

**Revisions to the English-language version of the Daiwa House Annual Report released in 2005
(report on performance in fiscal 2004)**

Daiwa House Industry Co., Ltd. has already released revisions to the earnings performance figures appearing in the Segment Information section for the fiscal years 2001 through 2006, and in line with this, the present document contains revisions to certain figures contained in the English-language version of its annual report on fiscal 2004 (ended March 2005), released under the title of "2005 Annual Report".

Please note that, as the revised figures refer solely to transactions between divisions of the parent company (Daiwa House Industry), they have no impact on the earnings performance.

Furthermore, as the revisions in question have no material effect on the independent auditors' report issued on the Daiwa House 2005 Annual Report by our accounting auditor Deloitte Touche Tohmatsu, no revision of the said auditors' report is required.

■ P38 Business Outline — Housing

Before correction	After correction
<u>Operating income ¥49.7 billion</u> (Y-on-Y +3.1%)	<u>Operating income ¥50.0 billion</u> (Y-on-Y +2.6)

■ P39 Business Outline — Housing/Data for graphs

	02		03		04		05	
	Before correction	After correction	Before correction	After correction	Before correction	After correction	Before correction	After correction
Operating income (¥ billion)	<u>42</u>	<u>43</u>	39	39	48	48	<u>49</u>	<u>50</u>
Operating income per employee (¥ million)	3.9	3.9	3.5	3.5	<u>4.5</u>	<u>4.6</u>	4.6	4.6

■ P48 Business Outline — Commercial Construction

Before correction	After correction
<u>Operating income ¥27.3 billion</u> (Y-on-Y +32.2%)	<u>Operating income ¥27.4 billion</u> (Y-on-Y +31.6%)

■ P49 Business Outline — Commercial Construction/Data for graphs

	02		03		04		05	
	Before correction	After correction	Before correction	After correction	Before correction	After correction	Before correction	After correction
Operating income (¥ billion)	18	18	17	17	20	20	27	27
Operating income per employee (¥ million)	5.5	5.5	5.9	5.9	<u>7.0</u>	<u>7.1</u>	6.4	6.4

■ P54 Business Outline — Resort Hotels

Before correction	After correction
Operating income ¥1.8 billion (Y-on-Y +2,202.1%)	Operating income ¥1.5 billion (Y-on-Y +2,202.1%) Delete

■ P54 & 55 Business Outline — Resort Hotels/Data for graphs

	02		03		04		05	
	Before correction	After correction	Before correction	After correction	Before correction	After correction	Before correction	After correction
Operating income (¥ billion)	<u>-4.3</u>	<u>-4.5</u>	<u>-3.9</u>	<u>-4.2</u>	<u>0.0</u>	<u>-0.6</u>	<u>1.8</u>	<u>1.5</u>
Operating income per employee (¥ million)	<u>-2.8</u>	<u>-2.9</u>	<u>-2.4</u>	<u>-2.6</u>	<u>0.0</u>	<u>-0.3</u>	<u>1.0</u>	<u>0.8</u>

■ P84 L1 Right Column, Management's Discussion and Analysis (On a Consolidated Basis), Business Overview by Segment: Housing Business

Before correction	After correction
Overall, housing segment sales amounted to ¥854.5 billion (US\$7,986.6 million), an increase of 6.7% compared to the previous term, operating income was ¥49.7 billion (US\$465.1 million) , and the operating margins were <u>5.8%</u> .	Overall, housing segment sales amounted to ¥854.5 billion (US\$7,986.6 million), an increase of 6.7% compared to the previous term, operating income was ¥50.0 billion (US\$467.7 million) , and the operating margins were <u>5.9%</u> .

■ P84 L27 Right Column, Management's Discussion and Analysis (On a Consolidated Basis), Business Overview by Segment: Commercial Construction Business

Before correction	After correction
As a result, sales in the commercial construction segment reached ¥363.8 billion (US\$3,400.2 million), an increase of 31.4% compared to the previous term, operating income rose to ¥27.3 billion (US\$255.3 million) , an increase of <u>32.2%</u> , and the operating margins were 7.5%.	As a result, sales in the commercial construction segment reached ¥363.8 billion (US\$3,400.2 million), an increase of 31.4% compared to the previous term, operating income rose to ¥27.4 billion (US\$256.2 million) , an increase of <u>31.6%</u> , and the operating margins were 7.5%.

■ P85 L12 Left Column, Management's Discussion and Analysis (On a Consolidated Basis), Business Overview by Segment: Resort Hotel Business

Before correction	After correction
As a result, sales in the resort hotels segment rose to ¥55.7 billion (US\$521.0 million), an increase of 4.0% compared to the previous term, with operating income of ¥1.8 billion (US\$17.5 million) , an increase of 2,202.1%, and operating margins of 3.4%.	As a result, sales in the resort hotels segment rose to ¥55.7 billion (US\$521.0 million), an increase of 4.0% compared to the previous term, with operating income of ¥1.5 billion (US\$14.0 million) , compared with an operating loss of ¥621 million for the previous term, and operating margins of 2.7%.

■ P105 Notes to Consolidated Financial Statements

9 Segment Information — Sales and operating income (loss)

(millions of yen)

2005	Before correction			After correction		
	Residential	Commercial	Resort	Residential	Commercial	Resort
Operating expenses	<u>804,800</u>	<u>336,506</u>	<u>53,872</u>	<u>804,528</u>	<u>336,409</u>	<u>54,241</u>
Operating income	<u>49,775</u>	<u>27,324</u>	<u>1,877</u>	<u>50,047</u>	<u>27,421</u>	<u>1,508</u>

(millions of yen)

2004	Before correction			After correction		
	Residential	Commercial	Resort	Residential	Commercial	Resort
Operating expenses	<u>752,365</u>	<u>256,319</u>	<u>53,531</u>	<u>751,838</u>	<u>256,144</u>	<u>54,233</u>
Operating income (loss)	<u>48,266</u>	<u>20,669</u>	<u>81</u>	<u>48,793</u>	<u>20,844</u>	<u>(621)</u>

(millions of yen)

2003	Before correction			After correction		
	Residential	Commercial	Resort	Residential	Commercial	Resort
Operating expenses	<u>752,846</u>	<u>230,383</u>	<u>55,872</u>	<u>752,652</u>	<u>230,325</u>	<u>56,124</u>
Operating income (loss)	<u>39,135</u>	<u>17,631</u>	<u>(3,969)</u>	<u>39,329</u>	<u>17,689</u>	<u>(4,221)</u>

(thousands of U.S. dollars)

2005	Before correction			After correction		
	Residential	Commercial	Resort	Residential	Commercial	Resort
Operating expenses	<u>7,521,495</u>	<u>3,144,917</u>	<u>503,476</u>	<u>7,518,953</u>	<u>3,144,010</u>	<u>506,925</u>
Operating income	<u>465,187</u>	<u>255,364</u>	<u>17,542</u>	<u>467,729</u>	<u>256,271</u>	<u>14,093</u>