



News Release (Translation only)

May 10, 2011

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, 2011, from April 1, 2010 to March 31, 2011, Daiwa House Industry Co., Ltd. will post the valuation loss on inventories, and the impairment loss in the noncurrent assets. The details are summarized below.

1. Valuation loss on inventories

(1) Consolidated

Total amount posted under the valuation loss on inventories at March 31, 2011

(A) Increase in total loss posted under the valuation loss on inventories for the fourth quarter of the fiscal year ended March 31, 2011; (i)-(ii):	¥11,515 million
(i) Total loss posted under the valuation loss on inventories at the end of the fourth quarter of the fiscal year ended March 31, 2011:	¥13,873 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, 2011:	¥2,358 million
(B) Net assets at March 31, 2010: (A/B×100)	¥617,769 million (1.9%)
(C) Ordinary income for the fiscal year ended March 31, 2010: (A/C×100)	¥60,036 million (19.2%)
(D) Net income for the fiscal year ended March 31, 2010: (A/D×100)	¥19,113 million (60.2%)

(2) Non-Consolidated

Total loss posted under the valuation loss on inventories at March 31, 2011

(A) Increase in total loss posted under the valuation loss on inventories for the fourth quarter of the fiscal year ended March 31, 2011; (i)-(ii):	¥11,658 million
(i) Total loss posted under the valuation loss on inventories at the end of the fourth quarter of the fiscal year ended March 31, 2011:	¥14,011 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, 2011:	¥2,352 million
(B) Net assets at March 31, 2010: (A/B×100)	¥545,317 million (2.1%)
(C) Ordinary income for the fiscal year ended March 31, 2010: (A/C×100)	¥39,045 million (29.9%)
(D) Net income for the fiscal year ended March 31, 2010: (A/D×100)	¥12,969 million (89.9%)

Note: Among the inventories held by the Daiwa House Group, according to Accounting Standard for Measurement of Inventories, mainly, 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, 2011

(A) Increase in total loss posted under impairment loss for the fourth quarter of the fiscal year ended March 31, 2011; (i)-(ii):	¥17,958 million
(i) Total loss posted under the impairment loss at the end of the fourth quarter of the fiscal year ended March 31, 2011:	¥18,768 million
(ii) Total loss posted under the impairment loss at the end of the third quarter of the fiscal year ended March 31, 2011:	¥810 million
(B) Net assets at March 31, 2010: (A/B×100)	¥617,769 million (2.9%)
(C) Ordinary income for the fiscal year ended March 31, 2010: (A/C×100)	¥60,036 million (29.9%)
(D) Net income for the fiscal year ended March 31, 2010: (A/D×100)	¥19,113 million (94.0%)

(2) Non-Consolidated

Total loss posted under the impairment loss at March 31, 2011

(A) Increase in total loss posted under the impairment loss for the fourth quarter of the fiscal year ended March 31, 2011; (i)-(ii):	¥12,354 million
(i) Total loss posted under the impairment loss at the end of the fourth quarter of the fiscal year ended March 31, 2011:	¥13,057 million
(ii) Total loss posted under the impairment loss at the end of the third quarter of the fiscal year ended March 31, 2011:	¥703 million
(B) Net assets at March 31, 2010: (A/B×100)	¥545,317 million (2.3%)
(C) Ordinary income for the fiscal year ended March 31, 2010: (A/C×100)	¥39,045 million (31.6%)
(D) Net income for the fiscal year ended March 31, 2010: (A/D×100)	¥12,969 million (95.3%)

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 the fiscal year ended March 31, 2011, 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, 2011, released today, on May 10, 2011.

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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 10, 2011.