



News Release (Translation only)

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Company: Daiwa House Industry Co., Ltd.  
(Code number: 1925,  
First Section of the Tokyo Stock Exchange  
and the Osaka Securities Exchange)  
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**Notice on Posting the Valuation Loss on Inventories and the Impairment Loss**

In the settlement of accounts for the fiscal year ended March 31, 2010, from April 1, 2009 to March 31, 2010, Daiwa House Industry Co., Ltd. will post the valuation loss on inventories and the impairment loss. The details are summarized below.

1. Valuation loss on inventories

(1) Consolidated

Total amount posted under the valuation loss on inventories at March 31, 2010

(A) Increase in total loss posted under the valuation loss on inventories for the fourth quarter of the fiscal year ended March 31, 2010; (i)-(ii):	¥10,467 million
(i) Total loss posted under the valuation loss on inventories at the end of the fiscal year ended March 31, 2010:	¥16,194 million
(ii) Total loss posted under the valuation loss on inventories at the end of the third quarter of the fiscal year ended March 31, 2010:	¥5,727 million
(B) Net assets at March 31, 2009: (A/B×100)	¥607,427 million ( 1.7%)
(C) Ordinary income for the fiscal year ended March 31, 2009: (A/C×100)	¥39,855 million ( 26.3%)
(D) Average net income for the last five fiscal years (from the fiscal year ended March 31, 2005 to the fiscal year ended March 31, 2009): (A/D×100)	¥29,817 million ( 35.1%)

## (2) Non-Consolidated

Total loss posted under the valuation loss on inventories at March 31, 2010

(A) Increase in total loss posted under the valuation loss on inventories for the fourth quarter of the fiscal year ended March 31, 2010; (i)-(ii):	¥10,363 million
(i) Total loss posted under the valuation loss on inventories at the end of the fiscal year ended March 31, 2010:	¥16,078 million
(ii) Total loss posted under the valuation loss on inventories at the end of the third quarter of the fiscal year ended March 31, 2010:	¥5,715 million
(B) Net assets at March 31, 2009: (A/B×100)	¥542,193 million ( 1.9%)
(C) Ordinary income for the fiscal year ended March 31, 2009: (A/C×100)	¥28,320 million ( 36.6%)
(D) Average net income for the last five fiscal years (from the fiscal year ended March 31, 2005 to the fiscal year ended March 31, 2009): (A/D×100)	¥24,221 million ( 42.8%)

Note: Among the inventories held by the Daiwa House Group, according to Accounting Standard for Measurement of Inventories (issued by the Accounting Standards Board of Japan [ASBJ]), book values of real estate for sale were lowered to the level of actual sales prices, and the difference was recorded in cost of sales.

## 2. Impairment loss

### (1) Consolidated

Total amount posted under the impairment loss at March 31, 2010

(A) Increase in total loss posted under impairment loss for the fourth quarter of the fiscal year ended March 31, 2010; (i)-(ii):	¥10,748 million
(i) Total loss posted under the impairment loss at the end of the fiscal year ended March 31, 2010:	¥10,904 million
(ii) Total loss posted under the impairment loss at the end of the third quarter of the fiscal year ended March 31, 2010:	¥156 million
(B) Net assets at March 31, 2009: (A/B×100)	¥607,427 million ( 1.8%)
(C) Ordinary income for the fiscal year ended March 31, 2009: (A/C×100)	¥39,855 million ( 27.0%)
(D) Average net income for the last five fiscal years (from the fiscal year ended March 31, 2005 to the fiscal year ended March 31, 2009): (A/D×100)	¥29,817 million ( 36.0%)

(2) Non-Consolidated

Total loss posted under the impairment loss at March 31, 2010

(A) Increase in total loss posted under the impairment loss for the fourth quarter of the fiscal year ended March 31, 2010; (i)-(ii):	¥4,451 million
(i) Total loss posted under the impairment loss at the end of the fiscal year ended March 31, 2010:	¥4,451 million
(ii) Total loss posted under the impairment loss at the end of the third quarter of the fiscal year ended March 31, 2010:	—
(B) Net assets at March 31, 2009: (A/B×100)	¥542,193 million ( 0.8%)
(C) Ordinary income for the fiscal year ended March 31, 2009: (A/C×100)	¥28,320 million ( 15.7%)
(D) Average net income for the last five fiscal years (from the fiscal year ended March 31, 2005 to the fiscal year ended March 31, 2009): (A/D×100)	¥24,221 million ( 18.4%)

Note: Principally, the Group classified the property, plant and equipment by management accounting control unit such as branch office, plant, business office, and each property leased, which controls its revenue and expenditure continuously. The above impairment loss was recorded as an extraordinary loss, the sum booked representing the fall in book value to the recoverable amount after the impact of a drop in real estate prices and worsening profitability due to tougher competition.

3. Impact on Company results

For details of financial results for FY2009, which included recording of valuation loss of inventories and impairment losses in the noncurrent asset as above, please refer to our Summary of Financial Results for the year ended March 31, 2010, released today, on May 12, 2010.

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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 of the press release dated May 12, 2010.