

February 1, 2013

Company: Daiwa House Industry Co., Ltd.
(Code number: 1925,
First Section of the Tokyo Stock Exchange
and the Osaka Securities Exchange)
Representative: Naotake Ono, President and COO
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Notification Regarding the Incurrence of Income Taxes in Past Fiscal Years

Daiwa House Industry Co., Ltd. was subject to a tax inspection by the Osaka Regional Taxation Bureau for the tax years ended March 31, 2011 and March 31, 2012. Despite the diverging opinions of each party, Daiwa House has ultimately agreed that some areas of its reporting need improvement and has filed an amended tax return in line with the Osaka Regional Taxation Bureau's advice. As of today, Daiwa House has paid all past taxes due.

(Main comment delivered to Daiwa House by the Osaka Regional Taxation Bureau)

- Because the amount of the estimated cost associated with the sale of construction work using the percentage of completion method did not adequately reflect the actual status at fiscal year-end, sales were undervalued (income was undervalued by ¥129 million) .

Daiwa House amended the undervalued amounts by adjusting income by ¥158 million, income taxes by ¥47 million, and consumption taxes by ¥1 million, and has already remitted payment of said amounts.

Daiwa House takes this matter very seriously and will take steps to prevent its recurrence and further strengthen its internal controls.

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