

**Revisions to the English-language version of the Daiwa House Annual Report released in 2006
(report on performance in fiscal 2005)**

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 2005 (ended March 2006), released under the title of "2006 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 2006 Annual Report by our accounting auditor Deloitte Touche Tohmatsu, no revision of the said auditors' report is required.

■ P16 L3, Business Outline — Residential

Before correction	After correction
During the term, sales in this business rose 6.4% year-on-year to ¥909.5 billion, and operating income rose <u>1.9%</u> to <u>¥50.6</u> billion. The operating income margin decreased <u>0.2 percentage point</u> year-on-year to 5.6%.	During the term, sales in this business rose 6.4% year-on-year to ¥909.5 billion, and operating income rose <u>1.8%</u> to <u>¥50.9</u> billion. The operating income margin decreased <u>0.3 percentage point</u> year-on-year to 5.6%.

■ P16 Business Outline — Residential/Data for graphs

	04		05		06	
	Before correction	After correction	Before correction	After correction	Before correction	After correction
Operating income (¥ million)	<u>48,266</u>	<u>48,793</u>	<u>49,775</u>	<u>50,047</u>	<u>50,698</u>	<u>50,965</u>
Operating income margin (%)	<u>6.0</u>	<u>6.1</u>	<u>5.8</u>	<u>5.9</u>	5.6	5.6

■ P16 L3, Business Outline — Commercial Construction

Before correction	After correction
During the term, sales rose 22.4% to ¥445.2 billion, operating income increased <u>44.3%</u> to <u>¥39.4 billion</u> , and the operating income margin increased 1.4 percentage point year-on-year to 8.9%.	During the term, sales rose 22.4% to ¥445.2 billion, operating income increased <u>44.1%</u> to <u>¥39.5 billion</u> , and the operating income margin increased 1.4 percentage point year-on-year to 8.9%.

■ P16 Business Outline — Commercial Construction/Data for graphs

	04		05		06	
	Before correction	After correction	Before correction	After correction	Before correction	After correction
Operating income (¥ million)	<u>20,669</u>	<u>20,844</u>	<u>27,324</u>	<u>27,421</u>	<u>39,418</u>	<u>39,517</u>
Operating income margin (%)	7.5	7.5	7.5	7.5	8.9	8.9

■ P17 L2, Business Outline — Resort Hotels and Sports Life Business

Before correction	After correction
Sales increased by 19.3% year-on-year to ¥66.4 billion during the term, reflecting the acquisition of Nippon Athletic Service Co., Ltd. as a consolidated subsidiary, but operating income fell <u>46.6%</u> to <u>¥1.0 billion</u> , and the operating income margin fell <u>1.9 percentage points</u> to <u>1.5%</u> .	Sales increased by 19.3% year-on-year to ¥66.4 billion during the term, reflecting the acquisition of Nippon Athletic Service Co., Ltd. as a consolidated subsidiary, but operating income fell <u>57.8%</u> to <u>¥0.6 billion</u> , and the operating income margin fell <u>1.7 percentage points</u> to <u>1.0%</u> .

■ P17 Business Outline — Resort Hotels and Sports Life Business/Data for graphs

	04		05		06	
	Before correction	After correction	Before correction	After correction	Before correction	After correction
Operating income (¥ million)	<u>81</u>	<u>△621</u>	<u>1,877</u>	<u>1,508</u>	<u>1,002</u>	<u>636</u>
Operating income margin (%)	<u>0.2</u>	<u>-1.2</u>	<u>3.4</u>	<u>2.7</u>	<u>1.5</u>	<u>1.0</u>

■ P75 Our Business Domains — Residential

Before correction	After correction
<u>Operating income ¥50.6 billion</u> (year-on-year +1.9%)	<u>Operating income ¥50.9 billion</u> (year-on-year +1.8%)

■ P75 Our Business Domains — Residential/Data for graphs

	02		03		04		05		06	
	Before correction	After correction	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>	50	50
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	4.5	4.5

■ P87 Our Business Domains — Commercial Construction

Before correction	After correction
<u>Operating income ¥39.4 billion</u> (year-on-year +44.3%)	<u>Operating income ¥39.5 billion</u> (year-on-year +44.1%)

■ P87 Our Business Domains — Commercial Construction/Data for graphs

	02		03		04		05		06	
	Before correction	After correction	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	39	39
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	8.6	8.6

■ P95 Our Business Domains — Resort Hotels and Sports Life Business

Before correction	After correction
<u>Operating income ¥1.0 billion</u> (year-on-year -46.6%)	<u>Operating income ¥0.6 billion</u> (year-on-year -57.8%)

■ P95 Our Business Domains — Resort Hotels and Sports Life Business/Data for graphs

	02		03		04		05		06	
	Before correction	After correction	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>	<u>1.0</u>	<u>0.6</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>	<u>0.4</u>	<u>0.3</u>

■ P114 L21 Left Column, Management's Discussion and Analysis (On a Consolidated Basis), Business Overview by Segment: Housing Business

Before correction	After correction
As a result, the housing business segment's sales increased by 6.4% this fiscal year to ¥909.5 billion (US\$7,774 million), with operating income also putting on <u>1.9%</u> to finish on <u>¥50.6 billion (US\$433 million)</u> . This segment's operating income margin, however, shed <u>0.2 percentage points</u> during the reporting term to finish on 5.6%.	As a result, the housing business segment's sales increased by 6.4% this fiscal year to ¥909.5 billion (US\$7,774 million), with operating income also putting on <u>1.8%</u> to finish on <u>¥50.9 billion (US\$436 million)</u> . This segment's operating income margin, however, shed <u>0.3 percentage points</u> during the reporting term to finish on 5.6%.

■ P115 L1 Left Column, Management's Discussion and Analysis (On a Consolidated Basis), Business Overview by Segment: Commercial Construction Business

Before correction	After correction
As a result of these initiatives, sales in the commercial construction segment saw a 22.4% increase over last fiscal year to finish on ¥445.2 billion (US\$3,806 million), with operating income also jumping <u>44.3%</u> to <u>¥39.4 billion (US\$337 million)</u> . The operating income margin for this segment also improved 1.4 percentage points this period, reaching 8.9%.	As a result of these initiatives, sales in the commercial construction segment saw a 22.4% increase over last fiscal year to finish on ¥445.2 billion (US\$3,806 million), with operating income also jumping <u>44.1%</u> to <u>¥39.5 billion (US\$338 million)</u> . This segment's operating income margin for this segment also improved 1.4 percentage points this period, reaching 8.9%.

■ P115 L23 Left Column, Management's Discussion and Analysis (On a Consolidated Basis), Business Overview by Segment: Resort Hotel and Sports Life Business

Before correction	After correction
As a result of the above, sales in the resort hotel and sports life business this period increased 19.3% with the inclusion of Nippon Athletic Service Co., Ltd. sales as well, to ¥66.4 billion (US\$568 million), although operating income was down <u>46.6%</u> year-on-year at <u>¥1.0 billion (US\$9 million)</u> . This segment thus posted an operating income margin of <u>1.5%</u> .	As a result of the above, sales in the resort hotel and sports life business this period increased 19.3% with the inclusion of Nippon Athletic Service Co., Ltd. sales as well, to ¥66.4 billion (US\$568 million), although operating income was down <u>57.8%</u> year-on-year at <u>¥0.6 billion (US\$5 million)</u> . This segment thus posted an operating income margin of <u>1.0%</u> .

■ P138 Notes to Consolidated Financial Statements

9 Segment Information — Sales and operating income (loss)

(millions of yen)

2006	Before correction			After correction		
	Residential	Commercial	Resort and Sports	Residential	Commercial	Resort and Sports
Operating expenses	<u>858,890</u>	<u>405,833</u>	<u>65,480</u>	<u>858,623</u>	<u>405,734</u>	<u>65,846</u>
Operating income	<u>50,698</u>	<u>39,418</u>	<u>1,002</u>	<u>50,965</u>	<u>39,517</u>	<u>636</u>

(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>

(thousands of U.S. dollars)

2006	Before correction			After correction		
	Residential	Commercial	Resort and Sports	Residential	Commercial	Resort and Sports
Operating expenses	<u>7,340,940</u>	<u>3,468,658</u>	<u>559,658</u>	<u>7,338,658</u>	<u>3,467,812</u>	<u>562,786</u>
Operating income	<u>433,316</u>	<u>336,906</u>	<u>8,564</u>	<u>435,598</u>	<u>337,752</u>	<u>5,436</u>