

Main Improvements Effectuated in FY2001–2002

	FY2001	FY2002
Management	<ul style="list-style-type: none"> •Directors' term of office cut from 2 years to 1 year •Middle management staff cut by 50% •Risk management bolstered 	<ul style="list-style-type: none"> •Change from division-based to branch-based organization •Introduction of performance-linked pay system for branch managers •Reduced number of group companies for more customer-focused management •Introduction of points system into calculation for lump-sum payment at employees' retirement
Operations	<ul style="list-style-type: none"> •Aggregate housing sales pass one-million unit mark •First prefabricated house featuring earthquake-dampening system launched •Insulation method for outer walls adopted •Launch of wooden house series •ISO 14001 certification acquired by factories and purchasing divisions •Seven local sales companies established 	<ul style="list-style-type: none"> •Marketing, design, product development functions reorganized on regional lines •Renovation & rebuilding services expanded •Voluntary Environmental Action Plan drawn up •All 13 factories reached zero-emission targets
Financial position	<ul style="list-style-type: none"> •Interest-bearing debt reduced by ¥80.1 billion •¥59.9 billion unrealized loss recorded on land revaluation •SG&A expenses reduced 	<ul style="list-style-type: none"> •Changes in accounting policies for retirement benefits •Total elimination of unrealized loss on land •Debt-free management achieved on non-consolidated basis •Termination of agency service for state-run employee pension fund •Loss recognized on liquidation of affiliates •Extraordinary depreciation of property in the amount of about ¥75 billion etc.

Traditional
scale of
corporate
values



The new
Daiwa House
group