

**Summary of Financial Results
for the First Quarter of the Fiscal Year Ending March 31, 2009
(From April 1, 2008 to June 30, 2008)**

August 1, 2008

Name of Listed Company: Daiwa House Industry Co., Ltd.
 Code No.: 1925
 URL: <http://www.daiwahouse.co.jp/>
 Listed Exchanges: First section of the Tokyo Stock Exchange;
 First section of the Osaka Securities Exchange
 Representative: Kenji Murakami, President and COO
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Scheduled Date of Filing Quarterly Report: August 13, 2008

(Amounts below one million yen are omitted)
 (The preparation of this report is not based on US GAAP.)

**1. Consolidated Results of Operation for the First Quarter of the Fiscal Year Ending March 31, 2009
(From April 1, 2008 to June 30, 2008)**

(1) Consolidated Results of Operation (cumulative)

(% 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 | % |
| 1st quarter ended June 30, 2008 | 354,629 | — | 4,716 | — | 5,362 | — | 2,257 | — |
| 1st quarter ended June 30, 2007 | 344,680 | 16.2 | 6,719 | — | 7,826 | 694.7 | 3,889 | 860.4 |

| | Basic net income per share | | Diluted net income per share | |
|------------------------------------|----------------------------|-----|------------------------------|-----|
| | Yen | Yen | Yen | Yen |
| 1st quarter ended June 30, 2008 | 3.90 | — | — | — |
| 1st quarter ended June 30, 2007 | 6.62 | — | — | — |

(2) Consolidated Financial Conditions

| | Total assets | Equity | Equity ratio | Equity per share |
|----------------------|-----------------|-----------------|--------------|------------------|
| | Millions of yen | Millions of yen | % | Yen |
| As of June 30, 2008 | 1,830,801 | 642,537 | 34.2 | 1,080.64 |
| As of March 31, 2008 | 1,791,052 | 649,440 | 35.3 | 1,092.04 |

Reference: Equity ratio = (Equity – Minority interests)/Total assets

(Equity – Minority interests) is as follows: June 30, 2008: 625,953 million yen; March 31, 2008: 632,571 million yen

2. Dividends

| (Record date) | Dividend per share | | | | |
|---|---------------------------------------|--|---------------------------------------|-------------------------------------|--------------|
| | End of 1st quarter (June 30, 2008) | End of 2nd quarter (Sept. 30, 2008) | End of 3rd quarter (Dec. 31, 2008) | Fiscal year-end (March 31, 2009) | Annual |
| Fiscal year ended March 31, 2008 | Yen — | Yen 0.00 | Yen — | Yen 24.00 | Yen 24.00 |
| Fiscal year ending March 31, 2009 | — | — | — | — | — |
| Fiscal year ending March 31, 2009 (forecasts) | — | 0.00 | — | 24.00 | 24.00 |

Note: Revision of the dividend forecasts in the first quarter of the fiscal year ending March 31, 2009: None

3. Consolidated Business Forecasts for the Fiscal Year Ending March 31, 2009 (From April 1, 2008 to March 31, 2009)

(% 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 |
| Six months ending September 30, 2008 | 820,000 | — | 32,000 | — | 30,000 | — | 16,500 | — | 28.49 |
| Fiscal year ending March 31, 2009 | 1,750,000 | 2.4 | 95,000 | 6.6 | 93,500 | 52.6 | 52,000 | 297.6 | 89.77 |

Note: Revision of the business forecasts in the first quarter of the fiscal year ending March 31, 2009: None

4. Others

- (1) Changes in significant subsidiaries during the period
(changes in specified subsidiaries associated with changes in the scope of consolidation): None
- (2) Application of simplified accounting methods and/or accounting methods unique to the preparation of the quarterly consolidated financial statements: None
- (3) Changes in accounting policies, procedures and methods of presentation for the preparation of quarterly consolidated financial statements (items recorded under changes under Basic Significant Matters Regarding Preparation of Quarterly Consolidated Financial Statements)
 - 1) Changes due to amendment of accounting standards: Yes
 - 2) Changes due to reasons other than 1): Yes
Note: For details, please refer to “4. Others of [Qualitative Information and Financial Statements]” on page 4.
- (4) Number of issued shares (common stock)
 - 1) Number of issued shares at the end of period (including treasury stock)

| | |
|-----------------------|--------------------|
| As of June 30, 2008: | 599,921,851 shares |
| As of March 31, 2008: | 599,921,851 shares |
 - 2) Number of treasury stock at the end of period

| | |
|-----------------------|-------------------|
| As of June 30, 2008: | 20,677,520 shares |
| As of March 31, 2008: | 20,665,458 shares |
 - 3) Average number of shares during the period (cumulative quarterly consolidated accounting period)

| | |
|------------------------------------|--------------------|
| First quarter ended June 30, 2008: | 579,250,491 shares |
| First quarter ended June 30, 2007: | 587,142,076 shares |

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

1. The above 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. The Company's actual results may differ significantly from those presented herein as a consequence of numerous factors such as economic conditions, competitor situations and fluctuations in land prices. Please refer to the section of “3. Qualitative Information Regarding Consolidated Business Forecasts of [Qualitative Information and Financial Statements]” on page 4 for details.
2. Commencing fiscal year 2008, “Accounting Standard for Quarterly Financial Statements” (ASBJ Statement No. 12) and “Implementation Guidance for Accounting Standards for Quarterly Financial Statements” (ASBJ Guidance No. 14) are applied. Quarterly consolidated financial statements are prepared according to the “Regulations Concerning Quarterly Consolidated Financial Statements.”

Qualitative Information and Financial Statements

1. Qualitative Information Regarding Consolidated Business Results

The Japanese economy in the first quarter consolidated accounting period for fiscal year 2008, ending March 31, 2009, is continuing to follow a slowdown trend. Against the backdrop of a changing environment, characterized by rising prices of raw materials as a consequence of the soaring price of crude oil, and fluctuations in both the stock markets and foreign exchange markets, there are noticeable weaknesses in the economy, mainly in the corporate sector where exports and corporate earnings are under a cloud, and there are also concerns over drops in consumer spending. In the housing industry, while the impact from the enforcement of the revised Building Standard Law faded, the number of new housing starts continued at a low level as a result of lackluster housing demand symptomatic of worsening external conditions such as soaring material prices and rising interest rates on housing loans.

Amid such a economic environment, the Daiwa House Group started the three-year “Daiwa House Group 2nd Medium-Term Management Plan—Challenge 2010” (for fiscal years 2008 to 2010) in April with the main themes of “improve profit structure” and “nurture new future earnings drivers.” As part of the 2nd Medium-Term Management Plan, in the first quarter period, the Group made efforts to expand its sales, exerting its energies into new projects such as the “Happy Hug Model” in the Single-Family Houses Division. This model has been developed in collaboration with Benesse Corporation to realize our concept for enhancing living environments for raising children by utilizing the “xevo” brand of our housing products.

Moreover, aiming to “strengthen the comprehensive real estate business,” a basic strategy outlined in the 2nd Medium-Term Management Plan, in the first quarter period we endeavored to advance development of mainly high-rise rental housing and commercial facilities to secure a revenue source outside the contracting business.

In addition, as part of our environmental measures, we have been working to “prevent global warming,” one of the Groups basic policies in the 2nd Medium-Term Management Plan. For example, to promote the sustainable development of our forest resources, we have decided to move on from using recycled paper and introduce our concept for original paper, which is certified as being produced from forest plantations that have acquired suitable forest management certification.

As a result of these factors, consolidated net sales increased 2.9% year on year to 354,629 million yen. With respect to earnings, the soaring material prices led to a higher cost of sales ratio, and an increase in selling, general and administrative expenses, which led to ordinary income decreasing 31.5% year on year to 5,362 million yen, and net income decreasing 42.0% year on year to 2,257 million yen.

2. Qualitative Information Regarding Consolidated Financial Conditions

At the end of the first quarter consolidated accounting period for fiscal year 2008, ending March 31, 2009, total assets stood at 1,830,801 million yen, an increase of 39,749 million yen compared with 1,791,052 million yen at the end of fiscal year 2007. The main contributing factors were the acquisition of property, plant and equipment such as high-rise rental housing and commercial facilities and the increase in fixed assets due to a rise in the market value of investment securities held by the Group.

Total liabilities at the end of the first quarter period stood at 1,188,263 million yen, an increase of 46,652 million yen compared with the 1,141,611 million yen at the end of fiscal year 2007. The main contributing factors were the procurement of funds through both short-term bank loans and commercial paper issuance, and the increase in deposits received from customers.

Concerning total equity, although net income for the first quarter was 2,257 million yen, because of the payment of shareholder dividends for fiscal year 2007, total equity was 642,537 million yen, a decrease of 6,903 million yen compared with the end of fiscal year 2007.

3. Qualitative Information Regarding Consolidated Business Forecasts

Although consolidated net sales for the first quarter period rose year on year, earnings decreased year on year due to factors such as a higher cost of sales ratio, resulting from the soaring construction material prices etc., and an increase in selling, general and administrative expenses.

Concerning the consolidated business forecasts for the cumulative business results of the second quarter (results of the first six months of fiscal year 2008), the Group announced a revision to consolidated business forecasts on June 20, 2008, as a result of the decision by Daiwa House REIT Investment Corporation to withdraw plans for the issuance and offering for sale of shares in funds. Since that time, no changes have occurred.

Concerning the full-year consolidated business forecasts for fiscal year 2008, there are no changes to the full-year consolidated business forecasts that were announced on May 13, 2008.

4. Others

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries associated with changes in the scope of consolidation): None
- (2) Application of simplified accounting methods and/or accounting methods unique to the preparation of quarterly consolidated financial statements: None
- (3) Changes in accounting policies, procedures and methods of presentation for the preparation of quarterly consolidated financial statements
 - Changes in accounting standards
 - 1) Application of “Accounting Standard for Quarterly Financial Statements”
Commencing fiscal year 2008, “Accounting Standard for Quarterly Financial Statements” (ASBJ Statement No. 12) and “Implementation Guidance for Accounting Standards for Quarterly Financial Statements” (ASBJ Guidance No. 14) are applied. Quarterly consolidated financial statements are prepared according to the “Regulations Concerning Quarterly Consolidated Financial Statements.”
 - 2) Changes to the valuation standard and valuation method for inventories
Before this change, a cost method based on identified cost method was used, but beginning this first quarter period, a cost method based on identified cost method based on the “Accounting Standard for Measurement of Inventories” (ASBJ Statement No. 9) (a write-down method based on falling profitability as measured by the balance sheet) has been used for the calculation of inventories. The impact of these changes on profit or loss is insignificant.
 - 3) Application of “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements”
Beginning this first quarter period, “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (ASBJ PITF No. 18) are applied, and necessary amendments have been made to the consolidated settlement of accounts. The impact of these changes on profit or loss is insignificant.
 - 4) Application of “Accounting Standard for Lease Transactions”
Before this change, the accounting method that was applied to finance and lease transactions that did not involve transfer of ownership was different depending on the method for lease transaction. However because of the “Accounting Standard for Lease Transactions” (ASBJ Statement No.13) and the “Guidance on Accounting Standard for Lease Transactions” (ASBJ Guidance No.16) are applied ahead of schedule, beginning this first quarter period, the accounting method has been the same as that for regular sales transactions. Finance and lease transactions, not involving transfer of ownership, with the starting date of the lease transaction predating the fiscal year in which the accounting standard for lease transactions is first applied, are accounted for in the same method as that for the normal operating lease transactions. The impact of these changes on profit or loss is insignificant.

5. Quarterly Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

| | Current reporting period (as of June 30, 2008) | Previous fiscal year (as of March 31, 2008) |
|---|---|--|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | 81,159 | 100,354 |
| Trade notes and accounts receivable | 63,988 | 63,337 |
| Marketable securities | 20 | 20 |
| Construction projects in progress | 67,879 | 72,602 |
| Merchandise and finished goods | 12,748 | 12,444 |
| Work in process | 17,409 | 10,497 |
| Raw materials and supplies | 5,217 | 4,325 |
| Real estate for sale | 322,940 | 325,891 |
| Real estate for sale in process | 61,767 | 66,009 |
| Land for development | 3,841 | 3,841 |
| Other | 106,024 | 103,450 |
| Allowance for doubtful receivables | (962) | (897) |
| Total current assets | 742,033 | 761,877 |
| Fixed assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 481,457 | 460,762 |
| Accumulated depreciation | (225,978) | (223,306) |
| Buildings and structures, net | 255,479 | 237,455 |
| Land | 355,272 | 341,407 |
| Other | 157,952 | 144,309 |
| Accumulated depreciation | (82,030) | (80,356) |
| Other, net | 75,922 | 63,952 |
| Net property, plant and equipment | 686,674 | 642,816 |
| Intangible fixed assets | 12,724 | 12,410 |
| Investments and other assets | | |
| Investment securities | 110,188 | 98,283 |
| Lease deposits | 167,754 | 164,956 |
| Other | 120,545 | 119,490 |
| Allowance for doubtful accounts | (9,118) | (8,781) |
| Total investments and other assets | 389,369 | 373,948 |
| Total fixed assets | 1,088,767 | 1,029,175 |
| Total assets | 1,830,801 | 1,791,052 |

| | (Millions of yen) | |
|--|---|--|
| | Current reporting period (as of June 30, 2008) | Previous fiscal year (as of March 31, 2008) |
| Liabilities | | |
| Current liabilities | | |
| Trade notes and accounts payable | 166,642 | 189,860 |
| Short-term bank loans | 20,178 | 11,918 |
| Current portion of long-term debt | 1,614 | 1,595 |
| Commercial paper | 90,000 | 20,000 |
| Income taxes payable | 2,148 | 23,163 |
| Deposits received from customers | 72,775 | 58,628 |
| Accrued bonuses | 11,204 | 21,167 |
| Provision for product warranties | 6,940 | 6,572 |
| Other | 162,519 | 151,418 |
| Total current liabilities | 534,024 | 484,323 |
| Long-term liabilities | | |
| Long-term debt | 193,196 | 193,376 |
| Lease deposits received | 207,293 | 204,287 |
| Liability for employees' retirement benefits | 121,697 | 124,169 |
| Negative goodwill | 1,145 | 264 |
| Other | 130,907 | 135,189 |
| Total long-term liabilities | 654,239 | 657,287 |
| Total liabilities | 1,188,263 | 1,141,611 |
| Equity | | |
| Shareholders' equity | | |
| Common stock | 110,120 | 110,120 |
| Capital surplus | 226,824 | 226,824 |
| Retained earnings | 369,431 | 381,479 |
| Treasury stock | (19,543) | (19,534) |
| Total shareholders' equity | 686,832 | 698,891 |
| Valuation and translation adjustments | | |
| Net unrealized gain on available-for-sale securities | 19,310 | 13,432 |
| Land revaluation difference | (78,748) | (79,195) |
| Foreign currency translation adjustments | (1,441) | (556) |
| Total valuation and translation adjustments | (60,879) | (66,320) |
| Minority interests | 16,584 | 16,869 |
| Total equity | 642,537 | 649,440 |
| Total liabilities and equity | 1,830,801 | 1,791,052 |

(2) Consolidated Statement of Income

| | (Millions of yen) |
|--|--|
| | Current reporting period (From April 1, 2008 to June 30, 2008) |
| Net sales | 354,629 |
| Cost of sales | 284,710 |
| Gross profit | 69,918 |
| Selling, general and administrative expenses | 65,202 |
| Operating income | 4,716 |
| Other income | |
| Interest income | 343 |
| Dividends | 790 |
| Equity in earnings of associated companies | 251 |
| Gain on settlement of derivatives | 242 |
| Gain on valuation of derivatives | 2,653 |
| Miscellaneous income | 1,218 |
| Total other income | 5,500 |
| Other expenses | |
| Interest expense | 1,129 |
| Loss on settlement of derivatives | 116 |
| Loss on valuation of derivatives | 2,864 |
| Miscellaneous expenses | 743 |
| Total other expenses | 4,854 |
| Ordinary income | 5,362 |
| Extraordinary income | |
| Gain on sales of property, plant and equipment | 498 |
| Other | 1 |
| Total extraordinary income | 500 |
| Extraordinary losses | |
| Loss on sales of property, plant and equipment | 89 |
| Loss on disposal of property, plant and equipment | 180 |
| Impairment loss | 17 |
| Write-down of marketable and investment securities | 247 |
| Provision of allowance for doubtful accounts | 316 |
| Other | 34 |
| Total extraordinary losses | 885 |
| Income before income taxes and minority interests | 4,976 |
| Income taxes – current | 3,800 |
| Income taxes – deferred | (774) |
| Minority interests in net loss of subsidiaries | (306) |
| Net income | 2,257 |

Commencing fiscal year 2008, “Accounting Standard for Quarterly Financial Statements” (ASBJ Statement No. 12) and “Implementation Guidance for Accounting Standards for Quarterly Financial Statements” (ASBJ Guidance No. 14) are applied. Quarterly consolidated financial statements are prepared according to the “Regulations Concerning Quarterly Consolidated Financial Statements.”

(3) Notes on premise of going concern

Not applicable.

(4) Notes on significant changes in the amount of shareholders' equity

Not applicable.

(Reference)

Financial statement concerning the first quarter of the previous fiscal year

(Summarized) Consolidated statement of income for the first quarter

| Items | 1st quarter of the previous fiscal year (From April 1, 2007 to June 30, 2007) |
|---|--|
| | Amount (millions of yen) |
| I Net sales | 344,680 |
| II Cost of sales | 274,750 |
| Gross profit | 69,929 |
| III Selling, general and administrative expenses | 63,209 |
| Operating income | 6,719 |
| IV Other income | 3,228 |
| Interest income and dividends | 991 |
| Equity in earnings of associated companies | 25 |
| Other income | 2,212 |
| V Other expenses | 2,122 |
| Interest expense | 718 |
| Other expenses | 1,403 |
| Ordinary income | 7,826 |
| VI Extraordinary income | 134 |
| VII Extraordinary losses | 1,108 |
| Income before income taxes and minority interests | 6,851 |
| Income taxes – current | 3,546 |
| Income taxes – deferred | (385) |
| Minority interests in net loss of subsidiaries | (198) |
| Net income | 3,889 |

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 August 1st, 2008.