

Consolidated Financial Results for the Fiscal Year Ended March 31, 2009



April 30, 2009

Company Name: Heiwa Real Estate Co., Ltd.
 Code Number: 8803
 (URL: <http://www.heiwa-net.co.jp/>)
 Stock Exchange Listing: Tokyo, Osaka, Nagoya, Fukuoka, Sapporo
 Representative: Sakutaro Kimbara, Director and President
 Scheduled date of Ordinary General Shareholders' Meeting: June 25, 2009
 Scheduled date to submit the Annual Securities Report: June 26, 2009
 Scheduled date to commence dividend payments: June 26, 2009

(Figures are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2009 (From April 1, 2008 to March 31, 2009)

(1) Consolidated Results of Operations (% indicates changes from the previous term)

	Operating revenue		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2009	51,935	65.5	8,998	(2.2)	6,178	(13.9)	862	(76.9)
Year ended March 31, 2008	31,384	(1.7)	9,205	(4.5)	7,176	(12.1)	3,737	(17.6)

	Net income per share	Fully diluted net income per share	Return on equity	Ordinary income to total assets	Operating income to operating revenue
	Yen	Yen	%	%	%
Year ended March 31, 2009	5.81	5.12	1.3	2.0	17.3
Year ended March 31, 2008	25.56	22.58	5.6	2.8	29.3

(Reference) Equity in earnings (losses) of affiliated companies: Year ended March 31, 2009: (¥66) million
 Year ended March 31, 2008: ¥45 million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Year ended March 31, 2009	317,439	70,598	21.3	454.57
Year ended March 31, 2008	298,728	70,456	22.6	460.24

(Reference) Equity: Year ended March 31, 2009: ¥67,661 million
 Year ended March 31, 2008: ¥67,428 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2009	17,711	(12,081)	17,754	29,055
Year ended March 31, 2008	(10,237)	(56,878)	68,332	5,670

2. Dividends

(Record date)	Cash dividends per share					Total dividends paid (annual)	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	End of 1Q	End of 2Q	End of 3Q	Year-end	Annual			
Year ended March 31, 2008	Yen 0.00	Yen 7.00	Yen 0.00	Yen 5.00	Yen 12.00	Million Yen 1,757	% 46.9	% 2.6
Year ended March 31 2009	0.00	6.00	0.00	6.00	12.00	1,786	206.9	2.6
Year ending March 31 2010 (Forecast)	–	3.00	–	3.00	6.00	–	56.1	–

3. Forecast of Consolidated Financial Results for Fiscal Year Ending March 31, 2010 (From April 1, 2009 to March 31, 2010)

(% indicates changes from the previous corresponding term)

	Operating revenue		Operating income		Ordinary income		Net income		Net income per share	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen	
First half	14,000	(0.9)	4,000	7.9	2,400	2.1	600	97.4	4.00	
Full year	40,000	(23.0)	8,000	(11.1)	4,500	(27.2)	1,600	85.6	10.70	

4. Others

- (1) Significant changes of subsidiaries during period under review (affecting specific subsidiaries due to changes in scope of consolidation): Not applicable
- (2) Changes in the accounting principles, accounting procedures, presentation, etc., related to preparation of consolidated financial statements (those to be described as Changes in Significant Matters that are the Basis for Preparing Consolidated Financial Statements)
 - 1) Changes due to the revision of accounting standards, etc.: Yes
 - 2) Any changes other than 1) above: Not applicable
- (3) Total number of issued shares (common stock)
 - 1) Total number of issued shares at the end of fiscal year (including treasury stock):
 - Year ended March 31, 2009: 149,503,980 shares
 - Year ended March 31, 2008: 147,084,095 shares
 - 2) Total number of treasury shares at the end of fiscal year:
 - Year ended March 31, 2009: 657,579 shares
 - Year ended March 31, 2008: 578,396 shares

The information stated in this reference material was compiled based on data considered reasonable as of the date of compilation of this reference material, and is subject to various uncertain factors. Accordingly, we do not ensure or promise the accuracy or completeness of the information, and may revise the information without notice. We also bear no liability for any deficiencies or errors of the data or expressions used in this reference material.

For information on the above forecasts, see page 4.

1. Operating Results

1. Analysis of operating results

(1) Outline of operations (for the period from April 1, 2008 to March 31, 2009)

During the fiscal year ended March 31, 2009, corporate performance in Japan continued to face extremely severe constraints as a result of the worldwide recession touched off by the financial crisis in the United States. Corporate revenue weakened significantly due to substantial declines in both export and production, and capital expenditure and employment conditions worsened rapidly as well.

Under these circumstances, a succession of real estate companies (including listed companies) have been driven into bankruptcy since last summer, oppressed by factors such as a credit squeeze and sluggish housing sales. The sharp economic slowdown posed extremely severe business conditions in the real estate industry.

Business performance in the Building Division remained largely stable, while vacancy rates in office buildings continued to climb and rental market values fell due to lower corporate revenues resulting from the steep economic downturn.

Meanwhile, the business environment in the Housing Division remained stringent. Consumers became more conservative in their spending for the purchase of residences amidst the growing uncertainty caused by worsening employment and income conditions, and contract ratios slumped as well.

Several matters arose in the real estate investment market in Japan. Liquidity rapidly worsened due to sharp drop-offs in the supply of funds as a direct consequence of the global credit contraction. Specifically, J-REIT experienced its first bankruptcy.

The operating results for the respective divisions of the Company under these circumstances are as summarized below.

(2) Operating results for the divisions

(Building Division)

Operating revenue in the Building Division of the Company significantly increased, driven by the full-year operation of buildings completed in the previous fiscal year (e.g., the Nagoya Stock Exchange Building), rents earned from the Shin-Odori Building (Chuo-ku, Sapporo-city, Hokkaido) acquired in May 2008, and the sale of buildings owned.

As a result, the Company earned ¥5,142 million in Stock Exchange Market Place Leasing Income, down by ¥14 million (0.3%) compared with the previous period. General Office Leasing Income rose to ¥9,715 million, up by ¥920 million (10.5%) compared with the previous period. Commercial Facilities Leasing Income decreased to ¥3,565 million, down by ¥22 million (0.6%) compared with the previous period. Building Income, including Land Leasing Income and income from the sale of buildings owned, totaled ¥25,634 million, up by ¥7,917 million (44.7%) compared with the previous period.

The vacancy rate of the Company's leased buildings (on a parent company basis) was 1.5% at the end of the fiscal year ended March 31, 2009.

(Housing Division)

In the Housing Division, the Company sold a total of only 139 units, mainly due to declining consumer motivation. Condominium income totaled ¥7,348 million, up by ¥2,475 million (50.8%) from the previous period.

Housing Leasing Income amounted to ¥783 million, up by ¥55 million (7.6%) compared with the previous period. Housing Income, including other income, amounted to ¥9,571 million, up by ¥3,818 million (66.4%) compared with the previous period.

(Asset Development Division)

Income from the real estate development and management businesses amounted to ¥14,608 million, up by ¥9,185 million (169.3%) compared with the previous period, in spite of the effect of deteriorating real estate liquidity.

(Other Divisions)

In the Real Estate Brokerage Business, sales activities in relation to corporations and investment funds produced ¥426 million in revenue in the Real Estate Brokerage Business, up by ¥90 million (27.0%) from the revenue reported during the previous period.

Income from the Contract Construction Business and Building Management Business decreased to ¥1,209 million, down by ¥535 million (30.7%) compared with the previous period. Income from the Private Nursing Home Business increased to ¥383 million, up by ¥36 million (10.5%) compared with the previous period. Other Divisions operating revenue for the fiscal year ended March 31, 2009, decreased by ¥370 million (14.9%) to ¥2,120 million.

(3) Overall Operating Results of the Group

The operating results of the Company group for the fiscal year ended March 31, 2009, are summarized below: Operating Revenue amounted to ¥51,935 million, up by ¥20,550 million (65.5%) compared with the previous period. Operating Costs totaled ¥37,725 million, up by ¥19,244 million (104.1%) compared with the previous period, mainly as a result of the write-down of inventories, while Selling, General and Administrative Expenses totaled ¥5,211 million, up by ¥1,512 million (40.9%) compared with the previous period.

Consequently, Operating Income for the fiscal year ended March 31, 2009, reached ¥8,998 million, down by ¥206 million (2.2%) compared with the previous period, while Ordinary Income reached ¥6,178 million, down by ¥997 million (13.9%) compared with the previous period. Net income reached ¥862 million, down by ¥2,874 million (76.9%) compared with the previous period, mainly due to a loss of ¥3,765 million on revaluation of investment securities.

In consideration of these operating results, full-time Directors and Statutory Auditors voluntarily returned parts of their compensation payments, in amounts determined in accordance with their respective positions within the Company.

(4) Financial Prospects for the Next Period

The Japanese economy has been deeply affected by the rapid deterioration of the global economy touched off by the financial crisis in the United States. We expect severe circumstances to continue for the time being, with uncertain economic prospects.

Under these circumstances, the Building Division is expected to earn operating revenues of ¥17.7 billion, down by ¥7.9 billion (31.0%) compared with the previous period, mainly due to the negative revenue effect from the sale of buildings in possession recorded in the current period.

In the Housing Division, the Group expects to record revenues of ¥7.8 billion, down by ¥0.9 billion (11.2%) compared with the previous period, from condominium sales in the greater Tokyo and Osaka areas. The revenue for the housing leasing business is forecasted to reach ¥0.8 billion, up by ¥0.0 billion (1.1%). Operating revenues for the Housing Division are expected to total ¥8.6 billion, down by ¥0.9 billion (10.1%) compared with the previous period.

In the Asset Development Division, operating revenues from the development and management of real estate are expected to reach ¥11.3 billion, down by ¥3.3 billion (22.6%) compared with the previous period.

Operating Revenue for the Company group, the total of revenue from the above three divisions plus revenue from other divisions (including the Real Estate Brokerage Business, Contract Construction Business, Building Management Business, and Private Nursing Home Business), is expected to stand at ¥40.0 billion, down by ¥11.9 billion (23.0%) compared with the previous period.

Further, Operating Income is expected to reach ¥8.0 billion, down by ¥1.0 billion (11.1%), Ordinary Income is expected to reach ¥4.5 billion, down by ¥1.6 billion (27.2%), and net income is expected to be ¥1.6 billion, up by ¥0.7 billion (85.6%), compared with the previous period.

2. Status of Financing

(1) Assets, Liabilities and Net Assets as of the end of the fiscal year ended March 31, 2009

- 1) Total assets increased, mainly due to an increase in fixed assets of ¥15,240 million from investments in the building business and asset development business.
- 2) Total liabilities increased, mainly due to an increase in long-term loans payable and the current portion of long-term loans of ¥13,612 million.
- 3) Net assets increased, mainly due to an increase in common stock and additional paid-in capital of ¥1,117 million from the conversion of convertible bond type-bonds with stock acquisition rights.

(Consolidated)

(In millions of yen)

	As of the end of the fiscal year ended March 31, 2009	Comparison with the previous fiscal year
Total Assets	317,439	18,710
Total Liabilities	246,840	18,568
Net Assets	70,598	142
Interest-bearing Liabilities	210,292	18,512

(Non-consolidated)

(In millions of yen)

	As of the end of the fiscal year ended March 31, 2009	Comparison with the previous fiscal year
Total Assets	302,002	19,020
Total Liabilities	234,364	18,520
Net Assets	67,637	500
Interest-bearing Liabilities	199,142	18,662

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(In millions of yen)

	Previous fiscal year (As of March 31, 2008)	Current fiscal year (As of March 31, 2009)
Assets		
Current assets		
Cash and deposits	3,184	22,267
Accounts receivable – trade	1,462	1,399
Marketable securities	2,568	7,075
Inventories	48,467	–
Real estate for sale	–	22,275
Real estate for sale in process	–	16,723
Beneficiary right of real estate in trust	13,153	–
Operating investment	7,179	11,547
Other inventories	–	2
Deferred tax assets	49	186
Other	2,617	584
Allowance for doubtful accounts	(55)	(38)
Total current assets	78,628	82,023
Fixed assets		
Tangible fixed assets		
Buildings and structures	131,352	138,638
Accumulated depreciation	(50,188)	(54,894)
Buildings and structures, net	81,164	83,744
Machinery, equipment and vehicles	1,360	1,460
Accumulated depreciation	(691)	(925)
Machinery, equipment and vehicles, net	668	535
Tools, furniture and fixtures	1,248	1,282
Accumulated depreciation	(764)	(898)
Tools, furniture and fixtures, net	483	383
Land	119,883	133,470
Construction in progress	2	1,557
Total tangible fixed assets	202,202	219,691
Intangible fixed assets		
Leasehold rights	5,681	5,681
Goodwill	48	39
Other	57	74
Total intangible fixed assets	5,787	5,795
Investments and other assets		
Investment in securities	9,810	6,473
Long-term loans to employees	12	13
Deferred tax assets	652	1,096
Other	1,500	2,978
Allowance for doubtful accounts	(0)	(841)
Total investments and other assets	11,975	9,718
Total fixed assets	219,964	235,205
Deferred assets		
Bond-issuing expenses	135	209
Total deferred assets	135	209
Total assets	298,728	317,439

(In millions of yen)

	Previous fiscal year (As of March 31, 2008)	Current fiscal year (As of March 31, 2009)
Liabilities		
Current liabilities		
Notes and accounts payable – trade	3,492	2,673
Current portion of bonds	–	20,370
Current portion of convertible bonds (with stock acquisition rights)	1,170	–
Short-term loans payable	24,850	26,120
Current portion of long-term loans	6,910	24,024
Accrued corporation and other taxes	84	1,176
Accrued consumption taxes	49	699
Deferred tax liabilities	13	–
Accrued bonuses for directors and statutory auditors	54	6
Accrued bonuses	241	247
Other	2,730	2,422
Total current liabilities	39,595	77,739
Long-term liabilities		
Bonds	60,000	44,430
Convertible bonds (with stock acquisition rights)	20,000	20,000
Long-term loans payable	78,850	75,348
Long-term deposits received and deposits of landlord	–	21,939
Deposits received	4,117	–
Deposits of landlord	18,609	–
Deferred tax liabilities	28	28
Deferred tax liabilities concerning revaluation	6,192	6,249
Long-term accounts payable	–	454
Reserve for retirement allowances for directors and statutory auditors	431	–
Accrued severance indemnities for employees	445	618
Negative goodwill	3	33
Total long-term liabilities	188,677	169,101
Total liabilities	228,272	246,840
Net assets		
Shareholders' equity		
Common stock	15,238	15,797
Additional paid-in capital	13,466	14,025
Retained earnings	30,897	30,046
Treasury stock, at cost	(340)	(366)
Total shareholders' equity	59,262	59,503
Valuation and translation adjustments		
Unrealized gain on securities	(859)	(950)
Revaluation surplus of land	9,025	9,109
Total valuation and translation adjustments	8,165	8,158
Minority shareholders' equity	3,027	2,936
Total net assets	70,456	70,598
Total liabilities and net assets	298,728	317,439

(2) Consolidated Statement of Profit and Loss

(In millions of yen)

	Previous fiscal year (From April 1, 2007 to March 31, 2008)	Current fiscal year (From April 1 2008 to March 31, 2009)
Operating revenue	31,384	51,935
Cost of sales	18,480	37,725
Gross profit	12,903	14,209
Selling, general and administrative expenses		
Selling expenses	598	909
Salaries and allowances	907	1,089
Provision of accrued bonuses for directors and statutory auditors	54	6
Provision of accrued bonuses	169	167
Provision of reserve for retirement allowances for directors and statutory auditors	83	23
Severance indemnities for employees cost	137	155
Provision of allowance for doubtful accounts	–	807
Other	1,748	2,052
Total selling, general and administrative expenses	3,698	5,211
Operating income	9,205	8,998
Non-operating income		
Interest income	26	17
Dividends earned	158	227
Amortization of negative goodwill	1	1
Equity in net income of affiliates	45	–
Subsidy income	52	–
Interest on refunds	–	57
Miscellaneous non-operating income	24	27
Total non-operating income	309	331
Non-operating expenses		
Interest expense	2,288	2,966
Amortization of bond-issuing expenses	18	27
Equity in net loss of affiliates	–	66
Provision of allowance for doubtful accounts	–	18
Miscellaneous non-operating expenses	31	72
Total non-operating expenses	2,338	3,150
Ordinary income	7,176	6,178
Special gains		
Reversal of allowance for doubtful accounts	0	1
Reversal of accrued bonuses	0	–
Gain on sale of fixed assets	338	10
Gain on sale of investment securities	9	–
Total special gains	349	11
Special losses		
Loss on sale of fixed assets scrapped	48	–
Loss on disposal of fixed assets	599	133
Dismantling expense of buildings and building fixtures	160	192
Loss on revaluation of investment securities	71	3,765
Other	–	244
Total special losses	878	4,335
Income before income taxes	6,646	1,855
Corporation, inhabitants and enterprise taxes	214	1,307
Deferred income taxes	2,548	(463)
Total income taxes	2,763	844
Minority interests	146	148
Net income	3,737	862

(3) Consolidated Statement of Changes in Net Assets

(In millions of yen)

	Previous fiscal year (From April 1, 2007 to March 31, 2008)	Current fiscal year (From April 1 2008 to March 31, 2009)
Shareholders' equity		
Common stock		
Balance at the end of previous period	14,935	15,238
Change during the period		
Issuance of stock	303	558
Total change during the period	303	558
Balance at the end of current period	15,238	15,797
Additional paid-in capital		
Balance at the end of previous period	13,162	13,466
Change during the period		
Issuance of stock	303	558
Total change during the period	303	558
Balance at the end of current period	13,466	14,025
Retained earnings		
Balance at the end of previous period	31,726	30,897
Change during the period		
Distribution of surplus	(1,751)	(1,625)
Net income	3,737	862
Decrease resulting from increase of the number of consolidated subsidiaries	(113)	–
Disposal of treasury stock	–	(4)
Reversal of revaluation surplus of land	(2,701)	(83)
Total change during the period	(829)	(851)
Balance at the end of current period	30,897	30,046
Treasury stock		
Balance at the end of previous period	(284)	(340)
Change during the period		
Acquisition of treasury stock	(55)	(34)
Disposal of treasury stock	–	8
Total change during the period	(55)	(25)
Balance at the end of current period	(340)	(366)
Total shareholders' equity		
Balance at the end of previous period	59,540	59,262
Change during the period		
Issuance of stock	606	1,117
Distribution of surplus	(1,751)	(1,625)
Net income	3,737	862
Decrease resulting from increase of the number of consolidated subsidiaries	(113)	–
Acquisition of treasury stock	(55)	(34)
Disposal of treasury stock	–	3
Reversal of revaluation surplus of land	(2,701)	(83)
Total change during the period	(278)	241
Balance at the end of current period	59,262	59,503

(In millions of yen)

	Previous fiscal year (From April 1, 2007 to March 31, 2008)	Current fiscal year (From April 1 2008 to March 31, 2009)
Valuation and translation adjustments		
Unrealized gain on securities		
Balance at the end of previous period	1,104	(859)
Change during the period		
Net change in items other than shareholders' equity during the period	(1,964)	(90)
Total change during the period	(1,964)	(90)
Balance at the end of current period	(859)	(950)
Revaluation surplus of land		
Balance at the end of previous period	6,323	9,025
Change during the period		
Net change in items other than shareholders' equity during the period	2,701	83
Total change during the period	2,701	83
Balance at the end of current period	9,025	9,109
Total valuation and translation adjustments		
Balance at the end of previous period	7,428	8,165
Change during the period		
Net change in items other than shareholders' equity during the period	737	(7)
Total change during the period	737	(7)
Balance at the end of current period	8,165	8,158
Minority shareholders' equity		
Balance at the end of previous period	45	3,027
Change during the period		
Net change in items other than shareholders' equity during the period	2,982	(91)
Total change during the period	2,982	(91)
Balance at the end of current period	3,027	2,936
Total net assets		
Balance at the end of previous period	67,014	70,456
Change during the period		
Issuance of stock	606	1,117
Distribution of surplus	(1,751)	(1,625)
Net income	3,737	862
Decrease resulting from increase of the number of consolidated subsidiaries	(113)	-
Acquisition of treasury stock	(55)	(34)
Disposal of treasury stock	-	3
Reversal of revaluation surplus of land	(2,701)	(83)
Net change in items other than shareholders' equity during the period	3,720	(98)
Total change during the period	3,441	142
Balance at the end of current period	70,456	70,598

(4) Consolidated Statement of Cash Flows

(In millions of yen)

	Previous fiscal year (From April 1, 2007 to March 31, 2008)	Current fiscal year (From April 1, 2008 to March 31, 2009)
Cash flows from operating activities		
Income before income taxes	6,646	1,855
Depreciation	5,153	5,666
Loss (gain) on revaluation of investment securities	71	3,765
Loss on disposal of fixed assets	599	133
Increase (decrease) in allowance for doubtful accounts	42	824
Increase (decrease) in accrued bonuses	19	5
Increase (decrease) in accrued bonuses for directors and statutory auditors	1	(48)
Increase (decrease) in accrued severance indemnities for employees	168	173
Increase (decrease) in reserve for retirement allowances for directors and statutory auditors	(12)	23
Interest income and dividends earned	(185)	(244)
Interest expense	2,288	2,966
Amortization of bond-issuing expenses	18	27
Loss (gain) on sale of investment securities	(9)	–
Gain on sale of fixed assets	(338)	–
Loss on sale of fixed assets	48	–
Loss (gain) on sale of fixed assets	–	(10)
Decrease (increase) in notes and accounts receivable – trade	(1,208)	(759)
Decrease (increase) in inventories	(14,839)	10,154
Decrease (increase) in beneficiary right of real estate in trust	(825)	–
Decrease (increase) in operating investment	(5,664)	(4,368)
Decrease (increase) in accrued expenses	(94)	2
Decrease (increase) in accounts receivable– other	(240)	539
Increase (decrease) in notes and accounts payable – trade	1,837	(984)
Increase (decrease) in advances received	555	(494)
Increase (decrease) in accrued consumption taxes	(94)	649
Increase (decrease) in deposits received and deposits of landlord	1,433	(771)
Other	104	135
Subtotal	(4,524)	19,241
Interest and dividends income received	184	244
Interest expenses paid	(2,282)	(2,979)
Income taxes (paid) refund	(3,615)	1,205
Net cash provided by (used in) operating activities	(10,237)	17,711

(In millions of yen)

	Previous fiscal year (From April 1, 2007 to March 31, 2008)	Current fiscal year (From April 1, 2008 to March 31, 2009)
Cash flows from investing activities		
Net decrease (increase) in time deposits	5	(100)
Purchase of marketable securities	–	(100)
Proceeds from sales and redemption of marketable securities	10	19
Purchase of investment securities	(5,681)	(703)
Proceeds from sales and redemption of investment securities	1,040	32
Acquisition of subsidiaries' stock due to changes in scope of consolidation	(125)	–
Proceeds from return of investment in partnerships	1,172	–
Purchase of tangible fixed assets	(53,283)	(10,496)
Proceeds from sales of tangible fixed assets	2,171	115
Purchase of intangible fixed assets	(2,013)	(31)
Proceeds from sales of intangible fixed assets	0	–
Purchase of long-term prepaid expenses	(75)	(523)
Payments for guarantee deposits	(288)	(439)
Proceeds from return of guarantee deposits	165	158
Proceeds from cancellation of insurance funds	21	3
Other	3	(16)
Net cash used in investing activities	(56,878)	(12,081)
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	3,880	1,270
Proceeds from long-term loans payable	47,500	21,000
Repayment of long-term loans payable	(10,675)	(7,387)
Proceeds from issuance of bonds	20,000	5,000
Redemption of bonds	(10,000)	–
Cancellation by purchase of bonds	–	(200)
Proceeds from issuance of convertible bonds (with stock acquisition rights)	20,000	–
Redemption of convertible bonds (with stock acquisition rights)	–	(52)
Purchase of treasury stock	(39)	(34)
Payments of dividends	(1,750)	(1,627)
Payments of dividends to minority shareholders	(206)	(72)
Repayments of investment in partnerships to minority shareholders	(222)	(43)
Other	(153)	(97)
Net cash provided by financing activities	68,332	17,754
Effect of exchange rate changes on cash and cash equivalents	–	–
Increase (decrease) in cash and cash equivalents	1,216	23,384
Balance of cash and cash equivalents at beginning of period	4,118	5,670
Balance of cash and cash equivalents of newly consolidated subsidiaries at beginning of period	336	–
Balance of cash and cash equivalents at end of period	5,670	29,055

Business Segment Information

Current fiscal year (From April 1, 2008 to March 31, 2009)

(In millions of yen)

	Building	Housing	Asset Development	Other	Total	Eliminations or Corporate	Consolidated
I Operating revenues and expenses							
Operating revenue							
(1) Operating revenue from external customers	25,634	9,571	14,608	2,120	51,935	–	51,935
(2) Intersegment revenue and transfer	28	0	161	1,763	1,953	(1,953)	–
Total	25,663	9,571	14,770	3,883	53,888	(1,953)	51,935
Operating expenses	17,665	13,431	8,610	3,961	43,669	(732)	42,937
Operating income	7,997	(3,860)	6,160	(77)	10,219	(1,221)	8,998
II Assets, depreciation and capital expenditure							
Assets	194,355	34,611	51,628	1,950	282,545	34,893	317,439
Depreciation	4,951	232	439	46	5,670	(3)	5,666
Capital expenditure	10,193	77	602	6	10,879	(19)	10,859

Notes:

- Business segments are classified according to the types of business transactions.
- Contents of principal businesses of the Group:
 - Building.....Leasing, management and operation of buildings, facilities, and real estate
 - HousingDevelopment, sales, and leasing of residential real estate
 - Asset DevelopmentDevelopment of profitable real estate and operation and management of assets
 - Other.....Real estate brokerage business, management and renovation of buildings, facilities, etc., insurance agency business, and private nursing home enterprise
- Of the operating expenses, the amount of unallocatable costs included in “Eliminations or corporate” was ¥1,272 million, and this consisted mainly of expenses incurred by the head office administration division of the Company.
- Of the assets, the amount of corporate assets included in “Eliminations or corporate” was ¥35,921 million, this consisted mainly of cash, deposits, marketable securities, and investment securities of the Company.
- The above amounts are exclusive of consumption tax.
- Effective from the fiscal year ended March 31, 2009, we revise the names of business segments from the Building Leasing Division to the Building Division, and from the Asset Development and Securitization Division to the Asset Development Division.
- Additional information
 In accordance with the revision of the Corporate Tax Law of 2007, the Company begins to apply useful life under the revised Corporate Tax Law to the depreciation of machinery and equipment from the current fiscal year. As a result of this change, the operating income for the Building Division for the current fiscal year decreased by ¥99 million compared with the result that would have been reached by the previous method. The impact of the change in other sectors was minimal.