Dividends paid to non-controlling interests	-2,154	-1,393
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-12	-85
Proceeds from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	826	2,190
Other, net	-256	—
Net cash provided by (used in) financing activities	80,086	41,804
Effect of exchange rate change on cash and cash equivalents	252	2,316
Net increase (decrease) in cash and cash equivalents	24,386	112,820
Cash and cash equivalents at the beginning of the period	188,923	213,309
Cash and cash equivalents at the end of the period	213,309	326,130

(5) Notes to Consolidated Financial Statements

(Notes on Premise of Going Concern)

Not applicable.

(Segment Information)

a. Segment Information

1. Outline of reportable business segments

The reportable business segments of the Group consist of those for which separate financial information is available within the Group's structural units. Segments are also subject to regular reviews as the management determines the allocation of management resources and assesses the business performance.

The Daiwa House Group engages in a comprehensive business across a broad range of fields, including the construction of residential housing and commercial buildings. The Group established seven business segments, set up a comprehensive strategy for each business segment and operates to enhance competitiveness with prompt decision-making and sophisticated expertise, integrating its value chain and sharing its customer base.

Accordingly, our business segments consist of different products and services, based on their business domains. Excluding the Other Businesses segment, there are six reportable business segments as core business domains: Single-Family Houses Business, Rental Housing Business, Condominiums Business, Existing Homes Business, Commercial Facilities Business, and Logistics, Business and Corporate Facilities Business.

In the Single-Family Houses Business segment, we engage in construction by order of single-family houses and the sale of a package of new house and land. In the Rental Housing Business segment, the Group conducts rental housing development, construction, management, operation, and real estate agency services. In the Condominium Business segment, we develop, sell, and manage condominiums. In the Existing Homes Business segment, the Group engages in renovation and real estate agency services. The Commercial Facilities Business segment develops, builds, manages, and operates commercial facilities. The Logistics, Business and Corporate Facilities Business segment develops and builds logistics and manufacturing facilities, and medical and nursing-care facilities, and builds, manages, and operates temporary facilities.

2. Method of calculating sales and operating income, assets and others by reportable business segment

The method of accounting by reportable business segment has been to state the amount from the amount based on the accounting standard used for the presentation of consolidated financial statements. Reportable segment income is a figure that is based on operating income. Inter-segment income and transfers are based on the prevailing market price.

3. Sales and operating income, assets and others by reportable business segment

Previous fiscal year (From April 1, 2016 to March 31, 2017)

(Millions of yen)

	Reportable Business Segments						
	Single-Family Houses	Rental Housing	Condominiums	Existing Homes Business	Commercial Facilities	Logistics, Business & Corporate Facilities	Total
Sales							
(1) Sales to customers	387,660	975,733	262,211	102,568	561,799	818,226	3,108,200
(2) Inter-segment sales or transfers	2,672	1,482	656	3,023	7,976	10,251	26,063
Total	390,332	977,215	262,867	105,592	569,776	828,478	3,134,264
Operating income	19,290	94,299	13,431	13,081	100,742	78,967	319,813
Assets	197,320	294,285	317,685	16,050	590,433	1,125,517	2,541,292
Others							
Depreciation	3,860	8,636	2,112	135	17,469	9,348	41,562
Net increase in property, plant and equipment, and intangible assets	8,509	37,554	6,184	146	61,701	164,137	278,233

	Other Businesses (Note: 1)	Subtotal	Adjustment (Note: 2)	Amounts on the consolidated financial statements
Sales				
(1) Sales to customers	404,708	3,512,909	—	3,512,909
(2) Inter-segment sales or transfers	108,873	134,937	(134,937)	—
Total	513,581	3,647,846	(134,937)	3,512,909
Operating income	16,861	336,674	(26,582)	310,092
Assets	719,063	3,260,356	295,528	3,555,885
Others				
Depreciation	16,985	58,548	1,049	59,597
Net increase in property, plant and equipment, and intangible assets	62,985	341,219	437	341,656

- Notes:
- Other Businesses include construction support, resort hotels and sports life business, city hotels, overseas businesses and others.
 - Adjustment:
 - 26,582 million yen in adjustments to operating income by business segment includes -574 million yen in elimination within business segments, 716 million yen in amortization of goodwill, and -26,723 million yen in corporate expenses not allocated to each business segment. Corporate expenses mainly consist of general and administrative expenses and experiment and research expenses not attributable to reportable business segments.
 - 295,528 million yen in adjustments to assets by business segment includes -69,714 million yen in elimination within business segments, and 365,243 million yen in the Group assets. Group assets mainly consist of the Company's surplus funds (cash and deposits), the Company's long-term investment funds (investment securities), and the assets associated with Administration Headquarters of the Company.
 - 1,049 million yen in adjustments to depreciation by business segment includes -470 million yen in elimination within business segments, and 1,519 million yen in the depreciation attributable to Group assets.
 - 437 million yen in adjustments to net increase in property, plant and equipment, and intangible assets by business segment includes -792 million yen in elimination within business segments, and 1,229 million yen in Headquarters' capital investment of the Company, such as properties and equipment.
 - Operating income by business segment is adjusted to correspond to operating income in the consolidated statements of income.

Reporting fiscal year (From April 1, 2017 to March 31, 2018)

(Millions of yen)

	Reportable Business Segments						
	Single-Family Houses	Rental Housing	Condominiums	Existing Homes Business	Commercial Facilities	Logistics, Business & Corporate Facilities	Total
Sales							
(1) Sales to customers	382,884	1,028,811	284,452	109,436	610,469	847,028	3,263,083
(2) Inter-segment sales or transfers	2,484	2,022	599	2,712	10,399	3,185	21,403
Total	385,369	1,030,834	285,051	112,148	620,869	850,214	3,284,486
Operating income	21,566	106,683	13,328	13,228	114,178	88,915	357,901
Assets	204,171	309,691	333,386	16,362	641,570	1,287,915	2,793,098
Others							
Depreciation	3,494	8,994	1,717	146	19,306	11,057	44,717
Net increase in property, plant and equipment, and intangible assets	7,594	30,025	5,091	143	58,455	131,180	232,490

	Other Businesses (Note: 1)	Subtotal	Adjustment (Note: 2)	Amounts on the consolidated financial statements
Sales				
(1) Sales to customers	532,909	3,795,992	—	3,795,992
(2) Inter-segment sales or transfers	104,214	125,617	(125,617)	—
Total	637,123	3,921,610	(125,617)	3,795,992
Operating income	23,010	380,911	(33,770)	347,141
Assets	881,450	3,674,549	360,723	4,035,272
Others				
Depreciation	18,255	62,973	1,190	64,163
Net increase in property, plant and equipment, and intangible assets	52,299	284,790	(199)	284,590

- Notes:
- Other Businesses include construction support, resort hotels and sports life business, city hotels, overseas businesses and others.
 - Adjustment:
 - 33,770 million yen in adjustments to operating income by business segment includes -890 million yen in elimination within business segments, 716 million yen in amortization of goodwill, and -33,596 million yen in corporate expenses not allocated to each business segment. Corporate expenses mainly consist of general and administrative expenses and experiment and research expenses not attributable to reportable business segments.
 - 360,723 million yen in adjustments to assets by business segment includes -67,142 million yen in elimination within business segments, and 427,865 million yen in the Group assets. Group assets mainly consist of the Company's surplus funds (cash and deposits), the Company's long-term investment funds (investment securities), and the assets associated with Administration Headquarters of the Company.
 - 1,190 million yen in adjustments to depreciation by business segment includes -497 million yen in elimination within business segments, and 1,687 million yen in the depreciation attributable to Group assets.
 - 199 million yen in adjustments to net increase in property, plant and equipment, and intangible assets by business segment includes -1,479 million yen in elimination within business segments, and 1,280 million yen in Headquarters' capital investment of the Company, such as properties and equipment.
 - Operating income by business segment is adjusted to correspond to operating income in the consolidated statements of income.

b. Information regarding impairment loss on noncurrent assets, by reportable business segment

Previous fiscal year (from April 1, 2016 to March 31, 2017)

(Millions of yen)

	Single-Family Houses	Rental Housing	Condo-miniums	Existing Homes Business	Commercial Facilities	Logistics, Business & Corporate Facilities	Other Businesses (*)	Eliminations/Corporate	Total
Impairment loss	55	71	112	—	484	628	2,986	—	4,339

(*)Amounts are construction-support related business and resort hotels and sports life business.

Reporting fiscal year (from April 1, 2017 to March 31, 2018)

(Millions of yen)

	Single-Family Houses	Rental Housing	Condo-miniums	Existing Homes Business	Commercial Facilities	Logistics, Business & Corporate Facilities	Other Businesses (*)	Eliminations/Corporate	Total
Impairment loss	501	1,440	154	—	2,913	338	6,037	414	11,801

(*)Amounts are construction-support related business and resort hotels and sports life business.

c. Information regarding amortization of goodwill, and unamortized balances of goodwill, by reportable business segment

Previous fiscal year (from April 1, 2016 to March 31, 2017)

(Millions of yen)

	Single-Family Houses	Rental Housing	Condo-miniums	Existing Homes Business	Commercial Facilities	Logistics, Business & Corporate Facilities	Other Businesses (*)	Eliminations/Corporate	Total
Amortization of goodwill	—	(8)	1,169	—	794	2,231	365	—	4,552
Fiscal year-end unamortized balance of goodwill	—	(86)	14,234	—	3,798	36,807	(1,860)	—	52,892

(*) Amounts are construction-support related business.

Reporting fiscal year (from April 1, 2017 to March 31, 2018)

(Millions of yen)

	Single-Family Houses	Rental Housing	Condo-miniums	Existing Homes Business	Commercial Facilities	Logistics, Business & Corporate Facilities	Other Businesses (*)	Eliminations/Corporate	Total
Amortization of goodwill	—	77	1,292	—	876	2,281	94	—	4,623
Fiscal year-end unamortized balance of goodwill	—	1,886	13,220	—	3,409	34,592	7,806	—	60,916

(*) Amounts are construction-support related business.

d. Information regarding gain on negative goodwill, by reportable business segment

Previous fiscal year (from April 1, 2016 to March 31, 2017)

Not applicable.

Reporting fiscal year (from April 1, 2017 to March 31, 2018)

Not applicable.

(Per Share Information)

	Previous fiscal year (From April 1, 2016 to March 31, 2017)	Reporting fiscal year (From April 1, 2017 to March 31, 2018)
Net assets per share	1,971.66 yen	2,218.17 yen
Basic net income per share	304.14 yen	355.87 yen
Diluted net income per share	304.05 yen	355.86 yen

Notes: The basis of calculation for basic net income per share and diluted net income per share is as follows.

	Previous fiscal year (From April 1, 2016 to March 31, 2017)	Reporting fiscal year (From April 1, 2017 to March 31, 2018)
Basic net income per share		
Net income attributable to the parent (millions of yen)	201,700	236,357
Amount not belonging to general shareholders (millions of yen)	—	—
Basic net income attributable to owners of the parent related to common stock (millions of yen)	201,700	236,357
Average amount of common stock during the year (thousands of shares)	663,193	664,164
Diluted net income per share		
Net income attributable to owners of the parent (millions of yen)	—	—
Net increase of number of shares of common stock (thousands of shares)	190	26
(in which, subscription rights to shares (thousands of shares))	190	26
Outline of significant changes from the previous fiscal year in issuable warrants that the Company does not include in the computation of net income per share after full dilution, since these securities are not dilutive.	(As of May 13, 2016, Board of Directors' meeting resolved subscription rights to shares) 2,013,500 shares	—

Note: In calculating net assets per share, the shares held by The Employee Incentive Plan (E-Ship®), owned by the Daiwa House Group Employee Shareholders Association Trust (trustee the Nomura Trust and Banking Co., Ltd.) and by the Directors Stock Delivery Trust (re-trustee Japan Trustee Services Bank, Ltd.) are included in treasury stock, which is excluded from the total number of shares at the end of the period (2,619,400 shares for the previous fiscal year, 1,422,914 shares for the fiscal year in question).

Additionally, in calculating basic net income per share and diluted net income per share, the shares held by The Employee Incentive Plan (E-Ship®) and the Directors Stock Delivery Trust are included in treasury stock, which is excluded from the average number of shares during the term (2,542,046 shares for the previous fiscal year, 2,005,484 shares for the fiscal year in question).

(Significant Subsequent Events)

Not applicable.

Disclaimer:

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