

**Revisions to the English-language version of the Daiwa House Annual Report released in 2007
(report on performance in fiscal 2006)**

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 2006 (ended March 2007), released under the title of "2007 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 2007 Annual Report by our accounting auditor Deloitte Touche Tohmatsu, no revision of the said auditors' report is required.

■ **P5 Group Results Summary — Positive Factors in Fiscal 2006/Daiwa House Group**

Before correction	After correction
<ul style="list-style-type: none"> • Sales in the Residential Business Segment increased 6.2%, and operating income 4.7%, due to strong demand for rental housing and condominiums. • Operating income in the Commercial Construction Business increased 19.0%, contributing significantly to Group earnings, thanks to aggressive development of commercial facilities. 	<ul style="list-style-type: none"> • Sales in the Residential Business Segment increased 6.2%, and operating income 4.3%, due to strong demand for rental housing and condominiums. • Operating income in the Commercial Construction Business increased 18.8%, contributing significantly to Group earnings, thanks to aggressive development of commercial facilities.

■ **P6 Business Outline — Ratio of operating income margin/Data for graphs**

Before correction	After correction
Residential Business: 49.5%	Residential Business: 49.6%
Commercial Construction Business: 43.7%	Commercial Construction Business: 43.8%
Resort Hotels and Sports Life Business: 1.1%	Resort Hotels and Sports Life Business: 0.9%
Home Center Business: 1.7%	Home Center Business: 1.7%
Other Businesses: 4.0%	Other Businesses: 4.0%

■ **P6 L11, Business Outline — Residential Business**

Before correction	After correction
Operating income was ¥53.1 billion , a 4.7% increase. The ratio of operating income margin was 5.5%, a decrease of 0.1 percentage point.	Operating income was ¥53.2 billion , a 4.3% increase. The ratio of operating income margin was 5.5%, a decrease of 0.1 percentage point.

■ P6 Business Outline — Residential Business/Data for graphs

	05		06		07	
	Before correction	After correction	Before correction	After correction	Before correction	After correction
Operating income (¥ billion)	<u>49.8</u>	<u>50.0</u>	<u>50.7</u>	<u>51.0</u>	<u>53.1</u>	<u>53.2</u>
Operating income margin (%)	<u>5.8</u>	<u>5.9</u>	5.6	5.6	5.5	5.5

■ P6 L10, Business Outline — Commercial Construction Business

Before correction	After correction
Operating income jumped <u>19.0%</u> to ¥46.9 billion. The ratio of operating income margin was 9.8%, an increase of 0.9 percentage point.	Operating income jumped <u>18.8%</u> to ¥46.9 billion. The ratio of operating income margin was 9.8%, an increase of 0.9 percentage point.

■ P6 Business Outline — Commercial Construction Business/Data for graphs

	05		06		07	
	Before correction	After correction	Before correction	After correction	Before correction	After correction
Operating income (¥ billion)	<u>27.3</u>	<u>27.4</u>	<u>39.4</u>	<u>39.5</u>	46.9	46.9
Operating income margin (%)	7.5	7.5	8.9	8.9	9.8	9.8

■ P7 L7, Business Outline — Resort Hotels and Sports Life Business

Before correction	After correction
Operating income was <u>¥1.1 billion</u> , a <u>14.6%</u> increase. The ratio of operating income margin was <u>1.7%</u> , an increase of <u>0.2 percentage point</u> .	Operating income was <u>¥1.0 billion</u> , a <u>59.3%</u> increase. The ratio of operating income margin was <u>1.5%</u> , an increase of <u>0.5 percentage point</u> .

■ P7 Business Outline — Resort Hotels and Sports Life Business/Data for graphs

	05		06		07	
	Before correction	After correction	Before correction	After correction	Before correction	After correction
Operating income (¥ billion)	<u>1.9</u>	<u>1.5</u>	<u>1.0</u>	<u>0.6</u>	<u>1.1</u>	<u>1.0</u>
Operating income margin (%)	<u>3.4</u>	<u>2.7</u>	<u>1.5</u>	<u>1.0</u>	<u>1.7</u>	<u>1.5</u>

■ P53 Our Business — Ratio of operating income margin/Data for graphs

Before correction	After correction
<u>Residential Business: 49.5%</u>	<u>Residential Business: 49.6%</u>
<u>Commercial Construction Business: 43.7%</u>	<u>Commercial Construction Business: 43.8%</u>
<u>Resort Hotel and Sports Life Business: 1.1%</u>	<u>Resort Hotel and Sports Life Business: 0.9%</u>
Home Center Business: 1.7%	Home Center Business: 1.7%
Other Businesses: 4.0%	Other Businesses: 4.0%

■ P55 Our Business — Residential Business

Before correction	After correction
Operating income ¥53.1 billion (year-on-year +4.7%)	Operating income ¥53.2 billion (year-on-year +4.3%)

■ P55 Data for graphs

	03		04		05		06		07	
	Before correction	After correction	Before correction	After correction	Before correction	After correction	Before correction	After correction	Before correction	After correction
Operating income (¥ billion)	39	39	48	49	50	50	51	51	53	53
Operating income per employee (¥ million)	3.6	3.6	4.6	4.6	4.6	4.6	4.5	4.5	4.5	4.5

■ P69 Our Business — Commercial Construction Business

Before correction	After correction
Operating income ¥46.9 billion (year-on-year +19.0%)	Operating income ¥46.9 billion (year-on-year +18.8%)

■ P69 Data for graphs

	03		04		05		06		07	
	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	21	21	27	27	39	40	47	47
Operating income per employee (¥ million)	5.9	6.0	7.0	7.1	6.4	6.4	8.6	8.7	9.4	9.4

■ P79 Our Business — Resort Hotels and Sports Life Business

Before correction	After correction
Operating income ¥1.1 billion (year-on-year +14.6%)	Operating income ¥1.0 billion (year-on-year +59.3%)

■ P79 Data for graphs

	03		04		05		06		07	
	Before correction	After correction	Before correction	After correction	Before correction	After correction	Before correction	After correction	Before correction	After correction
Operating income (¥ billion)	-4.0	-4.2	0.1	-0.6	1.9	1.5	1.0	0.6	1.1	1.0
Operating income per employee (¥ million)	-2.5	-2.6	0.0	-0.4	1.1	0.9	0.5	0.3	0.5	0.5

■ P113 L13, Management's Discussion and Analysis (On a Consolidated Basis), Results of Operation/Operating income

(¥ million)

	2006		2007		YoY increase (decrease)		Operating income margin	
	Before correction	After correction	Before correction	After correction	Before correction	After correction	Before correction	After correction
Residential Business	50,698	50,965	53,070	53,167	4.7%	4.3%	5.5%	5.5%
Commercial Construction Business	39,418	39,517	46,896	46,933	19.0%	18.8%	9.8%	9.8%
Resort Hotels and Sports Life Business	1,002	636	1,148	1,014	14.6%	59.3%	1.7%	1.5%

■ P114 L7, Management's Discussion and Analysis (On a Consolidated Basis), Results of Operation/Business Overview by Segment: Housing Business

Before correction	After correction
These factors contributed to a 6.2% year-on-year rise in sales to ¥965.9 billion (US\$8,186 million) and a <u>4.7%</u> rise in operating income to <u>¥53.1 billion (US\$450 million)</u> . The operating income margin dropped 0.1 percentage point to 5.5%.	These factors contributed to a 6.2% year-on-year rise in sales to ¥965.9 billion (US\$8,186 million) and a <u>4.3%</u> rise in operating income to <u>¥53.2 billion (US\$451 million)</u> . The operating income margin dropped 0.1 percentage point to 5.5%.

■ P114 L28, Management's Discussion and Analysis (On a Consolidated Basis), Results of Operation/Business Overview by Segment: Commercial Construction Business

Before correction	After correction
These factors resulted in sales rising 7.3% year-on-year, to ¥477.7 billion (US\$4,048 million), operating income rising <u>19.0%</u> to ¥46.9 billion (<u>US\$397 million</u>), and the operating income margin reaching 9.8%, 0.9 percentage point higher than the previous year.	These factors resulted in sales rising 7.3% year-on-year, to ¥477.7 billion (US\$4,048 million), operating income rising <u>18.8%</u> to ¥46.9 billion (<u>US\$398 million</u>), and the operating income margin reaching 9.8%, 0.9 percentage point higher than the previous year.

■ P115 L1, Management's Discussion and Analysis (On a Consolidated Basis), Results of Operation/Business Overview by Segment: Resort Hotels and Sports Life Business

Before correction	After correction
These moves resulted in operating income rising <u>14.6%</u> to <u>¥1.1 billion (US\$10 million)</u> and the operating income margin reaching <u>1.7%</u> , although sales rose only 1.9% year-on-year, to ¥67.8 billion (US\$574 million).	These moves resulted in operating income rising <u>59.3%</u> to <u>¥1.0 billion (US\$9 million)</u> and the operating income margin reaching <u>1.5%</u> , although sales rose only 1.9% year-on-year, to ¥67.8 billion (US\$574 million).

■ P136 Notes to Consolidated Financial Statements

11 Segment Information — Sales and operating income

(millions of yen)

2007	Before correction			After correction		
	Residential	Commercial	Resort and Sports	Residential	Commercial	Resort and Sports
Operating expenses	<u>912,828</u>	<u>430,796</u>	<u>66,614</u>	<u>912,731</u>	<u>430,759</u>	<u>66,748</u>
Operating income	<u>53,070</u>	<u>46,896</u>	<u>1,148</u>	<u>53,167</u>	<u>46,933</u>	<u>1,014</u>

(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>

(thousands of U.S. dollars)

2007	Before correction			After correction		
	Residential	Commercial	Resort and Sports	Residential	Commercial	Resort and Sports
Operating expenses	<u>7,735,831</u>	<u>3,650,814</u>	<u>564,525</u>	<u>7,735,008</u>	<u>3,650,500</u>	<u>565,662</u>
Operating income	<u>449,745</u>	<u>397,423</u>	<u>9,729</u>	<u>450,568</u>	<u>397,737</u>	<u>8,592</u>