News Release (Translation only)

May 25, 2017

Company: Daiwa House Industry Co., Ltd.
(Code number:1925,
First Section of the Tokyo Stock Exchange)
Representative: Naotake Ohno, President and COO
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Revisions (including revision of numerical data): Partial Revision of Summary of Financial Results for the Fiscal Year Ended March 31, 2017 [Consolidated] (Japanese GAAP)

Daiwa House Industry Co., Ltd. (the Company) has determined the necessity of making certain revisions (as shown below) to the contents of the Company's Summary of Financial Results for the Fiscal Year Ended March 31, 2017 (Consolidated; Japanese GAAP). The Company has also made certain revisions to the numerical data: these are included in the Revised Summary of Financial Results given below.

Revised portions of the text or numerical data are indicated by underlining.

1. Reasons for the revisions

   At the Tokyo Stock Exchange on May 11, 2017, the Company released its Summary of Financial Results for the Fiscal Year Ended March 31, 2017 (Consolidated; Japanese GAAP). However, during the subsequent accounting audit process, the opinion was expressed that there was a need to revise the indication of the amortization of actuarial differences arising from the employees' retirement benefit accounting portion of the Company's Consolidated Statements of Income for the fiscal year ended March 2017.

   In the past, the Company has indicated amortization of actuarial differences from the employees' retirement benefit under the heading of "non-operating income and expenses," but on the occasion of this recent accounting audit process, we were strongly urged by the accounting auditor to revise this so as to adhere more strictly to generally accepted accounting principles.

   As a result of these revisions, cost of sales has been reduced by 7,003 million yen, and selling, general and administrative expenses have been reduced by 9,515 million yen, while gross profit and operating income have been increased by 7,003 million yen and 16,518 million yen, respectively. These revisions have no impact on the Company's ordinary income or net income.

   Additionally, the Company has also revised downward by 5,000 million yen its forecast for operating income in the Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2018 (released simultaneously with the above-mentioned Summary of Financial Results for the Fiscal Year Ended March 31, 2017), but these revisions are not expected to have any impact on ordinary income or net income.

2. Details of revisions

<Summary of Financial Results>

1. Consolidated Results of Operation for the Fiscal Year Ended March 31, 2017 (From April 1, 2016 to March 31, 2017)

(1) Consolidated Business Results

(Before revision) (% figures represent year-on-year change)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2017	3,512,909	10.0	293,573	20.8	300,529	28.7	201,700	94.7
Fiscal year ended March 31, 2016	3,192,900	13.6	243,100	34.8	233,592	15.3	103,577	(11.6)

Note: Comprehensive income
Fiscal year ended March 31, 2017: 199,257 million yen (103.5%); Fiscal year ended March 31, 2016: 97,936 million yen (-41.0%)

	Basic net income per share	Diluted net income per share	Return on equity (ROE)	Ordinary income to total assets ratio	Operating income to net sales ratio
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2017	304.14	304.05	16.3	8.8	8.4
Fiscal year ended March 31, 2016	156.40	155.83	9.1	7.4	7.6

(Reference) Equity in earnings of affiliates
Fiscal year ended March 31, 2017: -1,274 million yen; Fiscal year ended March 31, 2016: -574 million yen

(After revision) (% figures represent year-on-year change)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2017	3,512,909	10.0	310,092	27.6	300,529	28.7	201,700	94.7
Fiscal year ended March 31, 2016	3,192,900	13.6	243,100	34.8	233,592	15.3	103,577	(11.6)

Note: Comprehensive income
Fiscal year ended March 31, 2017: 199,257 million yen (103.5%); Fiscal year ended March 31, 2016: 97,936 million yen (-41.0%)

	Basic net income per share	Diluted net income per share	Return on equity (ROE)	Ordinary income to total assets ratio	Operating income to net sales ratio
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2017	304.14	304.05	16.3	8.8	8.8
Fiscal year ended March 31, 2016	156.40	155.83	9.1	7.4	7.6

(Reference) Equity in earnings of affiliates
Fiscal year ended March 31, 2017: -1,274 million yen; Fiscal year ended March 31, 2016: -574 million yen

3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2018 (From April 1, 2017 to March 31, 2018)

(Before revision) (% figures represent year-on-year change)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent		Basic net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2018	3,750,000	6.7	320,000	9.0	312,000	3.8	210,000	4.1	316.48

(After revision) (% figures represent year-on-year change)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent		Basic net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2018	3,750,000	6.7	315,000	1.6	312,000	3.8	210,000	4.1	316.48

(Reference) Summary of Non-Consolidated Results of Operation

Non-Consolidated Results of Operation for the Fiscal Year Ended March 31, 2017 (From April 1, 2016 to March 31, 2017)

(1) Non-Consolidated Business Results

(Before revision) (% figures represent year-on-year change)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2017	1,720,394	4.3	186,850	11.5	212,346	15.5	147,582	80.0
Fiscal year ended March 31, 2016	1,649,765	12.2	167,638	41.3	183,863	22.0	81,991	(15.4)

(After revision) (% figures represent year-on-year change)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2017	1,720,394	4.3	198,673	18.5	212,346	15.5	147,582	80.0
Fiscal year ended March 31, 2016	1,649,765	12.2	167,638	41.3	183,863	22.0	81,991	(15.4)

The Attached Material on page 5

<Reference Material> Key Performance Indicators

1. Performance Indicators

(Before revision)

Fiscal years	**Fiscal year ended March 31, 2014**	**Fiscal year ended March 31, 2015**	**Fiscal year ended March 31, 2016**	**Fiscal year ended March 31, 2017**	**Forecast for the fiscal year ending March 31, 2018**
Net sales (millions of yen)	2,700,318	2,810,714	3,192,900	3,512,909	3,750,000
Cost of sales (millions of yen)	2,192,414	2,269,846	2,560,483	<u>2,798,599</u>	<u>2,983,000</u>
Selling, general and administrative expenses (millions of yen)	344,326	360,516	389,316	<u>420,735</u>	<u>447,000</u>
Operating income (millions of yen)	163,576	180,352	243,100	<u>293,573</u>	<u>320,000</u>
Ordinary income (millions of yen)	176,366	202,628	233,592	300,529	312,000
Net income attributable to owners of the parent (millions of yen)	102,095	117,133	103,577	201,700	210,000
(Abbreviated)					

(After revision)

Fiscal years	**Fiscal year ended March 31, 2014**	**Fiscal year ended March 31, 2015**	**Fiscal year ended March 31, 2016**	**Fiscal year ended March 31, 2017**	**Forecast for the fiscal year ending March 31, 2018**
Net sales (millions of yen)	2,700,318	2,810,714	3,192,900	3,512,909	3,750,000
Cost of sales (millions of yen)	2,192,414	2,269,846	2,560,483	<u>2,791,596</u>	<u>2,985,000</u>
Selling, general and administrative expenses (millions of yen)	344,326	360,516	389,316	<u>411,220</u>	<u>450,000</u>
Operating income (millions of yen)	163,576	180,352	243,100	<u>310,092</u>	<u>315,000</u>
Ordinary income (millions of yen)	176,366	202,628	233,592	300,529	312,000
Net income attributable to owners of the parent (millions of yen)	102,095	117,133	103,577	201,700	210,000
(Abbreviated)					

The Attached Material on page 6

<Reference Material> Key Performance Indicators

1. Performance Indicators

(Before revision)

2. Sales and Operating Income by Segment

(Millions of yen)

Fiscal years		Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	Forecast for the fiscal year ending March 31, 2018
(Abbreviated)						
Operating income		163,576	180,352	243,100	293,573	320,000
Operating income by segment	Single-Family Houses	13,389	8,841	16,515	19,290	20,000
	Rental Housing	64,279	69,597	81,903	94,299	105,000
	Condominiums	10,705	10,819	15,796	13,431	12,000
	Existing Home Business	9,311	9,976	11,297	13,081	13,100
	Commercial Facilities	60,764	67,279	80,332	100,742	105,000
	Logistics, Business & Corporate Facilities	26,934	38,444	68,003	78,967	83,000
	Other Businesses	14,082	10,288	9,573	16,861	27,000
	Adjustments	(35,891)	(34,894)	(40,322)	(43,100)	(45,100)

(After revision)

2. Sales and Operating Income by Segment

(Millions of yen)

Fiscal years		Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	Forecast for the fiscal year ending March 31, 2018
(Abbreviated)						
Operating income		163,576	180,352	243,100	310,092	315,000
Operating income by segment	Single-Family Houses	13,389	8,841	16,515	19,290	20,000
	Rental Housing	64,279	69,597	81,903	94,299	105,000
	Condominiums	10,705	10,819	15,796	13,431	12,000
	Existing Home Business	9,311	9,976	11,297	13,081	13,100
	Commercial Facilities	60,764	67,279	80,332	100,742	105,000
	Logistics, Business & Corporate Facilities	26,934	38,444	68,003	78,967	83,000
	Other Businesses	14,082	10,288	9,573	16,861	27,000
	Adjustments	(35,891)	(34,894)	(40,322)	(26,582)	(50,100)

The Attached Material on page 7

1. Overview of business results and others

(Before revision)

(1) Business results for the fiscal year under review

During the fiscal year ended March 2017, the Japanese economy as a whole continued to stage a gradual recovery, thanks to an ongoing improvement in employment and income, among other positive factors. These more than offset such negative factors as a slowdown in the pace of improvement of corporate earnings and the fact that capital investment had come to a standstill.

Looking at the industrial sectors in which the Company operates, the housing market as a whole held firm in spite of a slight weakness in new housing construction starts for condominiums, as year-on-year growth was recorded by the Owned, Rented and Built for Sale housing categories. The general construction market also performed strongly as a whole. Solid growth was seen in private works orders, driven by aggressive capital investment, principally by companies in the real estate development, wholesaling, and retailing industries. Public works orders for the term as a whole also staged a turnaround into the plus column.

Amid these circumstances, and in accordance with the Daiwa House Group's Fifth Medium-Term Management Plan (a three-year plan ending in fiscal 2018), we endeavored to expand our core businesses by taking full advantage of firm demand in the domestic market, and engaged in aggressive investments in real estate development and other fields.

As a result of the foregoing, the Daiwa House Group recorded net sales of 3,512,909 million yen (+10.0% year on year) for the fiscal year under review. Operating income came to 293,573 million yen (+20.8% year on year), ordinary income came to 300,529 million yen (+28.7% year on year), and net income attributable to owners of the parent amounted to 201,700 million yen (+94.7% year on year).

(Abbreviated)

(4) Future Outlook

Looking at the future outlook for the Japanese economy, a gradual recovery is expected thanks to the impact of various government stimulus measures, against the backdrop of an ongoing improvement in both employment and incomes. At the same time, it is feared that the uncertainty surrounding upcoming political developments, financial market developments, and trade policies in the United States and Europe may negatively impact the Japanese domestic economy, and the situation will not warrant optimism for some time to come.

Turning to the Company's field of operations, a sharp slowdown in the housing market has been avoided in the short term, thanks to the fact that the proposed increase in the consumption tax has once again been postponed. However, a decrease in the number of new housing construction starts in Japan is forecast over the medium-to-long term, due to the declining trend of the country's population. In the general construction market, increased demand is anticipated in the run-up to the 2020 Tokyo Summer Olympics and Paralympics, but movements in construction material prices will continue to bear watching.

Amid this business environment, the Daiwa House Group has revised upward its business forecasts under the currently ongoing Fifth Medium-Term Management Plan—a three-year plan ending in fiscal 2018—and has set new targets for the plan that take into account probable future changes in the business environment and make optimal use of the Group's diverse lineup of revenue streams.

In February 2017, Stanley-Martin Communities, LLC (a US company engaged in the single-family homes business) became a subsidiary of Daiwa House USA Inc. Going forward, we aim to further develop the sphere of business operations engaged in by Stanley-Martin Communities, LLC in the United States, and to accelerate the pace of expansion of US business operations by the Daiwa House Group as a whole.

In view of the foregoing, we forecast net sales for the fiscal year ending March 31, 2018 in the amount of 3,750 billion yen, with operating income of 320 billion yen, ordinary income of 312 billion yen, and net income attributable to owners of the parent of 210 billion yen. And we expect capital investments of 295 billion yen and depreciation of 65.3 billion yen.

(After revision)

(1) Business results for the fiscal year under review

During the fiscal year ended March 2017, the Japanese economy as a whole continued to stage a gradual recovery, thanks to an ongoing improvement in employment and income, among other positive factors. These more than offset such negative factors as a slowdown in the pace of improvement of corporate earnings and the fact that capital investment had come to a standstill.

Looking at the industrial sectors in which the Company operates, the housing market as a whole held firm in spite of a slight weakness in new housing construction starts for condominiums, as year-on-year growth was recorded by the Owned, Rented and Built for Sale housing categories. The general construction market also performed strongly as a whole. Solid growth was seen in private works orders, driven by aggressive capital investment, principally by companies in the real estate development, wholesaling, and retailing industries. Public works orders for the term as a whole also staged a turnaround into the plus column.

Amid these circumstances, and in accordance with the Daiwa House Group's Fifth Medium-Term Management Plan (a three-year plan ending in fiscal 2018), we endeavored to expand our core businesses by taking full advantage of firm demand in the domestic market, and engaged in aggressive investments in real estate development and other fields.

As a result of the foregoing, the Daiwa House Group recorded net sales of 3,512,909 million yen (+10.0% year on year) for the fiscal year under review. Operating income came to 310,092 million yen (+27.6% year on year), ordinary income came to 300,529 million yen (+28.7% year on year), and net income attributable to owners of the parent amounted to 201,700 million yen (+94.7% year on year).

(Abbreviated)

(4) Future Outlook

Looking at the future outlook for the Japanese economy, a gradual recovery is expected thanks to the impact of various government stimulus measures, against the backdrop of an ongoing improvement in both employment and incomes. At the same time, it is feared that the uncertainty surrounding upcoming political developments, financial market developments, and trade policies in the United States and Europe may negatively impact the Japanese domestic economy, and the situation will not warrant optimism for some time to come.

Turning to the Company's field of operations, a sharp slowdown in the housing market has been avoided in the short term, thanks to the fact that the proposed increase in the consumption tax has once again been postponed. However, a decrease in the number of new housing construction starts in Japan is forecast over the medium-to-long term, due to the declining trend of the country's population. In the general construction market, increased demand is anticipated in the run-up to the 2020 Tokyo Summer Olympics and Paralympics, but movements in construction material prices will continue to bear watching.

Amid this business environment, the Daiwa House Group has revised upward its business forecasts under the currently ongoing Fifth Medium-Term Management Plan—a three-year plan ending in fiscal 2018—and has set new targets for the plan that take into account probable future changes in the business environment and make optimal use of the Group's diverse lineup of revenue streams.

In February 2017, Stanley-Martin Communities, LLC (a US company engaged in the single-family homes business) became a subsidiary of Daiwa House USA Inc. Going forward, we aim to further develop the sphere of business operations engaged in by Stanley-Martin Communities, LLC in the United States, and to accelerate the pace of expansion of US business operations by the Daiwa House Group as a whole.

In view of the foregoing, we forecast net sales for the fiscal year ending March 31, 2018 in the amount of 3,750 billion yen, with operating income of 315 billion yen, ordinary income of 312 billion yen, and net income attributable to owners of the parent of 210 billion yen. And we expect capital investments of 295 billion yen and depreciation of 65.3 billion yen.

The Attached Material on page 17

4. Consolidated Financial Statements and Main Notes
(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
(Consolidated Statements of Income)

(Before revision)

(Millions of yen)

	Previous fiscal year (From April 1, 2015 to March 31, 2016)	Reporting fiscal year (From April 1, 2016 to March 31, 2017)
Net sales	3,192,900	3,512,909
Cost of sales	2,560,483	2,798,599
Gross profit	632,417	714,309
Selling, general and administrative expenses		
Sales commission	18,093	19,077
Advertising expenses	33,514	34,682
Promotion expenses	5,828	6,230
Provision of allowance for doubtful accounts	1,281	845
Directors' compensations	3,776	3,841
Employees' salaries and allowances	141,477	148,934
Provision for bonuses	28,213	29,775
Retirement benefit expenses	19,410	20,974
Legal welfare expenses	22,010	22,801
Stationery expenses	12,930	14,196
Correspondence and transportation expenses	19,046	18,890
Rents	15,023	16,466
Depreciation	7,761	8,163
Tax and dues	19,998	25,177
Other	40,948	50,679
Total selling, general and administrative expenses	389,316	420,735
Operating income	243,100	293,573
Non-operating income		
Interest income	3,546	3,088
Dividends income	3,469	3,807
Amortization of actuarial gain for employee's retirement benefits	—	16,518
Miscellaneous income	6,636	6,357
Total non-operating income	13,651	29,771
Non-operating expenses		
Interest expenses	5,048	5,143
Tax and dues	1,671	1,744
Provision of allowance for doubtful accounts	959	5,045
Amortization of actuarial loss for employee's retirement benefits	9,182	—
Equity in losses of affiliates	574	1,274
Miscellaneous expenses	5,723	9,608
Total non-operating expenses	23,160	22,815
Ordinary income	233,592	300,529

(Abbreviated)

(After revision)

(Millions of yen)

	Previous fiscal year (From April 1, 2015 to March 31, 2016)	Reporting fiscal year (From April 1, 2016 to March 31, 2017)
Net sales	3,192,900	3,512,909
Cost of sales	2,560,483	2,791,596
Gross profit	632,417	721,312
Selling, general and administrative expenses		
Sales commission	18,093	19,077
Advertising expenses	33,514	34,682
Promotion expenses	5,828	6,230
Provision of allowance for doubtful accounts	1,281	845
Directors' compensations	3,776	3,841
Employees' salaries and allowances	141,477	148,934
Provision for bonuses	28,213	29,775
Retirement benefit expenses	19,410	11,459
Legal welfare expenses	22,010	22,801
Stationery expenses	12,930	14,196
Correspondence and transportation expenses	19,046	18,890
Rents	15,023	16,466
Depreciation	7,761	8,163
Tax and dues	19,998	25,177
Other	40,948	50,679
Total selling, general and administrative expenses	389,316	411,220
Operating income	243,100	310,092
Non-operating income		
Interest income	3,546	3,088
Dividends income	3,469	3,807
Miscellaneous income	6,636	6,357
Total non-operating income	13,651	13,253
Non-operating expenses		
Interest expenses	5,048	5,143
Tax and dues	1,671	1,744
Provision of allowance for doubtful accounts	959	5,045
Amortization of actuarial loss for employee's retirement benefits	9,182	—
Equity in losses of affiliates	574	1,274
Miscellaneous expenses	5,723	9,608
Total non-operating expenses	23,160	22,815
Ordinary income	233,592	300,529

(Abbreviated)

The Attached Material on page 26

3. Sales and operating income, assets and others by reportable business segment
Reporting fiscal year (From April 1, 2016 to March 31, 2017)

(Before revision)

(Millions of yen)

	Reportable Business Segments						
	Single-Family Houses	Rental Housing	Condominiums	Existing Home Business	Commercial Facilities	Logistics, Business & Corporate Facilities	Total
Sales							
(1) Sales to customers	387,660	975,733	262,211	102,568	561,799	818,226	3,108,200
(2)Inter-segment sales or transfers	2,672	1,482	656	3,023	7,976	10,251	26,063
Total	390,332	977,215	262,867	105,592	569,776	828,478	3,134,264
Operating income	19,290	94,299	13,431	13,081	100,742	78,967	319,813
Assets	197,320	294,285	317,685	16,050	590,433	1,125,517	2,541,292
Others							
Depreciation	3,860	8,636	2,112	135	17,469	9,348	41,562
Net increase in property, plant and equipment, and intangible assets	8,509	37,554	6,184	146	61,701	164,137	278,233

	Other Businesses (Note: 1)	Subtotal	Adjustment (Note: 2)	Amounts on the consolidated financial statements
Sales				
(1) Sales to customers	404,708	3,512,909	—	3,512,909
(2)Inter-segment sales or transfers	108,873	134,937	(134,937)	—
Total	513,581	3,647,846	(134,937)	3,512,909
Operating income	16,861	336,674	(43,100)	293,573
Assets	719,063	3,260,356	295,528	3,555,885
Others				
Depreciation	16,985	58,548	1,049	59,597
Net increase in property, plant and equipment, and intangible assets	62,985	341,219	437	341,656

Notes: 1. Other Businesses include construction support, resort hotels and sports life business, city hotels, overseas businesses and others.

2. Adjustment:

(1) -43,100 million yen in adjustments to operating income by business segment includes -574 million yen in elimination within business segments, 716 million yen in amortization of goodwill, and -43,241 million yen in corporate expenses not allocated to each business segment. Corporate expenses mainly consist of general and administrative expenses and experiment and research expenses not attributable to reportable business segments.

(2) 295,528 million yen in adjustments to assets by business segment includes -69,714 million yen in elimination within business segments, and 365,243 million yen in the Group assets. Group assets mainly consist of the Company's surplus funds (cash and deposits), the Company's long-term investment funds (investment securities), and the assets associated with Administration Headquarters of the Company.

(3) 1,049 million yen in adjustments to depreciation by business segment includes -470 million yen in elimination within business segments, and 1,519 million yen in the depreciation attributable to Group assets.

(4) 437 million yen in adjustments to net increase in property, plant and equipment, and intangible assets by business segment includes -792 million yen in elimination within business segments, and 1,229 million yen in Headquarters' capital investment of the Company, such as properties and equipment.

3. Operating income by business segment is adjusted to correspond to operating income in the consolidated statements of income.

(After revision)

(Millions of yen)

	Reportable Business Segments						
	Single-Family Houses	Rental Housing	Condominiums	Existing Home Business	Commercial Facilities	Logistics, Business & Corporate Facilities	Total
Sales (1) Sales to customers	387,660	975,733	262,211	102,568	561,799	818,226	3,108,200
(2)Inter-segment sales or transfers	2,672	1,482	656	3,023	7,976	10,251	26,063
Total	390,332	977,215	262,867	105,592	569,776	828,478	3,134,264
Operating income	19,290	94,299	13,431	13,081	100,742	78,967	319,813
Assets	197,320	294,285	317,685	16,050	590,433	1,125,517	2,541,292
Others Depreciation	3,860	8,636	2,112	135	17,469	9,348	41,562
Net increase in property, plant and equipment, and intangible assets	8,509	37,554	6,184	146	61,701	164,137	278,233

	Other Businesses (Note: 1)	Subtotal	Adjustment (Note: 2)	Amounts on the consolidated financial statements
Sales (1) Sales to customers	404,708	3,512,909	—	3,512,909
(2)Inter-segment sales or transfers	108,873	134,937	(134,937)	—
Total	513,581	3,647,846	(134,937)	3,512,909
Operating income	16,861	336,674	<u>(26,582)</u>	<u>310,092</u>
Assets	719,063	3,260,356	295,528	3,555,885
Others Depreciation	16,985	58,548	1,049	59,597
Net increase in property, plant and equipment, and intangible assets	62,985	341,219	437	341,656

Notes: 1. Other Businesses include construction support, resort hotels and sports life business, city hotels, overseas businesses and others.

2. Adjustment:

(1) <u>-26,582 million yen</u> in adjustments to operating income by business segment includes -574 million yen in elimination within business segments, 716 million yen in amortization of goodwill, and <u>-26,723 million yen</u> in corporate expenses not allocated to each business segment. Corporate expenses mainly consist of general and administrative expenses and experiment and research expenses not attributable to reportable business segments.

(2) 295,528 million yen in adjustments to assets by business segment includes -69,714 million yen in elimination within business segments, and 365,243 million yen in the Group assets. Group assets mainly consist of the Company's surplus funds (cash and deposits), the Company's long-term investment funds (investment securities), and the assets associated with Administration Headquarters of the Company.

(3) 1,049 million yen in adjustments to depreciation by business segment includes -470 million yen in elimination within business segments, and 1,519 million yen in the depreciation attributable to Group assets.

(4) 437 million yen in adjustments to net increase in property, plant and equipment, and intangible assets by business segment includes -792 million yen in elimination within business segments, and 1,229 million yen in Headquarters' capital investment of the Company, such as properties and equipment.

3. Operating income by business segment is adjusted to correspond to operating income in the consolidated statements of income.

End