Consolidated Financial Results
for the Fiscal Year Ended March 31, 2011 (J-GAAP)
(Unaudited)

May 11, 2011

Listed company: DAIKYO INCORPORATED   Listed stock exchange: Tokyo
Securities code: 8840   URL: http://www.daikyo.co.jp
Representative: Akira Yamaguchi, Representative Executive Officer, President
Contact: Hidetake Takahashi, Executive Officer
Planned date of Ordinary General Meeting of Shareholders: June 23, 2011
Planned date of submission of Annual Securities Report: June 23, 2011
Planned dividends payment commencement date: —
4Q earnings presentation material: Available
Holding of earnings announcement: Available (for institutional investors and analysts)

(Amounts less than one million yen are truncated)

1. Consolidated Performance in the Fiscal Year Ended March 31, 2011 (April 1, 2010 to March 31, 2011)

(1) Consolidated operating results (% figures show year-on-year change)

(Millions of yen)

	Net sales		Operating income		Ordinary income		Net income	
Fiscal year ended March 31, 2011	295,374	(7.2)%	13,597	49.4%	10,779	69.5%	9,752	54.6%
Fiscal year ended March 31, 2010	318,356	(9.5)%	9,098	—	6,359	—	6,307	—

(Note) Comprehensive income
Fiscal year ended March 2011: ¥ 9,723 million (51.5%)   Fiscal year ended March 2010: ¥ 6,418 million (—%)

	Net income per share	Fully diluted net income per share	Ratio of net income to shareholders' equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
Fiscal year ended March 31, 2011	¥20.18	¥11.45	10.6%	3.3%	4.6%
Fiscal year ended March 31, 2010	¥16.52	¥8.21	8.4%	1.8%	2.9%

(Reference) Equity in (earnings) loss of non-consolidated subsidiaries and affiliates:
Fiscal year ended March 2011: ¥— million   Fiscal year ended March 2010: ¥—million

(2) Consolidated financial position (Millions of yen except for % and per share figures)

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
Fiscal year ended March 31, 2011	319,085	96,723	30.3%	¥136.78
Fiscal year ended March 31, 2010	330,456	87,367	26.4%	¥116.67

(Reference) Shareholders' equity:
Fiscal year ended March 2011: ¥96,723 million   Fiscal year ended March 2010: ¥87,367 million

(3) Consolidated cash flows (Millions of yen)

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents at end of year
Fiscal year ended March 31, 2011	48,416	(152)	(20,971)	92,534
Fiscal year ended March 31, 2010	1,913	(540)	(3,708)	65,245

2. State of Dividends

	Dividends per share (Yen)					Total dividends (Millions of yen)	Dividend payout ratio (Consolidated) (%)	Ratio of dividends to net assets (Consolidated) (%)
	1Q end	2Q end	3Q end	Year end	Total			
Fiscal year ended March 31, 2010	—	0.00	—	0.00	0.00	—	—	—
Fiscal year ended March 31, 2011	—	0.00	—	0.00	0.00	—	—	—
Fiscal year ending March 31, 2012 (Forecast)	—	0.00	—	2.00	2.00		8.3	

(Note) The above "Status of Dividends" is only the status of dividends from common stock. Please refer to "State of Dividends from Class Stock" for the state of dividends from class stock (unlisted) issued by DAIKYO INCORPORATED ("the Company") with different rights from common stock.

3. Consolidated Performance Forecast for the Fiscal Year Ending March 31, 2012 (April 1, 2011 to March 31, 2012)

(% figures show year-on-year change)
(Millions of yen)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
Six months ending September 30, 2011	98,000	(24.1)%	3,000	(50.7)%	1,300	(72.3)%	5,600	69.1%	¥12.67
Full year	270,000	(8.6)%	13,500	(0.7)%	10,000	(7.2)%	11,500	17.9 %	¥24.16

4. Others

(1) Changes in significant subsidiaries during the period (changes in specific subsidiaries resulting in change in scope of consolidation): None

New: — (Company name:) Excluded: — (Company name:)

(2) Changes in accounting policies, procedures, presentation methods

(i) Changes due to revision of accounting standards, etc.: Yes

(ii) Changes other than (i): None

(3) Number of shares issued (common stock)

(Unit: share)

1) Number of issued shares at end of period (including treasury stock)	Mar. 31, 2011	445,337,738	Mar. 31, 2010	445,337,738
2) Number of shares of treasury stock at end of period	Mar. 31, 2011	3,388,518	Mar. 31, 2010	3,363,229
3) Average number of shares during period	Apr-Mar 2011	441,962,796	Apr-Mar 2010	359,820,990

(Reference) Overview of non-consolidated performance

1. Non-Consolidated Performance in the Fiscal Year Ended March 31, 2011 (April 1, 2010 to March 31, 2011)

(1) Non-consolidated operating results (% figures show year-on-year change)
(Millions of yen)

	Net sales		Operating income		Ordinary income		Net income	
Fiscal year ended March 31, 2011	168,360	(13.6)%	5,105	—	7,406	302.4%	10,778	66.7%
Fiscal year ended March 31, 2010	194,832	(12.4)%	(2,272)	—	1,840	—	6,466	—

	Net income per share	Fully diluted net income per share
Fiscal year ended March 31, 2011	¥22.50	¥12.66
Fiscal year ended March 31, 2010	¥16.96	¥8.42

(2) Non-consolidate financial position (Millions of yen except for % and per share figures)

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
Fiscal year ended March 31, 2011	297,269	90,000	30.3%	¥121.57
Fiscal year ended March 31, 2010	306,985	79,606	25.9%	¥99.11

(Reference) Shareholders' equity:
Fiscal year ended March 31, 2011: ¥90,000 million Fiscal year ended March 31, 2010: ¥79,606 million

* Presentation of implementation state for auditing procedures
The auditing procedure based on the Financial Instruments and Exchange Act does not apply to this Consolidated Financial Results, and the auditing procedure based on the Financial Instruments and Exchange Act had not been completed as of the release of this Consolidated Financial Results.

* Explanation of the Appropriate Use of Performance Forecasts, Other Points to Note
Forward-looking statements in this document, including the performance outlook, etc., were written based on the information the Company has at this time and certain assumptions the Company considers to be reasonable. Actual performance may differ from the forecast figures due to various factors. Please refer to "1. Operating Results, (1) Qualitative information on the consolidated operating results, Outlook for the Fiscal Year Ending March 31, 2012" on page 11.

The Company is scheduled to hold an earnings announcement for institutional investors and analysts on May 19, 2011. The presentation material used on that day will be promptly uploaded after the announcement on the Company's homepage.

State of Dividends from Class Stock

The breakdown of the dividends per share and the amount of dividends from class stock with different rights from common stock are as follows.

(Class 1 preferred stock)

	Annual dividends (Yen)					Total dividends (Millions of yen)
	1Q end	2Q end	3Q end	Year end	Total	
Fiscal year ended March 31, 2010	—	—	—	10.08	10.08	100
Fiscal year ended March 31, 2011	—	—	—	9.328	9.328	93
Fiscal year ending March 31, 2012 (Forecast)	—	—	—	8.88	8.88	88

(Class 2 preferred stock)

	Annual dividends (Yen)					Total dividends (Millions of yen)
	1Q end	2Q end	3Q end	Year end	Total	
Fiscal year ended March 31, 2010	—	—	—	10.08	10.08	113
Fiscal year ended March 31, 2011	—	—	—	9.328	9.328	104
Fiscal year ending March 31, 2012 (Forecast)	—	—	—	8.88	8.88	99

(Class 4 preferred stock)

	Annual dividends (Yen)					Total dividends (Millions of yen)
	1Q end	2Q end	3Q end	Year end	Total	
Fiscal year ended March 31, 2010	—	—	—	8.00	8.00	150
Fiscal year ended March 31, 2011	—	—	—	8.00	8.00	150
Fiscal year ending March 31, 2012 (Forecast)	—	—	—	8.00	8.00	150

(Class 7 preferred stock)

	Annual dividends (Yen)					Total dividends (Millions of yen)
	1Q end	2Q end	3Q end	Year end	Total	
Fiscal year ended March 31, 2010	—	—	—	—	—	—
Fiscal year ended March 31, 2011	—	—	—	10.00	10.00	250
Fiscal year ending March 31, 2012 (Forecast)	—	—	—	10.00	10.00	250

(Class 8 preferred stock)

	Annual dividends (Yen)					Total dividends (Millions of yen)
	1Q end	2Q end	3Q end	Year end	Total	
Fiscal year ended March 31, 2010	—	—	—	—	—	—
Fiscal year ended March 31, 2011	—	—	—	10.00	10.00	235
Fiscal year ending March 31, 2012 (Forecast)	—	—	—	10.00	10.00	235

Formula for calculation of indicators in
"1. Consolidated Performance in the Fiscal Year Ended March 31, 2011"

○ Net income per share

$$\frac{\text{Net income in relation to common stock}}{\text{Average number of common shares during the fiscal year}}$$

○ Fully diluted net income per share

$$\frac{\text{Net income in relation to common stock + Adjustments to net income}}{\text{Average number of common shares during the fiscal year + Increase in the number of common shares}}$$

○ Net assets per share

$$\frac{\text{Year-end net assets in relation to common stock}}{\text{Number of common shares issued at year-end}}$$

Formula for calculation of indicators in
"3. Consolidated Performance Forecast for the Fiscal Year Ending March 31, 2012"

○ Net income per share

$$\frac{\text{Forecast net income in relation to common stock}}{\text{Forecast average number of common shares during the fiscal year}}$$

1. Operating Results

(1) Analysis of operating results

Operating Results for the Fiscal Year under Review

(Billions of yen except for % and per share amounts)

	Net sales	Operating income	Ordinary income	Net income	EBITDA	Net income per share	Ordinary income to net sales ratio	ROA
Fiscal year ended March 31, 2011	295.3	13.5	10.7	9.7	14.9	¥20.18	3.6 %	4.2 %
Fiscal year ended March 31, 2010	318.3	9.0	6.3	6.3	10.4	¥16.52	2.0 %	2.6 %
Change	(7.2)%	49.4%	69.5%	54.6%	42.9%	22.2%	—	—

Notes
1 EBITDA = Operating income + Depreciation expenses + Amortization of goodwill
2 ROA = Operating income / Total assets ((Beginning total assets + Ending total assets) / 2)

1. Overall Performance

During the fiscal year ended March 31, 2011, the Japanese economy followed a recovery path due to improvement in overseas economies, principally in Asia, and the impact of economic stimulus measures, and a trend toward improvement in corporate earnings emerged. However, a sense of uncertainty about the business outlook heightened due to negative factors such as fluctuations in raw material prices and exchange rates and worsening of the employment situation coupled with concerns about the impact of the Great East Japan Earthquake.

In the condominium market, although the employment and personal income environment remains bleak, the recovery trend continued as a result of factors including contract rate improvement due to low housing loan interest rates and the impact of the government's preferential policy for homebuyers. In addition, recovery in the number of new housing starts continued. Nonetheless, we cannot be optimistic about the future due to concern about future risks related to supply and demand in the aftermath of the Great East Japan Earthquake.

Given this environment in the fiscal year under review, the Daikyo Group's total net sales fell 7.2% year on year to ¥295,374 million. Although the Group achieved increased sales in the real estate management segment and real estate brokerage segment, net sales of condominiums, the mainstay of the real estate development and sales segment, amounted to ¥168,360 million, a year-on-year decline of 13.6%, due to the Group's business plan, which included the completion and handing over of fewer properties than the previous fiscal year, despite the fact that the contract situation developed favorably.

Due to factors including improvement in the gross profit margin for condominium sales and cost reductions, operating income rose 49.4% to ¥13,597 million, ordinary income rose 69.5% to ¥10,779 million, and net income rose 54.6% to ¥9,752 million.

2. Results by Segment

Beginning from the fiscal year under review, the Daikyo Group applied the Revised Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (ASBJ Statement No.17, March 27, 2009) and the Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (ASBJ Guidance No. 20, March 21, 2008) and therefore has changed its segment categories. Consequently, below we show comparisons with the actual results from the previous year after those results have been rearranged according to the new segments.

Performance by Segment (Millions of yen)

Category	Fiscal year ended March 31, 2010		Fiscal year ended March 31, 2011		Change	
	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income
Real Estate Development and Sales	194,832	285	168,360	6,616	(26,471)	6,331
Real Estate Management	100,846	9,397	103,746	7,868	2,900	(1,529)
Real Estate Brokerage	19,851	601	20,218	208	367	(392)
Other	5,319	506	5,408	480	88	(26)
Adjustments (Eliminations or Corporate Assets/Expenses)	(2,493)	(1,692)	(2,359)	(1,576)	134	116
Total	318,356	9,098	295,374	13,597	(22,981)	4,499

1) Real Estate Development and Sales

In the real estate development and sales segment, net sales fell 13.6% from the previous fiscal year to ¥168,360 million, owing to a decline of ¥25,793 million in mainstay condominium sales to ¥162,162 million, reflecting the Group's business plan, which included the completion and handing over of fewer properties than in the previous fiscal year. However, the number of units contracted increased by 414 units to 5,455 units and the amount of contracted sales increased by ¥23,875 million to ¥203,920 million. Although the Group recorded a write-down of ¥7,198 million for inventory valuations due to revisions to the business plans for individual projects and price adjustments implemented with a view to the future balance of supply and demand in individual areas, operating income increased sharply to ¥6,616 million due to a substantially improved gross profit margin from condominium sales and the contribution to profitability of expense reductions.

The number and amount of contracted sales at the end of the fiscal year under review were 2,803 units and ¥111,544 million, respectively, increases of 993 units and ¥41,757 million compared with the end of the previous fiscal year.

<Major properties in terms of net sales (condominium development and sales)>

THE LIONS MUSASHI KOKUBUNJI-KOEN	(Kokubunji, Tokyo)
LIONS SHONAN FUJISAWA GRAND FORT	(Fujisawa, Kanagawa)
THE LIONS HIRAKATA GOTENYAMA	(Hirakata, Osaka)
THE LIONS KOBE HARBORLAND	(Kobe, Hyogo)
THE LIONS MOMOCHI	(Fukuoka, Fukuoka)

Breakdown of Net Sales (Millions of yen)

Category	Fiscal year ended March 31, 2010	Fiscal year ended March 31, 2011	Change
Real Estate Sales	191,699	165,695	(26,004)
Other	3,132	2,665	(467)
Total	194,832	168,360	(26,471)

Real Estate Sales by Category (Millions of yen)

Category		Fiscal year ended March 31, 2010		Fiscal year ended March 31, 2011		Change	
		Units or Area	Amount	Units or Area	Amount	Units or Area	Amount
Contract Agreement Results*	Condominiums	5,041 units	180,045	5,455 units	203,920	414 units	23,875
	Other	18,947 m^2	3,173	85,829 m^2	2,973	66,882 m^2	(199)
	Total	5,041 units 18,947 m^2	183,218	5,455 units 85,829 m^2	206,894	414 units 66,882 m^2	23,675
Sales Results	Condominiums	5,186 units	187,956	4,462 units	162,162	(724 units)	(25,793)
	Other	28,473 m^2	3,743	87,020 m^2	3,532	58,547 m^2	(210)
	Total	5,186 units 28,473 m^2	191,699	4,462 units 87,020 m^2	165,695	(724 units) 58,547 m^2	(26,004)
Contracted Sales Results**	Condominiums	1,810 units	69,786	2,803 units	111,544	993 units	41,757
	Other	1,190 m^2	559	— m^2	—	(1,190 m^2)	(559)
	Total	1,810 units 1,190 m^2	70,345	2,803 units — m^2	111,544	993 units (1,190m^2)	41,198

*Represents the number and amount of condominium units for which sales agreements are entered into each period.
**Represents the number and amount of condominium units for which sales agreements have been entered into but have yet to be delivered.

Notes:
1 The figures for "m^2" under "Units or Area" indicate land area.
2 Contracted sales are the balance as of the end of the fiscal year under review.

2) Real Estate Management

In the real estate management segment, net sales rose 2.9% from the previous fiscal year to ¥103,746 million. The number of condominium units managed was 400,845 units, an increase of 7,396 units compared with the end of the previous fiscal year, marking the first time for the 400,000-unit milestone to be reached in the condominium management industry. As a result, management income increased by ¥2,284 million from the previous fiscal year to ¥62,388 million. In addition, contract work income increased by ¥882 million to ¥36,920 million due to favorable development of large-scale repair and maintenance work on condominiums and an increase in renovation work. We continued our investments to strengthen the Group's business structures for future business expansion, including the personnel structures. As a result, we recorded operating income of ¥7,868 million, down 16.3% compared with the previous fiscal year.

The volume of contract work orders received at the end of the fiscal year under review was ¥12,478 million, an increase of ¥2,414 million compared with the end of the previous fiscal year.

Breakdown of Net Sales (Millions of yen)

Category	Fiscal year ended March 31, 2010	Fiscal year ended March 31, 2011	Change
Condominium Management, Building Management	60,104	62,388	2,284
Contract Work	36,037	36,920	882
Other	4,704	4,437	(267)
Total	100,846	103,746	2,900

Number of Condominium Units Managed

Category	Fiscal year ended March 31, 2010	Fiscal year ended March 31, 2011	Change
Number of Condominium Units Managed	393,449 units	400,845 units	7,396 units

Contract Work (Millions of yen)

Category	Fiscal year ended March 31, 2010	Fiscal year ended March 31, 2011	Change
Volume of Contract Work Orders Received	10,063	12,478	2,414

3) Real Estate Brokerage

In the real estate brokerage segment, net sales rose 1.9% from the previous fiscal year to ¥20,218 million. Real estate brokerage income rose ¥113 million to ¥7,494 million and income from existing real estate sales rose ¥671 million to ¥7,511 million, while income from leasing management fell ¥397 million to ¥4,731 million. Operating income fell 65.3% to ¥208 million, reflecting factors including a write-down of ¥986 million in inventory valuations due to a review of the profitability of individual properties.

Breakdown of Net Sales (Millions of yen)

Category	Fiscal year ended March 31, 2010	Fiscal year ended March 31, 2011	Change
Real Estate Brokerage	7,381	7,494	113
Existing Real Estate Sales	6,839	7,511	671
Leasing Management	5,129	4,731	(397)
Other	500	480	(20)
Total	19,851	20,218	367

Amount of Brokerage Transactions (Millions of yen)

Category	Fiscal year ended March 31, 2010	Fiscal year ended March 31, 2011	Change
Number of Brokerage Transactions	6,223	5,973	(250)
Total Amount of Transactions	157,686	203,255	45,569

Existing Real Estate Sales (Millions of yen)

Category		Fiscal year ended March 31, 2010		Fiscal year ended March 31, 2011		Change	
		Units or Area	Amount	Units or Area	Amount	Units or Area	Amount
Sales Results	Condominiums	373 units	6,346	384 units	7,123	11 units	777
	Other	6 units 687 m^2	493	1 unit 164 m^2	387	(5 units) (523 m^2)	(105)
	Total	379 units 687 m^2	6,839	385 units 164 m^2	7,511	6 units (523 m^2)	671

Note: The figures for “units” and “m^2” of “Other” under “Units or Area” indicate number of houses and land area (excluding houses), respectively.

Outlook for the Fiscal Year Ending March 31, 2012

Amid a heightened sense of uncertainty about the economic outlook due to the impact of the Great East Japan Earthquake, taking into consideration concerns related to the Daikyo Group's businesses, for the fiscal year ending March 31, 2012 we forecast net sales of ¥270 billion, a year-on-year decrease of 8.6%, operating income of ¥13.5 billion, a decrease of 0.7%, ordinary income of ¥10.0 billion, a decrease of 7.2%, and net income of ¥11.5 billion, an increase of 17.9%.

Regarding the outlook for each business segment, although we expect net sales for the real estate development and sales segment to fall 16.8% to ¥140 billion due to factors including condominium construction delays in the aftermath of the earthquake, we forecast a slight improvement in operating income due to improvement in the gross profit margin for condominium sales and cost reductions. In the real estate management segment, although we expect a sales decrease due to a decline in orders for large-scale repair and maintenance work on condominiums and construction delays as a result of the earthquake, we forecast a slight overall sales increase due to factors including an increase in number of condominium units managed. However, we forecast a decrease in operating income to result from factors including the impact of the earthquake and an increase in systems investment expenses for the reinforcement of "Stock" businesses. In the real estate brokerage segment, although the impact of the earthquake is unclear, we forecast higher sales and income as a result of expansion of the scope of the trading and brokerage business and higher productivity.

The outlook for the fiscal year ending March 31, 2012 is as follows:

(Millions of yen)

	Fiscal year ended March 31, 2011	Fiscal year ending March 31, 2012	Change (%)
Net sales	295,374	270,000	(8.6)
Operating income	13,597	13,500	(0.7)
Ordinary income	10,779	10,000	(7.2)
Net income	9,752	11,500	17.9
Net income per share	¥20.18	¥24.16	19.7

The outlook for each business segment is as follows:

(Millions of yen)

Category	Fiscal year ended March 31, 2011		Fiscal year ending March 31, 2012	
	Net sales	Operating income	Net sales	Operating income
Real Estate Development and Sales	168,360	6,616	140,000	6,900
Real Estate Management	103,746	7,868	104,000	7,200
Real Estate Brokerage	20,218	208	24,000	1,500
Other	5,408	480	4,000	200
Adjustments (Eliminations or Corporate Assets/Expenses)	(2,359)	(1,576)	(2,000)	(2,300)
Total	295,374	13,597	270,000	13,500

(2) Analysis of financial position

Analysis of Assets, Liabilities, Net Assets, and Cash Flows

1. Consolidated Financial Position

(Millions of yen)

	Fiscal year ended March 31, 2010	Fiscal year ended March 31, 2011	Change
Total assets	330,456	319,085	(11,371)
Total liabilities	243,089	222,362	(20,726)
Interest-bearing debt	160,760	140,304	(20,455)
Total net assets	87,367	96,723	9,355
Shareholders' equity	87,367	96,723	9,355
Shareholders' equity ratio	26.4%	30.3%	3.9 pp

Total assets as of March 31, 2011 were ¥319,085 million, a decrease of ¥11,371 million compared with the end of the previous fiscal year. This was a result of a decrease of ¥38,917 million in inventories, which offset an increase of ¥27,289 million in cash and deposits.

Total liabilities were ¥222,362 million, a decrease of ¥20,726 million compared with the end of the previous fiscal year. This was because advances received increased by ¥6,162 million, while interest-bearing debt decreased by ¥20,455 million notes and accounts payable-trade decreased by ¥7,251 million.

Net assets rose by ¥9,355 million from the end of the previous fiscal year to ¥96,723 million. This is mainly attributable to the payment of ¥364 million of dividends for preferred stocks, while retained earnings increased by ¥9,388 million due to the recording of net income. Furthermore, the shareholders' equity ratio was 30.3%, 3.9 percentage points higher than at the end of the previous fiscal year, and net assets per share were ¥136.78, an increase of ¥20.11 compared with the end of the previous fiscal year.

2. Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2010	Fiscal year ended March 31, 2011	Change
Cash flow from operating activities	1,913	48,416	46,503
Cash flow from investing activities	(540)	(152)	387
Cash flow from financing activities	(3,708)	(20,971)	(17,263)
Effect of exchange rate changes on cash and cash equivalents	2	(2)	(5)
Net increase (decrease) in cash and cash equivalents	(2,332)	27,289	29,621
Cash and cash equivalents at beginning of year	67,577	65,245	(2,332)
Cash and cash equivalents at end of year	65,245	92,534	27,289

As of March 31, 2011, the Group had cash and cash equivalents (hereinafter referred to as "cash") of ¥92,534 million, up ¥27,289 million compared with the end of the previous fiscal year.

Cash flow from operating activities

Net cash provided by operating activities during the fiscal year ended March 31, 2011 was ¥48,416 million, compared with ¥1,913 million in the previous fiscal year. Although cash decreased due to a decrease in notes and accounts payable and other factors, this was offset by factors including the recording of income before income taxes and a decrease in inventories.

Cash flow from investing activities

Net cash used investing activities during the fiscal year ended March 31, 2011 was ¥152 million, compared with ¥540 million in the previous fiscal year. Cash decreased due factors including the purchase of fixed assets and investment securities.

Cash flow from financing activities

Net cash used in financing activities during the fiscal year ended March 31, 2011 was ¥20,971 million, compared with ¥3,708 million in the previous fiscal year. Although the Company procured cash through the issuance of commercial paper and bonds, this was offset by a decrease in cash due to factors including the repayment of borrowings and the redemption of bonds.

Change in Indicators Related to Cash Flows

Fiscal year ended March 31	2007	2008	2009	2010	2011
Shareholders' equity ratio	20.3%	24.2%	17.1%	26.4%	30.3%
Shareholders' equity ratio on a market price basis	55.0%	20.2%	14.6%	33.8%	29.9%
Number of years for the redemption of debt	—	—	3.7 years	84.0 years	2.9 years
Interest coverage ratio	—	—	13.4	0.7	18.0

Notes: Shareholders' equity ratio = (Net assets – Share subscription rights – Minority interests)/ Total assets
Shareholders' equity ratio on a market price basis = Total market price of shares/Total assets
Number of years for the redemption of debt = Interest-bearing debt/Operating cash flow
Interest coverage ratio = Operating cash flow/Interest payments

* All of the indicators are calculated from the financial figures on a consolidated basis.
* The total market price of the shares is calculated as the average share price during the last month of the fiscal year x number of shares issued at the end of the fiscal year (after deduction of treasury stock) + the total value of the preferred stocks issued.
* For operating cash flow, we use the cash flow from operating activities in the Consolidated Statements of Cash Flows. Interest-bearing debt is all of the liabilities recorded on the Consolidated Balance Sheets for which the Company is paying interest. Furthermore, for interest payments we use the amount of interest paid in the Consolidated Statements of Cash Flows.

(3) Basic policy regarding profit allocation and dividends in the fiscal year under review and the next fiscal year

Our basic policy is to return profits to shareholders through sustained improvements in corporate value and increases in shareholder value.

We have withheld payment of dividends at the end of the fiscal year under review even though the economic trends are on course for a recovery because we have decided to give priority to building up our internal reserves to further strengthen the financial position.

Since we consider the outlook for strengthening of the financial structure to be favorable, in the fiscal year ending March 31, 2012 we plan to pay a year-end dividend of ¥2 per share in light of the profit forecast in the outlook for business performance.