

The Next 50 Years and Beyond

In April 2005 the Daiwa House Group marked the 50th anniversary of its foundation. I wish to express my most sincere gratitude to you, our shareholders, for your long-standing support for the Group.

Fiscal 2004 marked not only our half-centennial, but also the start of full-scale Group management under a new management structure. Among the specific measures involved, steps were taken to expand the scope of its business by making Daiwa Kosho Lease Co., Ltd., an affiliate formerly accounted for by the equity method, a consolidated subsidiary, and investing in Osaka Marubiru Co., Ltd.

As a result of these measures, we were able to achieve growth in both revenues and profits for the second successive year. Consolidated sales reached a new record high of ¥1,365,914 million (US\$12,766 million), up 11.5% from the previous term, operating income totaled ¥67,849 million (US\$634 million), up 13.7%, and net income was ¥40,262 million (US\$376 million), representing growth of 8.1%. Regarding dividend payment, we will increase the annual dividend by ¥2 per share from the previous year, to ¥17.

In fiscal 2005 we have expressed our determination to achieve growth over the next 50 years by mapping out a management vision, which we have called "Connecting

Hearts," and creating a new Group symbol called "Endless Heart." In addition, we have set out a corporate vision with the aim of building a Group that co-creates value for individuals, communities and people's lifestyles, and have formulated our "Challenge 2005" medium-term management plan as the first step towards achieving these goals. Among the goals of this three-year plan are the attainment of consolidated sales of ¥1.7 trillion, recurring profit of ¥100 billion, and return on equity of 9% or more.

Under its new management vision, the Daiwa House Group is dedicated to ensuring that, through sincere and honest corporate activities, it enhances still further its excellent reputation and the trust held in it by society. We will also step up our efforts to strengthen further the bonds we have developed with our customers, building truly enduring links with all our stakeholders.



Takeo Higuchi
Chairman and CEO

