



**Summary of Financial Results (Unaudited)  
for the First Three Months of the Fiscal Year Ending March 31, 2014 [Consolidated]  
(From April 1, 2013 to June 30, 2013)  
[Japanese GAPP]**

August 9, 2013

Name of Listed Company: Daiwa House Industry Co., Ltd.  
 URL: <http://www.daiwahouse.co.jp/>  
 Code No.: 1925  
 Listed Exchanges: First section of the Tokyo Stock Exchange  
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Scheduled Date of Filing Quarterly Report: August 12, 2013  
 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 Three Months Ended June 30, 2013 (From April 1, 2013 to June 30, 2013)**

**(1) Consolidated Business Results**

(% figures represent year-on-year change)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended:								
June 30, 2013	578,058	29.5	28,661	15.3	29,479	15.5	18,583	51.2
June 30, 2012	446,464	8.9	24,856	1.0	25,516	4.2	12,290	(10.2)

Note: Comprehensive income: Three months ended June 30, 2013: 24,959 million yen (96.3%);  
 Three months ended June 30, 2012: 12,717 million yen (12.6%)

	Basic net income per share	Diluted net income per share
Three months ended:	Yen	Yen
June 30, 2013	32.11	—
June 30, 2012	21.24	—

**(2) Consolidated Financial Conditions**

	Total assets	Net assets	Net assets ratio
As of:	Millions of yen	Millions of yen	%
June 30, 2013	2,393,343	744,181	30.9
March 31, 2013	2,371,238	734,883	30.9

Reference: Net assets ratio = (Net assets – Minority interests)/Total assets × 100

(Net assets – Minority interests) is as follows. June 30, 2013: 738,370 million yen; March 31, 2013: 733,623 million yen

**2. Dividends**

(Record date)	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, 2013	—	0.00	—	35.00	35.00
Fiscal year ending March 31, 2014	—	—	—	—	—
Fiscal year ending March 31, 2014 (forecasts)	—	19.00	—	19.00	38.00

Note: Revision made to the dividend forecast announced on May 10, 2013: None

### 3. Consolidated Business Forecasts for the Fiscal Year Ending March 31, 2014 (From April 1, 2013 to March 31, 2014)

(% figures represent year-on-year change)

	Net sales		Operating income		Ordinary income		Net income		Basic net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2014	2,400,000	19.5	140,000	9.4	135,000	(7.2)	73,000	10.1	115.17

Note: Revision made to business forecasts announced on May 10, 2013: None

#### Notes:

- (1) **Changes in Significant Subsidiaries during the period under review (This refers to changes in specified subsidiaries associated with changes in the scope of consolidation.):** None
- (2) **Application of Accounting Methods Unique to the Preparation of the Quarterly Consolidated Financial Statements:** None
- (3) **Changes of Accounting Policies Applied, Changes in Accounting Estimates and Retrospective Restatement**
  - 1) **Changes of accounting policies applied due to amendment of accounting standards:** None
  - 2) **Changes of accounting policies due to reasons other than 1):** None
  - 3) **Changes in accounting estimates:** None
  - 4) **Retrospective restatement:** None

#### (4) Number of Issued and Outstanding Shares (Common Stock)

##### 1) Number of shares at the end of the period (including treasury stock)

As of June 30, 2013	599,921,851 shares	As of March 31, 2013	599,921,851 shares
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##### 2) Number of treasury stock at the end of the period

As of June 30, 2013	21,265,001 shares	As of March 31, 2013	21,248,944 shares
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##### 3) Average number of shares during the period (for the three months under review)

Three months ended June 30, 2013	578,663,897 shares	Three months ended June 30, 2012	578,711,442 shares
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#### \* Presentation of implementing the quarterly review procedures

As of the time when the quarterly financial results are disclosed, the Group have not completed the reviewing (checking) procedures for quarterly consolidated financial statements as laid down by the Financial Instruments and Exchange Law.

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

##### (Notes regarding forward-looking statements)

Consolidated business forecasts are based on assumptions in light of the information available as of the date of announcement of this material and the factors of uncertainty that may possibly impact the future results of operation. These statements do not mean that the Company pledges to realize such statements. Actual results may differ significantly from those presented herein as a consequence of numerous factors such as the financial market, economic conditions, competitor situations and fluctuations in land prices.

Please refer to the section of “1. Qualitative Information Regarding Consolidated Results for the First Three Months under Review (3) Business Forecasts” of “the Attached Material” on page 4 for the suppositions that form the assumptions for business forecasts.

Please note that the Company has issued of 53,150,000 shares of common stock in a public offering and has retired 20,000,000 shares of treasury stock with July 30, 2013 as payment date. Furthermore, with August 19, 2013 as payment date, it plans to issue common stock for capital increase purposes within an upper limit of 7,350,000 shares, through a private placement to Nomura Securities Co., Ltd., by exercising an overallotment option. Net income per share as reported in the consolidated full-year forecasts for the year ending March 31, 2014 factors in the issue of 7,350,000 shares of common stock through the above-mentioned private placement, as well as the above-mentioned retirement of 20,000,000 shares of treasury stock and the capital increase totaling 53,150,000 shares of common stock.

##### (Obtaining supplementary explanatory materials)

The Company plans to hold a briefing for analysts and institutional investors on August 9, 2013. Relevant financial statements to be handed out at the briefing will be posted on our official website at the same time.

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## **1. Qualitative Information Regarding Consolidated Results for the First Three Months under Review**

### **(1) Business Results**

During the first three months of fiscal 2013 ending March 31, 2014, the Japanese economy maintained the recovery momentum after bottoming out at the end of the 2012, under the impetus of Prime Minister Shinzo Abe's anti-deflationary policies and other growth policies and recovery in the global economy. However, in finance, uncertainties about the future remain, with stock price volatility and rising long-term interest rates among the causes for concern.

In the housing industry, the picture remained encouraging. The number of new housing starts increased from the same month of the previous year for the tenth consecutive month during the period under review, due to partly a last-minute demand surge before the consumption tax increase scheduled for April 1, 2014, and, more importantly, positive economic sentiment.

Against this backdrop, the Daiwa House Group decided to launch the Fourth Medium-Term Management Plan, for the three years beginning fiscal 2013, having reached its final year sales and operating income targets in the previous Third Medium-Term Management Plan one year early.

The policies of the fourth management plan are currently under discussion, and will be made public in the autumn. The plan is expected to be built around a framework growth strategy leveraging the breadth of our business portfolio, and will be based on our core businesses (single family houses, rental housing, condominiums, existing homes, commercial facilities, logistics, business and corporate facilities) and our diversified businesses (health and leisure, environment and energy), together with a combination approach to new businesses.

Also in the first quarter, Cosmos Initia Co., Ltd. was taken over and converted into a subsidiary in a measure to strengthen and expand the core Condominiums Business, in June 2013.

In its Diversified Businesses, Daiwa House Group also stepped up measures to make a full-scale entry into the parking business, including the takeover and conversion of Daiyoshi Trust Co., Ltd. into a subsidiary in June 2013. Daiyoshi Trust operates parking and other businesses mainly in Fukuoka and Tokyo.

As a result, for the reporting three-month period, on a consolidated basis, we recorded net sales of 578,058 million yen (up 29.5% year on year). Ordinary income came to 29,479 million yen (up 15.5%), and net income came to 18,583 million yen (up 51.2%).

### **(2) Financial Condition**

Total assets at the end of the reporting three month period totaled 2,393,343 million yen, an increase of 22,105 million yen compared with 2,371,238 million yen at the previous fiscal year-end. This was primarily due to ongoing increase in inventories and property, plant and equipment, despite a decline in notes and accounts receivable from completed construction contracts and other. The increase in inventories was chiefly attributable to the inclusion of Cosmos Initia as a consolidated subsidiary.

Total liabilities at the end of the reporting three month period totaled 1,649,161 million yen, an increase of 12,807 million yen compared with 1,636,354 million yen at the previous fiscal year-end. This was primarily due to an increase in interest-bearing liabilities from issue of commercial paper, despite decrease in notes and accounts payables for construction contracts and other and income taxes payable.

Total net assets at the end of the reporting three month period totaled 744,181 million yen, an increase of 9,298 million yen compared with the 734,883 million yen at the previous fiscal year-end. This was primarily due to recording of net income for the reporting period of 18,583 million yen, despite of dividends for the previous fiscal year.

### **(3) Business Forecasts**

With respect to the Company's business forecasts on a consolidated basis for the fiscal year ending March 31, 2014, no changes have been made to the business forecasts in the "Summary of Financial Results for the Fiscal Year Ended March 31, 2013" announced on May 10, 2013.

## 2. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2013	As of June 30, 2013
<b>Assets</b>		
Current assets		
Cash and deposits	248,799	236,701
Notes and accounts receivable from completed construction contracts and other	189,770	169,077
Short-term investment securities	8	20
Costs on uncompleted construction contracts	21,712	25,640
Real estate for sale	302,635	306,456
Real estate for sale in process	47,752	62,237
Land for development	1,332	1,332
Merchandise and finished goods	14,035	14,208
Work in process	5,435	8,642
Raw materials and supplies	5,680	5,948
Other	147,332	146,926
Allowance for doubtful accounts	(2,949)	(2,987)
Total current assets	981,546	974,205
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	671,508	672,499
Accumulated depreciation	(326,507)	(330,929)
Buildings and structures, net	345,000	341,569
Land	396,353	400,377
Other	171,741	185,570
Accumulated depreciation	(110,460)	(113,144)
Other, net	61,280	72,426
Total property, plant and equipment	802,634	814,373
Intangible assets		
Goodwill	49,652	51,880
Other	30,605	31,108
Total intangible assets	80,258	82,988
Investments and other assets		
Investment securities	153,599	151,894
Lease and guarantee deposits	190,543	195,205
Other	166,491	178,078
Allowance for doubtful accounts	(3,835)	(3,403)
Total investments and other assets	506,799	521,775
Total noncurrent assets	1,389,691	1,419,138
<b>Total assets</b>	<b>2,371,238</b>	<b>2,393,343</b>

(Millions of yen)

	As of March 31, 2013	As of June 30, 2013
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable for construction contracts and other	337,767	311,068
Short-term loans payable	7,495	9,047
Current portion of bonds payable	53	123
Current portion of long-term loans payable	38,987	41,772
Commercial papers	—	25,000
Income taxes payable	33,051	2,966
Advances received	37,581	37,731
Advances received on uncompleted construction contracts	60,166	65,150
Provision for bonuses	30,038	16,232
Provision for warranties for completed construction	6,695	6,297
Asset retirement obligations	1,585	1,594
Other	164,129	193,538
<b>Total current liabilities</b>	<b>717,551</b>	<b>710,523</b>
Noncurrent liabilities		
Bonds payable	130,667	130,907
Long-term loans payable	197,585	203,993
Long-term lease and guarantee deposits	226,683	229,958
Provision for retirement benefits	210,341	209,385
Asset retirement obligations	24,777	25,487
Other	128,747	138,907
<b>Total noncurrent liabilities</b>	<b>918,803</b>	<b>938,638</b>
<b>Total liabilities</b>	<b>1,636,354</b>	<b>1,649,161</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	110,120	110,120
Capital surplus	226,824	226,824
Retained earnings	404,979	401,657
Treasury stock	(19,998)	(20,031)
<b>Total shareholders' equity</b>	<b>721,926</b>	<b>718,571</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	24,326	23,253
Revaluation reserve for land	(13,160)	(11,509)
Foreign currency translation adjustment	531	8,055
<b>Total accumulated other comprehensive income</b>	<b>11,697</b>	<b>19,799</b>
Minority interests	1,259	5,810
<b>Total net assets</b>	<b>734,883</b>	<b>744,181</b>
<b>Total liabilities and net assets</b>	<b>2,371,238</b>	<b>2,393,343</b>

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

	(Millions of yen)	
	Three months ended June 30, 2012 (From April 1, 2012 to June 30, 2012)	Three months ended June 30, 2013 (From April 1, 2013 to June 30, 2013)
Net sales	446,464	578,058
Cost of sales	354,282	470,621
Gross profit	92,181	107,437
Selling, general and administrative expenses	67,325	78,776
Operating income	24,856	28,661
Non-operating income		
Interest income	777	884
Dividends income	948	1,195
Miscellaneous income	1,697	1,493
Total non-operating income	3,423	3,573
Non-operating expenses		
Interest expenses	1,462	1,109
Equity in losses of affiliates	186	307
Miscellaneous expenses	1,114	1,337
Total non-operating expenses	2,762	2,754
Ordinary income	25,516	29,479
Extraordinary income		
Gain on sales of noncurrent assets	26	1,063
Gain on sales of investment securities	—	23
Gain on amortization of prior service cost	204	—
Gain on step acquisitions	—	93
Total extraordinary income	230	1,179
Extraordinary losses		
Loss on sales of noncurrent assets	86	5
Loss on retirement of noncurrent assets	112	101
Impairment loss	32	132
Loss on valuation of investment securities	6,134	—
Other	9	—
Total extraordinary losses	6,375	239
Income before income taxes and minority interests	19,371	30,420
Income taxes-current	1,813	3,575
Income taxes-deferred	5,267	8,336
Total income taxes	7,080	11,912
Income before minority interests	12,290	18,507
Minority interests in income (loss)	0	(75)
Net income	12,290	18,583

**(Consolidated Statements of Comprehensive Income)**

	(Millions of yen)	
	Three months ended June 30, 2012 (From April 1, 2012 to June 30, 2012)	Three months ended June 30, 2013 (From April 1, 2013 to June 30, 2013)
Income before minority interests	12,290	18,507
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,750)	(1,036)
Foreign currency translation adjustment	1,750	3,801
Share of other comprehensive income of associates accounted for using equity method	1,426	3,686
Total other comprehensive income	426	6,451
Comprehensive income	12,717	24,959
(Comprehensive income attributable to)		
Comprehensive income attributable to shareholders of the parent	12,717	25,033
Comprehensive income attributable to minority interests	0	(74)



**(3) Notes**

**Notes on Premise of Going Concern**

No items to report.

**Notes on Significant Changes in the Amount of Shareholders' Equity**

No items to report.

###

**Disclaimer:**

This English translation has been prepared for general reference purposes only. The Company shall not be responsible for any consequence resulting from the use of the English translation in place of the original Japanese text. In any legal matter, readers should refer to and rely upon the original Japanese text released on August 9, 2013.