

Financial Review

TAISEI CORPORATION and Consolidated Subsidiaries
Years Ended March 31, 2011 and 2012

Operations

Net Sales

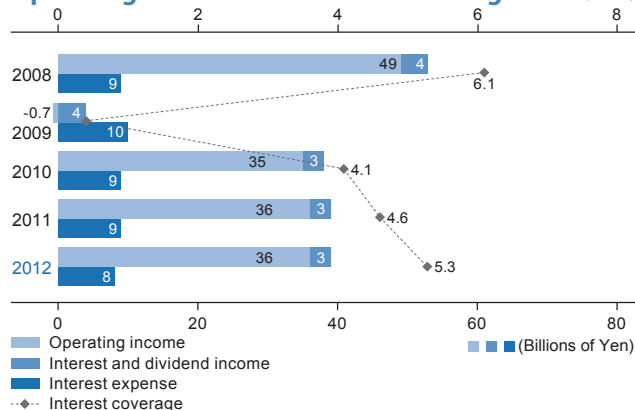
Net sales in the fiscal year ended March 31, 2012 amounted to ¥1,323.5 billion, a 8.7% increase compared with the previous fiscal year.

Operating income, ordinary income and net income

Operating income in the fiscal year ended March 31, 2012 totaled 36.4 billion yen, an increase of 0.5% year on year, caused by gross profit remaining more or less flat year on year, due to the affect of the deteriorating performance of the real estate development business in spite of the rising overall sales for the fiscal year under review. Ordinary income in the fiscal year ended March 31, 2012 stood at 30.2 billion yen, an increase of 25.8% year on year, as a decrease in foreign exchange losses led to an improvement in non-operating income for the fiscal year under review.

Net income for the fiscal year ended March 31, 2012 amounted to 1.1 billion yen, a decrease of 89.1% year on year, affected by a recognition of impairment loss and a tax system reform-related reversal of deferred tax assets for the fiscal year under review.

Operating Income and Interest Coverage



Review of assets, liabilities, net assets and cash flows

Assets

The total assets for the fiscal year ended March 31, 2012 amounted to 1,494.6 billion yen, a year-on-year increase of 99.2 billion yen or 7.1%, owing to a gain in accounts receivable from completed construction contracts.

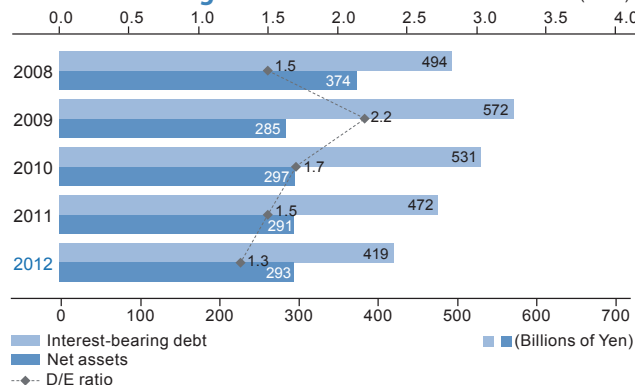
Liabilities

The total liabilities for the fiscal year ended March 31, 2012 stood at 1,202.0 billion yen, a year-on-year increase of 97.1 billion yen or 8.8%, due to a rise in accounts payable for construction contracts

Net Assets

The total net assets for the fiscal year ended March 31, 2012 came to 292.6 billion yen, a year-on-year increase of 2.0 billion yen or 0.7%, due to a higher valuation difference on available-for-sale securities resulting from stock market appreciation.

Interest-Bearing Debt and Net Assets



Cash flows

Cash flow from operating activities

The net cash provided by operating activities for the fiscal year ended March 31, 2012 stood at 105.1 billion yen, compared with 118.8 billion yen for the fiscal year ended March 31, 2011, owing to a gain in advances received on uncompleted construction contracts for the fiscal year under review.

Cash flow from investing activities

The net cash flow from investing activities for the fiscal year ended March 31, 2012 amounted to a negative 8.0 billion yen, compared with a negative 3.9 billion yen for the fiscal year ended March 31, 2011, due to the purchase of marketable and investment securities as well as the purchase of property, plant and equipment for the fiscal year under review.

Cash flow from financing activities

The net cash flow from financing activities for the fiscal year ended March 31, 2012 amounted to a negative 58.8 billion yen, compared with a negative 64.7 billion yen for the fiscal year ended March 31, 2011, due to the repayment of interest-bearing debt in relation to fundraising during the fiscal year under review.

As a result of the above-mentioned developments, cash and cash equivalents as at March 31, 2012 amounted to 241.1 billion yen, an increase of 37.4 billion yen from March 31, 2011. The balance of interest-bearing loans payable in relation to fundraising as at March 31, 2012 stood at 419.2 billion yen, a decrease of 52.7 billion yen from March 31, 2011.

Cash Flows

