

News Release (Translation only)

February 10, 2009

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 of Revision of Business Forecasts

In consideration of current trends in the business results of Daiwa House Industry Co., Ltd. (the “Company”), we have revised the consolidated business forecasts for the fiscal year ending March 31, 2009 (from April 1, 2008 to March 31, 2009), which made public upon the announcement of the financial results on November 4, 2009 as follows.

1. Revision of Full-Year Consolidated Business Forecasts for the fiscal year ending March 31, 2009
(From April 1, 2008 to March 31, 2009)

(Unit: Millions of yen)

	Net sales	Operating income	Ordinary income	Net income
Previously announced forecasts (A)	1,665,000	70,000	60,000	26,500
Revised forecasts (B)	1,665,000	70,000	35,000	5,500
Change ((B) – (A))	—	—	(25,000)	(21,000)
Rate of change (%)	—	—	(41.7)	(79.2)
(Ref.) Previous fiscal year results (ended March 31, 2008)	1,709,254	89,120	61,290	13,079

2. Reasons for revision of business forecasts

With the severity of the business environment continuing unabated against the backdrop of the global financial and economic crisis, a loss on valuation of inventories of approx. 4,200 million yen was

posted in cost of sales for the 3rd quarter of the consolidated cumulative accounting period for the fiscal year 2008, ending March 31, 2009, due to drastically deteriorating conditions in the real estate market. Nevertheless, we recognizes that consolidated net sales and consolidated operating income are making progress within expected limits compared to the figures provided in our revision of the business forecasts released November 4, 2008.

However, drops in share prices in the wake of confusion in the global financial markets rendered the environment more difficult under which pension plan assets are managed, therefore, an amortization of actuarial loss for employees' retirement benefits is expected. Although an amortization of actuarial loss for employees' retirement benefits of approx. 9,000 million yen as a result of the partial revision of actuarial assumptions and other estimates was taken into consideration in the revision of the business forecasts dated November 4, 2008, an approx. 23,500 million yen difference between the expected return on plan assets and actual operating results was added. Then, the total amount of an approx. 32,500 million yen in amortization of actuarial loss for employees' retirement benefits was factored in other expenses as an assumption.

Moreover, an approx. 5,300 million yen write-down of marketable and investment securities was posted in the third quarter of the fiscal year ending March 31, 2009, which were factored into the full-year consolidated business forecasts as an extraordinary loss.

As a result of the reasons above, the forecasts for consolidated ordinary income and consolidated net income released on November 4, 2008, are revised at this time.

(Reference)

1) Revised Full-Year Net Sales by business segment (forecasts)

Business Segment	(Millions of yen)		
	Previously announced forecasts (A)	Revised forecasts (B)	Change ((B) - (A))
Residential Business	978,000	953,000	(25,000)
Commercial Construction Business	493,000	518,000	25,000
Resort Hotels and Sports Life Business	63,600	63,600	—
Home Center Business	66,400	66,400	—
Other Businesses	151,500	151,500	—
Eliminations/Corporate	(87,500)	(87,500)	—
Total	1,665,000	1,665,000	—

2) Revised Full-Year Operating Income by business segment (forecasts)

(Millions of yen)

Business Segment	Previously announced forecasts (A)	Revised forecasts (B)	Change ((B) - (A))
Residential Business	40,800	32,800	(8,000)
Commercial Construction Business	48,500	56,500	8,000
Resort Hotels and Sports Life Business	(400)	(400)	—
Home Center Business	1,400	1,400	—
Other Businesses	3,500	3,500	—
Eliminations/Corporate	(23,800)	(23,800)	—
Total	70,000	70,000	—

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

The above 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. 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.

The Group records an actuarial gain/loss in employee retirement benefit accounting as a lump-sum in the fiscal year transactions took place. In the past, the actuarial gain/loss in employee retirement benefits relating to the management of pension plan assets was not factored into business forecasts due to the complexities of forecasting. However, in light of the present economic conditions, which have undergone both rapid and significant changes, the latest figures based on the management of pension plan assets are factored in when calculating full-year consolidated business forecasts. Please note that these monetary amounts may vary in their determination using the results of the management of pension plan assets.

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 February 10, 2009.