

The Daito **Difference**



Annual Report 2011

Year ended March 31, 2011



DAITO TRUST CONSTRUCTION CO., LTD.

16.5%

Provision-based sales and 58.1% of customers from repeat users or introductions result in 16.5% share of construction starts

96%

Systems to maintain high occupancy rates have generated residential occupancy rates of 96%

683,000

High-durability products capable of being used stably for 30 years have helped build 683,000 residential units under management

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Note Regarding Forward-Looking Statements

This annual report contains information about forward-looking statements related to such matters as the Company's plans, strategies and business results. These forward-looking statements represent judgments made by the Company based on information available at the time and are inherently subject to a variety of risks and uncertainties. Readers are advised that actual activities and business results may differ from the Company's forecasts. The reproduction or reprinting of this annual report, in part or in whole, is strictly forbidden without the expressed consent of Daito Trust Construction Co., Ltd.

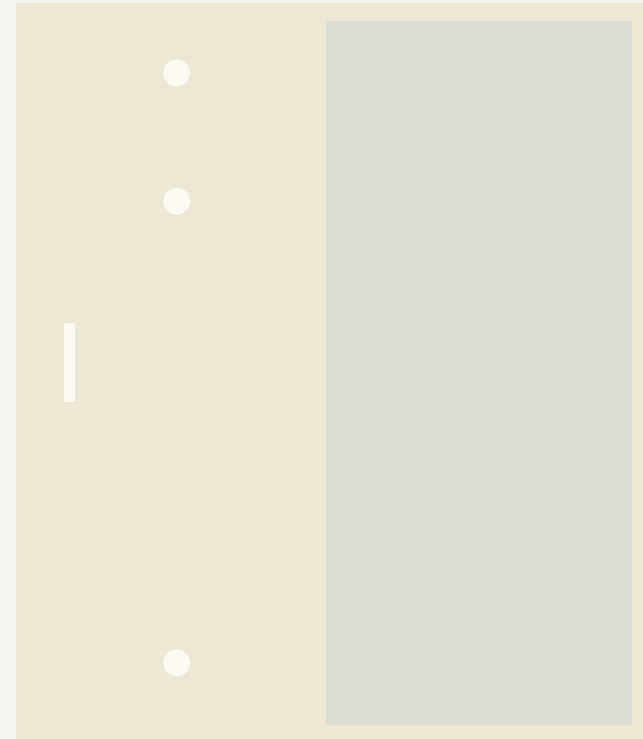
OVERVIEW

The Company

Daito Trust Construction aims to provide superior lease properties that match the needs of landowners and tenants.

To this end, the Company has developed a unique Lease Management Trust System through which the Company assumes responsibility for lease property management on behalf of landowners. Under the System, we provide comprehensive lease business support services, from initial proposals to building management.

From its commencement of operations in 1974, Daito Trust Construction has made an ongoing effort to reinforce and evolve this proprietary model. As a result, we have built a solid business that has made us the leading Japanese property manager, in terms of leased units under management.





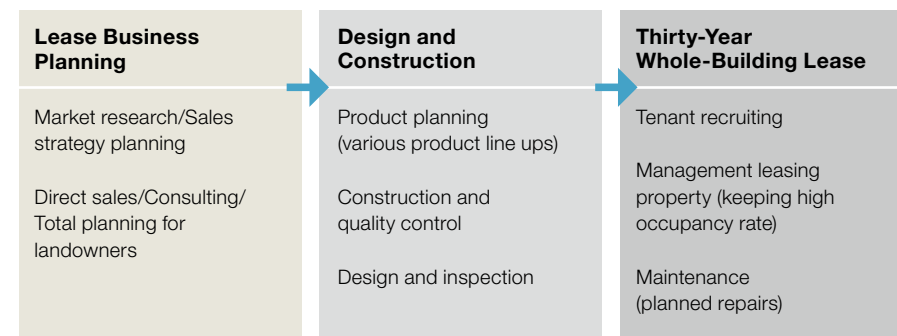
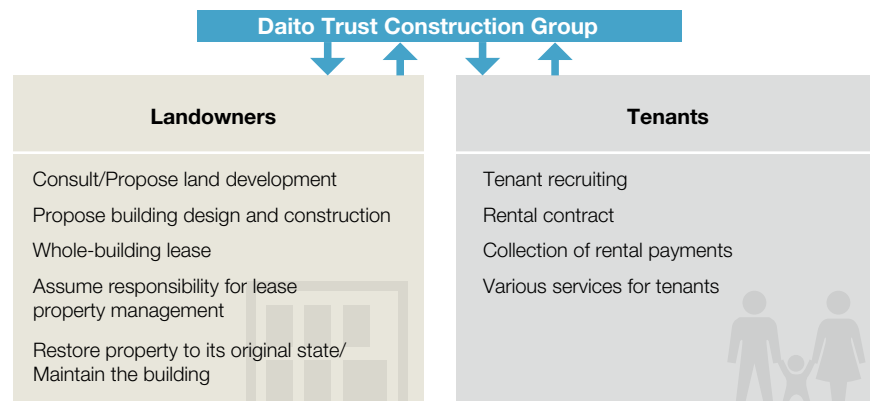
Business Overview

Daito Trust Construction—More than just a construction firm

Daito is more than just a construction firm. Many companies in the industry offer construction-focused plans to landowners while outsourcing tenant recruitment and building management. In contrast, Daito starts by providing plans from a land utilization perspective, and follows through with tenant recruitment and building management all handled in an integrated fashion within the Daito Group. This business stance of supplying landowners with valuable land utilization options and providing tenants with safe and comfortable lifestyles is a major factor differentiating Daito from others in the industry.

Lease Management Trust System— Comprehensive lease business support services

Under its unique Lease Management Trust System, Daito assumes responsibility for all aspects of lease property management on behalf of landowners. We provide comprehensive lease support services, from initial proposals to building design and construction, tenant recruiting and property management—while taking on all the risks involved in the process. Earning praise from customers and steadily adding to our residential units under management, the System forms the backbone of Daito's competitive advantage.





Business Fields

Expanding business fields

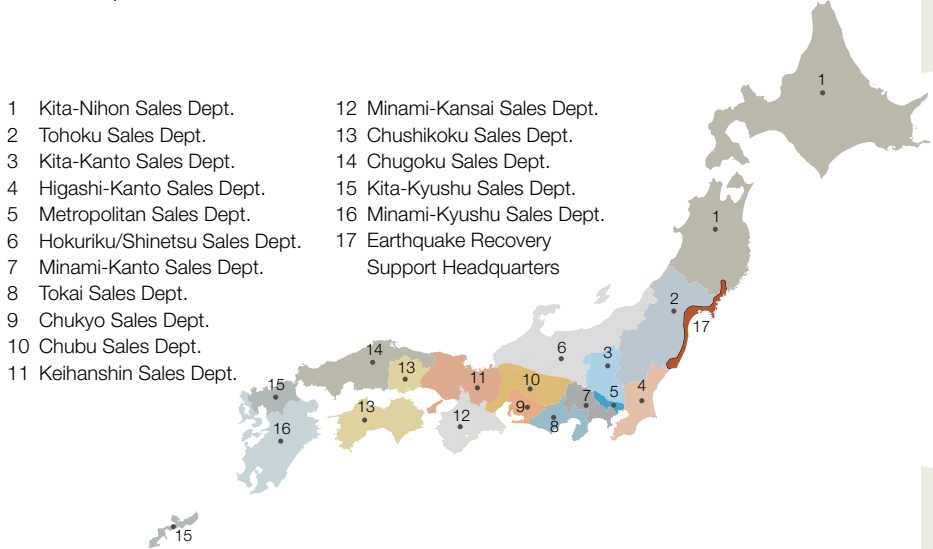
Daito is effectively expanding its peripheral business fields to enhance its core business of offering comprehensive lease business support services, and to augment the power of the Daito Group. Besides creating new profit opportunities, the growth of these business fields enables appropriate response to various risks entailed in lease management.

	Core Business	
Supply of construction materials	Lease Property Construction Lease Property Management	Supply of LP gas
Financing services		Elderly care services (operating day service centers)
Tenant recruiting services		Overseas hotels operation
Joint guarantee services		Rental offices operation

Operating Areas

Region-based sales activities

One of Daito's strengths is its sales network spanning all of Japan. As of June 2011, we operate 209 offices nationwide. With offices covering every area of the country, we undertake efficient sales activities tailored to the characteristics of each region, strengthen community-based trust relationships with landowners and introduce properties to people looking for rental units across Japan as a one-stop service.





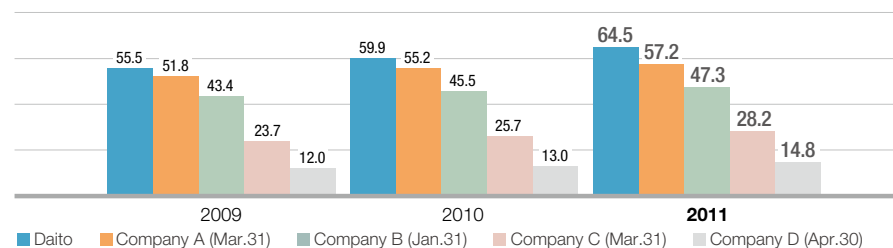
Industry Position

Leading Japanese property manager in terms of leased units under management

Leveraging our unique Lease Management Trust System, Daito Trust Construction has grown to become the leading Japanese property manager in terms of leased units under management, currently managing approximately 645,000 properties. This represents the exceptional trust we have earned from landowners. Further, during the year ended March 31, 2011, we maintained a strong share of construction starts in the market at 16.5%.

Units Under Management

Thousands of Units



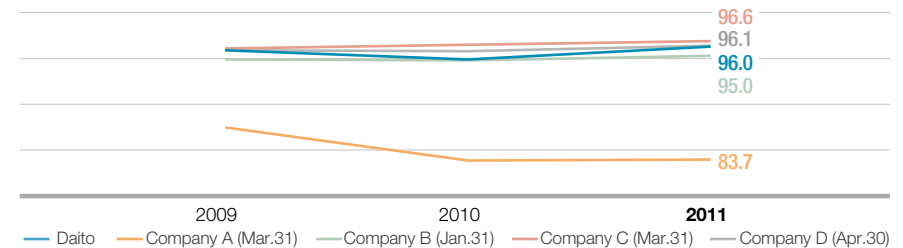
* The date in parentheses is the settlement date for each individual company.

High occupancy rates achieved through demand-based property supply and superior sales capabilities

In addition to increasing the number of units under management with each coming year, we have also managed to maintain high occupancy rates. Our occupancy rates tower above the industry average of 82%. This is due to our ability to provide construction and floor plans based on the characteristics of specific regions, such as the levels of demand for properties for individuals, couples, families and other demographics; the powerful tenant recruitment capabilities of our e-Heya Net brand services; and our strong network of regional real estate brokers.

Occupancy Rates

%



* The date in parentheses is the settlement date for each individual company.

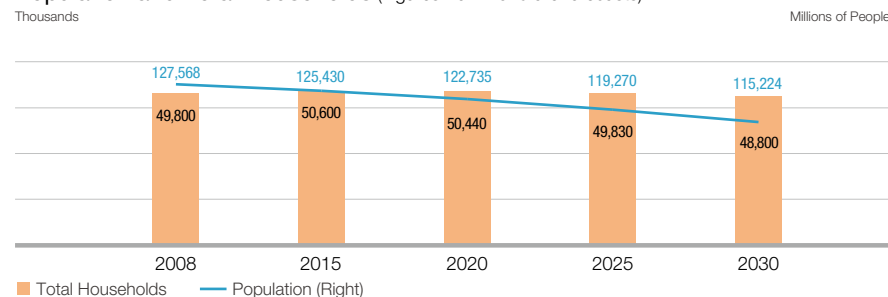


Market Environment

Continuing stable growth in lease properties

While there is concern regarding Japan's declining population, the number of individual households in Japan is expected to continue increasing until at least 2015 due to trends toward late marriage and nuclear families, with this number not expected to decrease significantly even after 2015. Lease properties generally represent 36–38% of the total number of households in Japan. This figure is relatively unaffected by changes in the economy or land prices. We believe this trend will continue into the future. Moreover, in recent years there has been a trend toward people preferring lease properties due to such factors as the risk of declines in the value of real estate assets and changes in lifestyles. Accordingly, we believe the number of households living in lease properties will remain stable at around 18 million, as shown in the graph below.

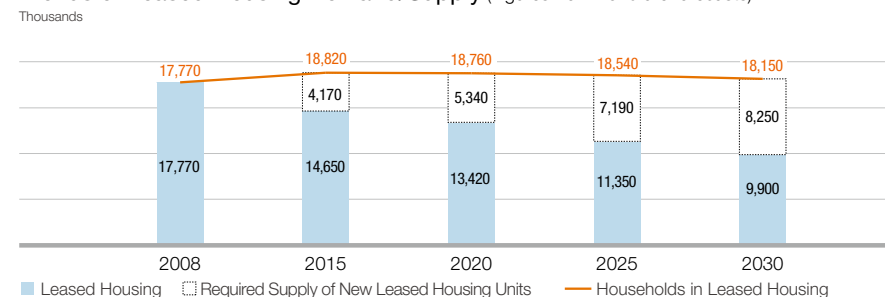
Population and Total Households (Figures from 2015 are forecasts)



Approximately 370,000 new leased housing units to be required each year

The lifecycle of housing in Japan is said to be between 30 to 35 years long. For this reason, every year around 360,000 properties are rebuilt, destroyed or removed from the market due to aging. Of the 17.77 million lease properties that were on the market in 2008, only 9.90 million are expected to remain in 2030. Regardless, the number of households living in lease properties is expected to be around 18.15 million in 2030. This means that there will be a need to supply the market with 8.25 million properties over this 22-year period, equivalent to 370,000 properties per year. Therefore, the Company believes that the demand for new lease properties will remain strong for the foreseeable future.

Trends of Leased Housing Demand/Supply (Figures from 2015 are forecasts)



Consolidated Financial Highlights

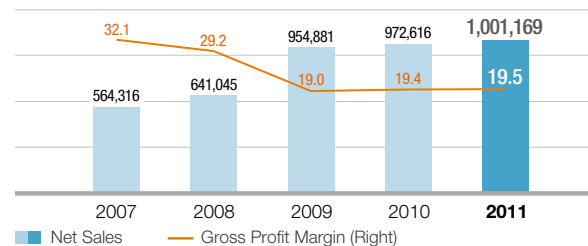
	Millions of Yen					Thousands of U.S. dollars*	
	2006	2007	2008	2009	2010	2011	2011
OPERATING RESULTS (Years ended March 31)							
Net sales	¥538,692	¥564,316	¥641,045	¥954,881	¥972,616	¥1,001,169	\$12,040,517
Construction	419,868	441,286	439,955	469,603	465,580	430,226	5,174,095
Real estate	89,874	93,872	171,343	464,779	483,547	545,296	6,557,980
Other	28,949	29,156	29,746	20,497	23,488	25,646	308,431
Gross profit	172,957	181,061	187,121	181,896	188,787	195,312	2,348,912
Construction	130,103	135,457	141,889	150,304	166,461	167,029	2,008,767
Real estate	23,322	25,069	28,054	25,351	14,476	19,243	231,425
Other	19,531	20,534	17,177	6,240	7,849	9,039	108,707
Operating income	63,767	72,648	66,295	70,389	71,127	73,767	887,156
Net income	36,858	41,823	44,478	42,129	45,353	43,151	518,954
FINANCIAL POSITION (As of March 31)							
Total assets	440,406	473,386	532,155	540,477	558,129	532,957	6,409,585
Total current assets	298,487	320,631	395,038	383,594	376,398	369,153	4,439,603
Total current liabilities	177,704	174,291	177,952	178,459	166,938	193,227	2,323,836
Total net assets	242,075	275,115	301,429	296,341	312,631	132,252	1,590,523
CASH FLOWS							
Cash flows provided by operating activities	66,116	60,305	25,489	30,209	46,041	60,778	730,944
Cash flows (used in) provided by investing activities	(20,000)	(13,131)	12,426	(13,480)	(26,838)	49,997	601,287
Cash flows used in financing activities	(29,789)	(12,131)	(10,746)	(39,606)	(29,866)	(94,914)	(1,141,479)
Cash and cash equivalents at end of period	146,100	181,234	208,247	181,569	170,738	184,814	2,222,658
PER COMMON SHARE							
	Yen					U.S. dollars*	
Net income	¥299.29	¥345.59	¥367.29	¥349.25	¥386.41	¥384.28	\$4.62
Net assets	2,013.65	2,275.75	2,482.56	2,496.99	2,700.97	1,662.65	20.00
Cash dividends applicable to the year	87.00	94.00	232.00	104.00	193.00	229.00	2.75
RATIOS							
	%						
ROA	8.4	8.8	8.4	7.8	8.1	8.1	
ROE	15.6	16.2	15.5	14.1	14.9	19.5	
Shareholders' equity ratio	55.0	58.0	56.5	54.7	55.8	24.6	
Payout ratio	29.1	27.2	75.0	31.5	49.9	59.6	

* U.S. dollar amounts are translated from yen at the rate of ¥83.15=U.S.\$1, the approximate exchange rate at March 31, 2011.

Net Sales and Gross Profit Margin

Millions of Yen

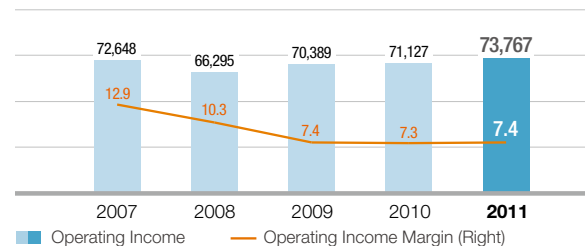
%



Operating Income and Operating Income Margin

Millions of Yen

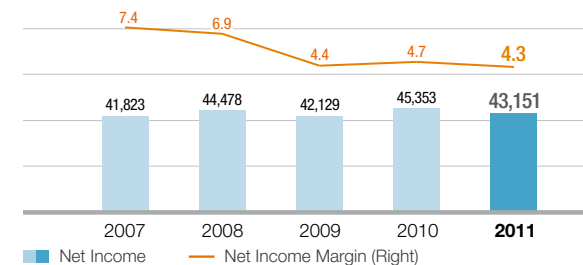
%



Net Income and Net Income Margin

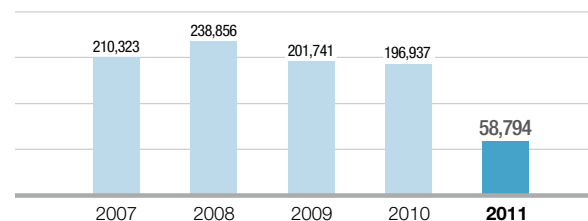
Millions of Yen

%



Net Cash*

Millions of Yen

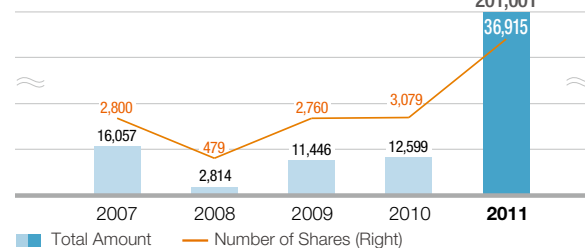


* Net Cash = Cash and deposits + short-term investment securities
– interest-bearing debt

Purchase and Retirement of Treasury Stock

Millions of Yen

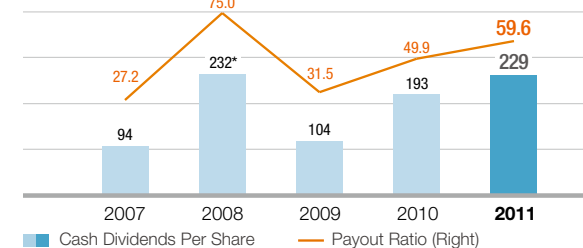
Thousands of Shares



Cash Dividends Per Share and Payout Ratio

Yen

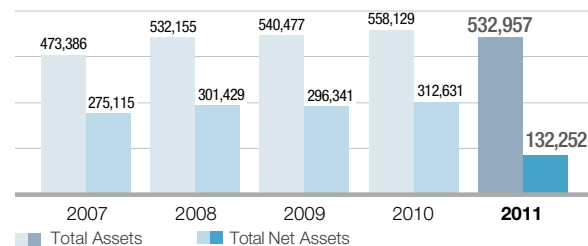
%



* Total amount of regular dividend ¥104 and special dividend ¥128

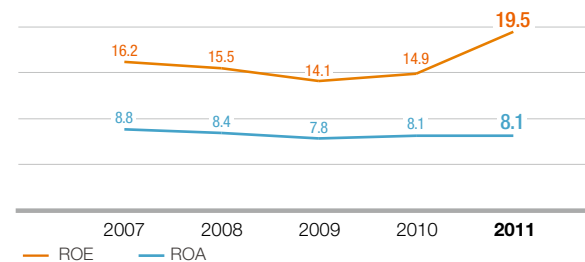
Total Assets and Total Net Assets

Millions of Yen



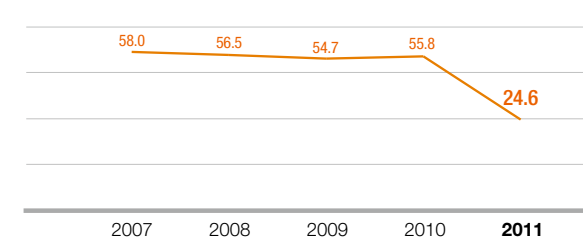
ROE and ROA

%



Shareholders' Equity Ratio

%



To Our Shareholders



The Daito Group's operating environment continues to be defined by the heavy inheritance tax burdens faced by landowners and the strong demand of these owners for land utilization. Recently, there has also been a growing trend in preference toward leasing properties as people realize the benefits of living in leased housing that matches their lifestyles and values. This trend has been further spurred on by people's concern for the risk of declines in real estate values and reluctance toward taking on expensive housing loans.

In this environment, the Daito Group is actively working to expand its share of the leasing market. It has set the medium- to long-term goal of achieving annual orders received of ¥600.0 billion and a market share of construction starts of over 15%. One of Daito's key strengths is its unique Lease Trust Management System, in which the Company manages all aspects of leasing operation for landowners. Leveraging this System, we aim to provide land utilization methods that are valuable to our customers by utilizing the land they have entrusted us with in the most efficient way possible.

Further, our goal is to be the company that both landowners and tenants choose, regardless of increased market competition. To this end, we are implementing a number of measures, including offering products that match the characteristics of regional markets and services that match the needs of tenants.

Daito Trust Construction is committed to "contributing to society by ensuring the most efficient use of all available land and resources." In the field of residential leasing, the Company demonstrates this commitment by fully satisfying the needs of landowners and tenants alike. In doing so, we work to supply high-quality leased housing and expand our involvement in peripheral businesses.

In our business activities, we openly disclose information to maintain the transparency and objectivity of management. Through these efforts, we aim to maintain our standing as a highly reliable and appealing company for our shareholders and other investors. I would like to ask for the continued support of our shareholders as we advance such initiatives.

July 2011

三鍋伊佐雄

President and Representative Director
Isao Minabe

Interview with the President

Q. How was Daito's performance in the year under review with regards to income, loss, orders and tenant agreements?

A. Income and loss: We achieved our third consecutive year of increased net sales, operating income and ordinary income. Net income was down due to the recording of extraordinary loss associated with the Great East Japan Earthquake.

In the fiscal year under review, ended March 31, 2011, net sales were up 2.9% year on year, to ¥1,001,169 million; operating income increased 3.7%, to ¥73,767 million; and ordinary income rose 1.8%, to ¥78,005 million, making this our third consecutive year of increased net sales, operating income and ordinary income. Net income was down 4.9%, to ¥43,151 million, primarily due to the recording of extraordinary loss totaling ¥5,828 million, of which ¥4,474 million was attributable to the Great East Japan Earthquake.

A. Orders: We set a new record high for orders.

In the fiscal year under review, we worked to capture latent demand among landowners and strengthen our relationships with landowners for which we have constructed lease properties. At the same time, we advanced advertising initiatives geared toward communicating the resilience of demand for rental housing and the stability of our operations to the financial institutions that finance landowners for our construction projects. As a result, orders received increased 15.7%, to ¥503,417 million, setting a new record high.

A. Tenant agreements: We maintained a strong occupancy rate for residential units that was 96.0% in March 2011, up 1.4 percentage points.

Our tenant recruitment efforts for buildings managed through our whole-building lease service included creating new TV commercials, renovating the e-Heya Net rental unit search website and extending the hours of our e-Heya Net call center, which is now open even at night, an industry first. Additionally, we worked to strengthen operations through such means as improving relationships with regional real estate brokers and actively employed "total" renovations that cover fixtures and room layout. The success of these initiatives resulted in a 13.3% year-on-year increase in tenant agreements, to 204,379. Accordingly, in March 2011 the occupancy rate in leased properties was 96.0% for residential units, up 1.4 percentage points, and 92.1% for commercial properties, up 0.8 percentage point.

Damage of Property

Buildings	In progress	Under management
Total	14	176
Small repairs		279
Large repairs	105	7,744
Total loss	119	8,199
Grand total		8,318

Disaster Loss

Millions of Yen	
Property in progress	959
Property under management	1,971
Rent payment of damaged property	189
Allowance for Daito Group loan	127
Relief supplies	284
Material storage in Sendai	439
LP gas installation (Gaspal)	409
Payment of free tendered property	90
Total	4,474

1. 94 buildings within 30km from Fukushima nuclear power plant
2. Survey result of 36,967 buildings within appropriated area

Q. What are your targets for the year ending March 31, 2012?

A. We are targeting our fourth consecutive year of increased net sales, operating income and ordinary income.

In the year ending March 31, 2012, we are targeting net sales of ¥1,068,850 million, an increase of 6.8% year on year; operating income of ¥77,700 million, an increase of 5.3%; ordinary income of ¥79,000 million, an increase of 1.3%; and net income of ¥46,500 million, an increase of 7.8%. Further, as all extraordinary loss associated with the Great East Japan Earthquake was recorded in the fiscal year under review, such loss will not be recorded in the year ending March 31, 2012.

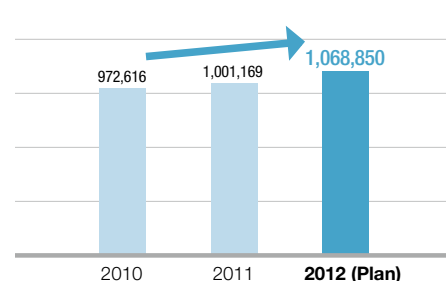
Additionally, we are targeting net sales for completed construction contracts of ¥452,500 million, an increase of 5.2%, while anticipating a 1.3 percentage point decrease in that segment's gross profit margin, bringing it to 37.5%, due to

the increases we are projecting in the costs of materials and outsourced labor resulting from the effects of the earthquake. Also, we forecast orders received of ¥550,000 million, up 9.3%. Further, we anticipate acquiring 217,000 additional tenant agreements for residential units and 5,500 additional agreements for commercial properties, driving occupancy ratios up to 97.0% for residential units, an increase of 1.0 percentage point, and 94.5% for commercial properties, an increase of 2.4 percentage points. In the areas affected by the Great East Japan Earthquake*, we have suspended sales activities so that we may prioritize the repair and restoration of buildings that were either under construction or under our management. For this reason, construction completions, orders and tenant agreements in those areas have not been included in our targets.

* The areas around Kitakami City, Sendai City and Iwaki City.

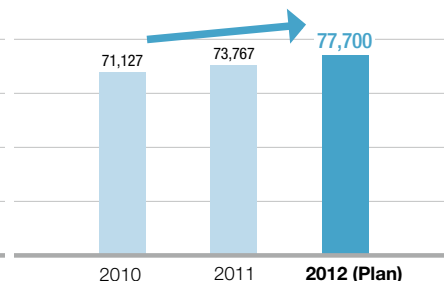
Net Sales

Millions of Yen



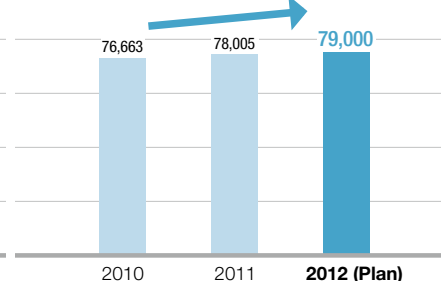
Operating Income

Millions of Yen



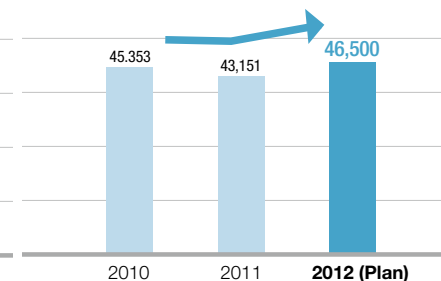
Ordinary Income

Millions of Yen



Net Income

Millions of Yen



Q. What strategies will Daito employ to achieve orders received of ¥550,000 million?

A. Our three key strategies are stepping up direct sales efforts, boosting sales capacity and maintaining strong relationships with financial institutions.

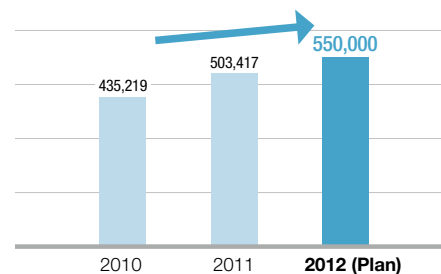
The first strategy is stepping up direct sales efforts. Daito has traditionally conducted sales activities geared toward resolving issues faced by landowners. In the year ending March 31, 2012, we intend to continue developing these sales activities to be more custom-tailored to each region we operate in. At the same time, we will improve our ability to provide land utilization plans by taking advantages of landowners' interest in asset utilization and inheritance and promote the reconstruction of obsolete buildings. Through these efforts, we will actively work to capture new orders.

The second strategy is boosting sales capacity. At the beginning of the year ending March 31, 2012, we established five new sales offices in residential zones in various locations across Japan, making for a total of 209 offices. Further, we intend to increase the number of sales representatives to 3,150 by the end of the year ending March 31, 2012.

The third strategy is maintaining strong relationships with financial institutions. Following the Great East Japan Earthquake, we quickly submitted reports to financial institutions detailing the damages to buildings under our management and our responses to these damages. In this way, we solicited the strength of Daito's building management capabilities to these organizations. Moreover, we continued our practice of periodically visiting financial institutions and holding explanatory forums while also arranging other events to help deepen their understanding of demand trends for leased housing and Daito's business. We believe that these efforts will also help increase the number of orders received.

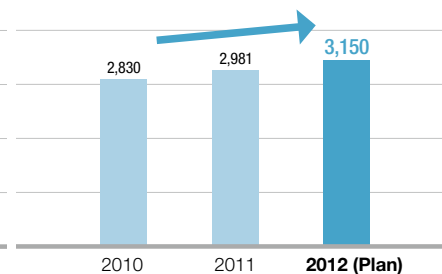
Order Received

Millions of Yen



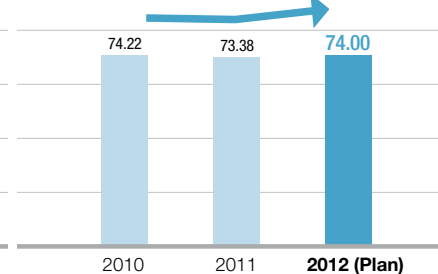
Sales Representatives

People



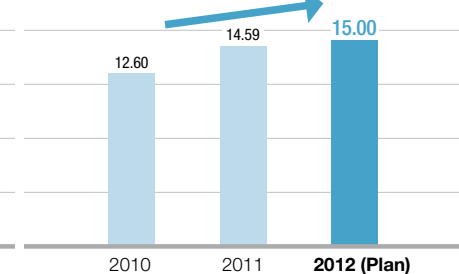
Unit Price

Millions of Yen



Sales Efficiency

Millions of Yen



Q. What strategies will you employ to acquire 222,500 tenancy agreements (occupancy rates: residential units 97.0%, and commercial properties 94.5%)?

A. We will increase the number of tenant recruiters and bolster our sales promotion initiatives.

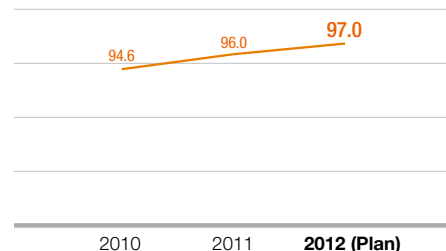
We aim to quickly increase the number of tenant recruiters Daito employs to 1,300, an increase of 154 from the end of the fiscal year under review.

Our sales promotion initiatives will include installing new portable terminals that can be used to search for rental units in shopping centers, a new endeavor. We will not place brokerage offices or sales representatives in these locations. Instead, we will install these terminals, which allow users to search for rental units in a manner similar to using our rental unit search website. When they find a rental unit that interests them, they can then contact one of our existing brokerage offices. Additionally, we renovated our e-Heya Net rental unit search website in December 2010 to offer a greater level of convenience for users, such as making it compatible with smartphones and enabling searches that target the areas around specific schools, while continuing collaboration with other sites.

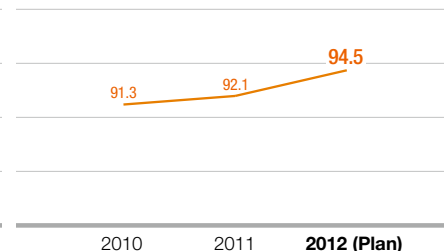
We will also continue to operate our e-Heya Net call center at night. This service has been incredibly popular, with the call center receiving 13,000 night-time inquiries in the year under review. Further, we will continue employing “total” renovations that cover fixtures and room layout, and strengthening relationships with regional real estate brokers.



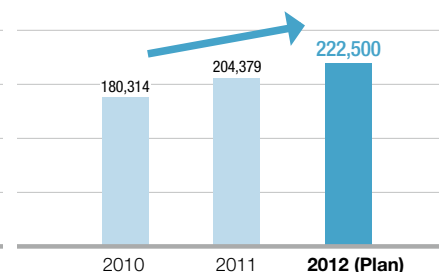
Occupancy Rate: Residential Use
%



Occupancy Rate: Commercial Use
%



Number of Tenancy Agreements
Agreements



Q. Daito has formulated its first medium-term plan. How does this plan figure into the Company's overall strategies and what are its main points?

A. Going forward, we will continue to develop our core business and achieve increased sales and income while strengthening our financial position.

In March of the fiscal year under review, we instituted a tender offer through which we acquired approximately 3.7 million shares of treasury stock. These shares were then retired on March 31, 2011. The subsequent borrowings we made following the retirement have greatly changed our financial position.

The year ending March 31, 2012, is the first year after the completion of this tender offer. Accordingly, we announced our first medium-term plan to help facilitate the understanding of our shareholders and other investors with regard to our forecasts for profit and losses, current financial position and plans to repay our debt.

Looking ahead, we anticipate that the leasing market will continue to be characterized by strong demand for land utilization among landowners—the suppliers of leased housing—and demand from tenants for comfortable and secure leased housing. In the future, Daito will continue to develop its core

Principal Indicators

	2011	2016	Change
Sales representatives	2,981	3,550	+19.1
Orders received	¥503.4b	¥630.0b	+25.1
Construction completed	¥430.2b	¥564.0b	+31.1
Gross profit margin	38.8%	36.0%	–
Tenancy agreements	204,379	290,000	+42.2
Occupancy rate for residential use (March)	96.0%	97.0%	–
Residential units under management	645,030 units	940,000 units	+45.7
Construction starts	48,210 units	67,500 units	+40.0
Daito's share	16.5%	18.7%	–

business of offering comprehensive lease business support services while also developing peripheral businesses that create synergies with this core business. In this way, Daito will further expand its business operations.

With this mindset, we will target increased sales and income as described in the charts below while further strengthening our financial position.

Medium-Term Profit and Loss Statement

Billions of Yen

	Results			Plan		
	2011	2012	2013	2014	2015	2016
Net sales	¥1,001.1	¥1,068.8	¥1,136.5	¥1,209.9	¥1,290.4	¥1,373.8
Construction	430.2	452.5	477.5	504.8	533.3	564.2
Real estate	545.2	588.2	629.8	672.8	721.3	769.8
Other business	25.6	28.1	29.2	32.3	35.8	39.8
Gross profit	195.3	205.9	219.5	233.4	243.3	258.2
Construction	167.0	169.7	176.3	186.3	191.4	202.4
Real estate	19.2	26.9	33.3	36.2	39.5	41.9
Other business	9.0	9.2	9.9	10.9	12.3	13.8
SG&A expenses	121.5	128.2	135.5	141.8	149.2	161.3
Operating income	73.7	77.7	84.0	91.6	94.0	97.0
Ordinary income	78.0	79.0	85.5	92.6	95.3	98.4
Net income	43.1	46.5	49.9	54.0	55.6	57.4

The influence of International Financial Reporting Standards (IFRS) are not factored in.

Medium-Term Financial Indicators

Billions of Yen

	Results			Plan		
	2011	2012	2013	2014	2015	2016
Total assets	¥532.9	¥568.1	¥602.7	¥642.7	¥684.5	¥729.3
(Loan)	(127.0)	(118.5)	(105.0)	(91.5)	(78.0)	(64.5)
Total net assets	132.2	159.7	185.5	213.7	242.1	271.4
Shareholders' equity ratio	24.6%	27.9%	30.6%	33.1%	35.2%	37.0%
ROE	19.5%	31.9%	28.9%	27.0%	24.4%	22.4%

The influence of International Financial Reporting Standards (IFRS) are not factored in.

Q. Lastly, what is Daito's policy for shareholder returns?

A. We have set a target payout ratio of 50%, to consist of a standard dividend of ¥100 and a profit return component reflecting consolidated business performance. With regard to the purchase and retirement of treasury stock, when certain conditions are met, we conduct the purchasing and retiring of treasury stock targeting a value of 30% of consolidated net income. However, following the approval of a tender offer for treasury stock in the year ended March 31, 2011, the purchase and retirement of treasury stock will be ceased for an undetermined period of time.

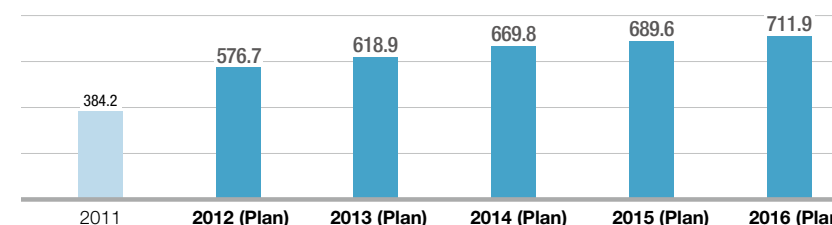
We believe that providing shareholder returns is an important task for management. Daito's basic commitment is to provide stable dividends by ensuring a strong business base; specifically, we have set a target payout ratio of 50%, to consist of a standard dividend of ¥100 and a profit return component reflecting consolidated business performance.

In the fiscal year under review, the number of shares of treasury stock purchased or retired was 36,914,853, equivalent to 31.41% of the total number of shares issued and outstanding before the retirement. Therefore, we determined the baseline for the year-end dividend by subtracting the amount paid for interim dividends from 50% of the total consolidated net income in the fiscal year under review, and then adjusting that value for the total number of shares issued and outstanding less the number of shares of treasury stock at the end of the year. On this basis, for the fiscal year under review we will pay an annual dividend per share of ¥229. In the year ending March 31, 2012, we intend to issue dividend payments of ¥288 per share.

Further, when certain conditions are met, such as consolidated net income exceeding ¥10.0 billion and there being no significant need for capital, the Company conducts the purchase and retirement of treasury stock on an ongoing basis, with an upper limit being set at 30% of consolidated net income. However, following the approval of a tender offer for treasury stock in the fiscal year under review, the purchase and retirement of treasury stock will be ceased for an undetermined period of time. Going forward, we will continue to focus on maintaining strong internal reserve funds.

Net Income Per Share

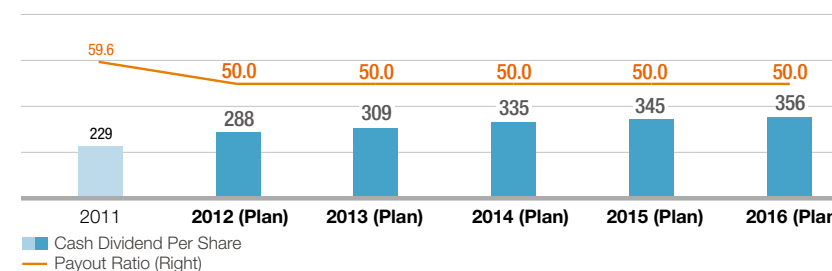
Yen



Cash Dividend Per Share and Payout Ratio

Yen

%

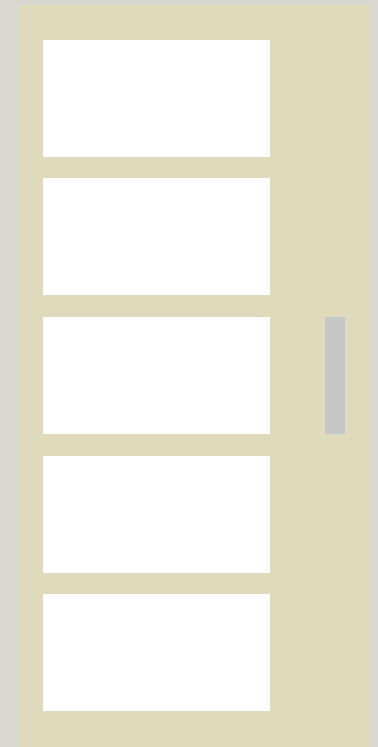


THE DAITO DIFFERENCE

Strengths

The reason behind Daito's distinguished position in the industry lies in its high levels of customer satisfaction, which greatly surpass those of its competitors. Orders from repeat customers and referrals make up 58.1% of total orders, representing the strong support we have earned from our customers.

In this section, we will introduce some of the strengths of Daito, focusing on the three factors behind its high levels of customer satisfaction: its provision-based marketing, its ability to maintain high occupancy rates and the durability of its products that are capable of being used stably for 30 years.



Provision-Based Marketing

Our highly specialized staff provides comprehensive lease support services based on direct sales and consulting.

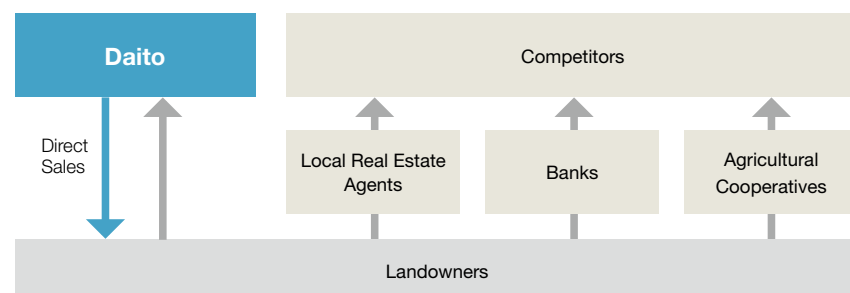
Direct Sales

Daito's 2,981 sales representatives (as of May 2011), based out of the Company's 209 nationwide sales branches, conduct direct sales activities by visiting landowners across Japan. Directly visiting landowners helps us capture latent demand while enhancing our ability to provide them with custom-tailored development plans that match their needs with regard to taxes, capital, construction plans and other concerns.

While there are developers specializing in leased housing that use similar marketing systems, the majority of housing construction companies and other major competitors primarily utilize indirect sales methods, having real estate companies or banks introduce them to landowners interested in developing leasing operations. This type of indirect sales does not allow a company to take advantage of the latent demand present in the form of landowners that do not yet understand the benefits of managing leasing operations, such as tax reduction, land utilization and inheritance tax reduction.

Conversely, Daito's direct sales efforts not only enable it to take advantage of such latent demand, but also helps it to develop strong, trust-based relationships with landowners. Accordingly, orders from these direct sales efforts, which are not subject to competition, currently account for approximately 90% of total orders, with those from repeat customers or referrals accounting for over 50%.

Comparison with the Sales Systems of Competitors



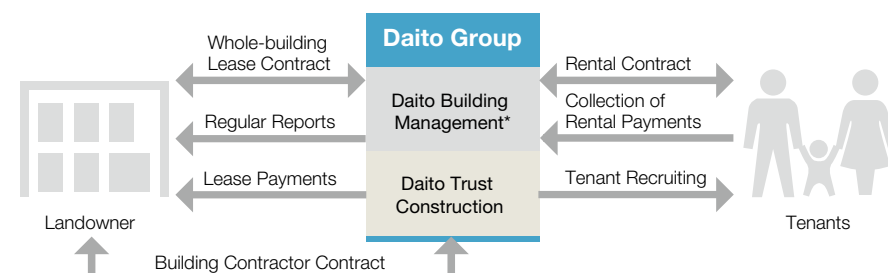
Plan Provision

Many companies in the industry primarily offer construction-focused plans to landowners. In contrast, Daito provides comprehensive leasing business plans from a land utilization perspective. These plans cover all areas of leasing business operation, from starting up, designing and constructing buildings, and recruiting tenants to building management and operation.

Providing such plans for utilizing land through leasing operations requires a great deal of specialized knowledge in such fields as construction, laws and regulations, and taxation. For this reason, we are implementing a number of measures to ensure that all of our employees possess such knowledge. We have established an internal qualification known as "Trust Construction Specialist," which requires a vast array of knowledge pertaining to the leasing business. Additionally, we encourage employees to acquire the Certified Financial Planner qualification, which is publicly recognized.

Also, when considering the decision of managing leased properties for 30 years—a significant period of time—many landowners are concerned with such risks as the fluctuation of prices in the rental market following the completion of construction and the burden of repair costs. To address such concerns, we have developed the thirty-year whole-building lease system in which our subsidiary, Daito Building Management Co., Ltd., rents lease properties directly from landowners. Under this system, we comprehensively manage all aspects of the leasing business, from tenant recruitment to property management and operation, while taking on all risks involved in the process, such as fluctuations in income and expenditures.

Thirty-Year Whole-Building Lease System



* Wholly owned subsidiary of Daito Trust Construction Co., Ltd.

Systems to Maintain High Occupancy Rates

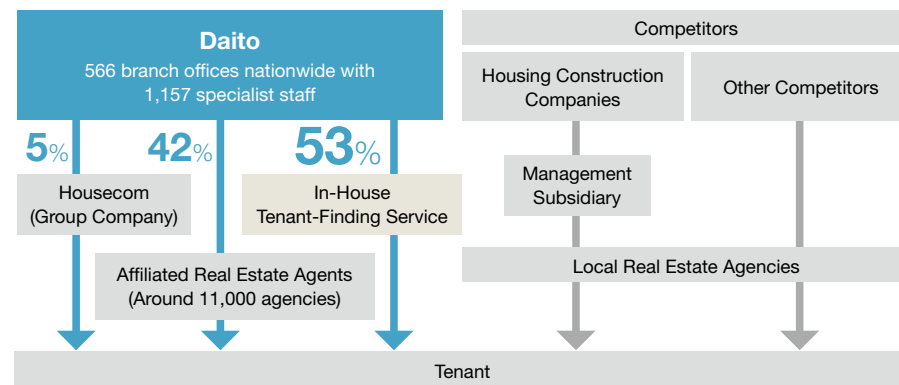
The Daito Group maintains consistently high occupancy rates through its tenant recruitment systems and by utilizing market research conducted by its specialized staff.

Tenant Recruitment Systems

While the number of units managed by Daito grows with each coming year, we still continue to maintain consistently high occupancy rates. One of the major factors supporting these high occupancy rates is Daito's superior tenant recruitment systems. Many of our competitors outsource tenant recruitment to real estate brokers. Daito, on the other hand, conducts tenant recruitment in-house. Currently, approximately 60% of the tenants living in Daito-managed properties have been recruited in this manner. Moreover, the remaining 40% are recruited through our network of 4,000 associated real estate brokers, which further differentiates Daito from its competitors.

There are currently 1,157 tenant recruiters (as of May 2011) stationed within the Company that deal primarily with properties under the Daito Group's direct management. Other tenant recruitment initiatives include our e-Heya Net rental unit search website, our call center that is now open 24 hours a day and our network of real estate brokers. These initiatives ensure that we always have a steady flow of tenants. Additionally, we are conducting highly effective advertising activities through the use of TV commercials and the production of lease housing listings magazines.

Comparison with the Tenant Recruitment Channels of Competitors



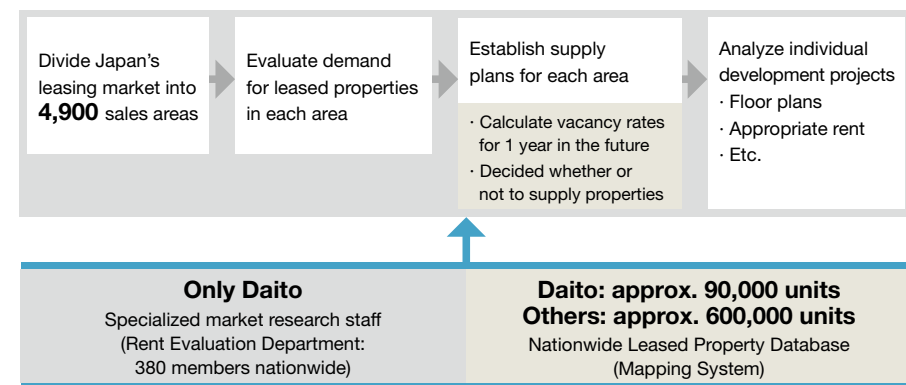
Market Research Capabilities

Daito's meticulous market research efforts are also one of the contributing factors to its high occupancy rates. The Company employs a market research staff of 380 members (as of May 2011), who develop plans to supply markets with leased housing in a manner that matches their current condition.

We have divided Japan into 4,900 sales areas. Our research staff surveys these areas once every six months to evaluate future vacancy rates and subsequently future demand based on such criteria as the current number of vacancies, projected future vacancies and the number of units to be constructed. Based on these findings, we evaluate our operations in each area to determine how well they match the characteristics of each market and assess the appropriateness of rental fees. These findings are also used when setting conditions for individual development plans, such as plans for the construction of buildings and parking lots. In these ways, we are able to match our operations to the characteristics of each area.

Further, the research staff is part of Daito Building Management's research department, which operates separately from our sales branches. This allows them to develop supply plans and set rental fees and building conditions that are not biased by a sales-based perspective. The felicitous proposals of our research staff are a great asset in maintaining stable occupancy rates.

Systems to Avoid Vacancies



Durable Products that can be Used Stably for 30 Years

Our original high-durability materials and buildings support stable operation.

Mainstay Wood Products

Over 90% of Daito's leased housing is built with wood using the 2x4 method or Daito's original "Neo-Frame method".¹ Wood buildings constructed using the conventional 2x4 method have an established number of legal durable years² of 22. However, for wood buildings built by the Company, this number is between 50 and 60 years³. Buildings constructed using the 2x4 method have demonstrated superior resistance to earthquakes and fires with 96.8% of such buildings in the area affected by the 1995 Great Hanshin-Awaji Earthquake sustaining only minor damages that did not harm their livability after the earthquake.

Additionally, our leased housing features a unique type of "sound absorbent flooring" that can effectively dampen the noise of impacts from upper floors by as much as one third. This specialized flooring makes for an even more comfortable living environment.

*1. An advanced version of the 2x4 method developed by the Company that has been certified by the Ministry of Land, Infrastructure, Transportation and Tourism

*2. The legal number of durable years determined by the Ministry of Finance

*3. The Company's wood-built housing has been classified as level 2 for measures to prevent deterioration under the systems for housing performance disclosure established by the Ministry of Land, Infrastructure, Transportation and Tourism

2x4 Method



Vibration is absorbed by all six faces of the room: the walls, floor and ceiling.

Neo-Frame Method



Daito's original Neo-Frame method is an advanced version of the 2x4 method.

High-Durability, High-Performance Materials

Daito utilizes materials that feature both high-durability and high-performance in its construction projects. We develop such superior materials with strong cost performance in-house while also acquiring other such materials directly from manufacturers. By utilizing such superior materials, we aim to reduce maintenance costs. For example, if the exterior of a building—roofing, outer walls and balconies—is made from highly durable anti-erosive materials, it can last up to 30 years without maintenance. This not only reduces the burden of maintenance costs but also helps keep the appearance of the building in pristine condition, another element of Daito's competitive edge.

Also, high-durability, high-performance materials are used for the interior of buildings as well. We use anti-fading wallpaper that is easy to clean, scratch-resistant flooring with replaceable upper layers and kitchen fixtures that allow for the maintenance of individual components. These materials are just another of the strengths that support Daito's stable leasing business.

Neo Flooring



Easy-to-Clean Outer Wall



EB Cloth (Wallpaper)



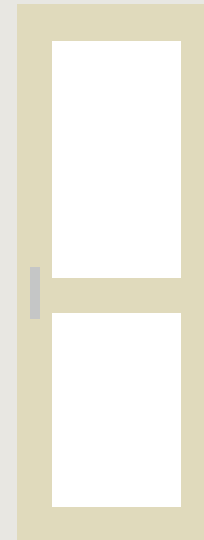
Kitchen Fixtures



THE DAITO DIFFERENCE

Sustainability

Daito Trust Construction's business philosophy is "contributing to society by ensuring the most efficient use of all available land and resources," and it conducts its business activities accordingly. Our aim as a company is not only to supply quality leased properties. At the same time, we also strive to fulfill our responsibility as a corporate citizen. Therefore, Daito is developing its business with the goal being a company that grows together with local communities in which it operates.



Corporate Governance

Corporate Governance Policy

Daito's corporate governance policy focuses on maximizing corporate value and enhancing management efficiency and transparency for all its stakeholders. To this end, our major tasks are to assure strict adherence to corporate ethics and legal regulations, establish and strengthen internal control systems and ensure objectivity and timely decision-making by management.

Executive Management System

Daito has adopted a corporate auditor system. The Board of Corporate Auditors consists of four corporate auditors, all of whom are outside auditors.

The Board of Directors makes important management decisions and serves as a major supervising body for the Company. Additionally, the Company has adopted an executive officer system with the goal of separating decision-making processes from the actual execution of these decisions. Specifically, the Company has established the Executive Management Meeting, which is able to entrust the authority regarding business execution to other bodies as necessary. This helps add flexibility to decision-making processes and allows the Board of Directors to focus on important management issues.

The Board of Directors consists of 12 directors, including two outside directors. Every month, the Board meets to make decisions on matters stipulated in laws and the Company's Articles of Incorporation, as well as important matters affecting the Company and its affiliates.

The Executive Management Meeting is made up of senior staff members responsible for the major corporate departments that are appointed by executive officers and directors. Meetings are held twice a month to discuss actions in response to specific operational issues and problems. The results of these discussions are reported to the Board of Directors once a month, ensuring that the Board is kept promptly informed of specific issues and problems affecting the front line of corporate operations.

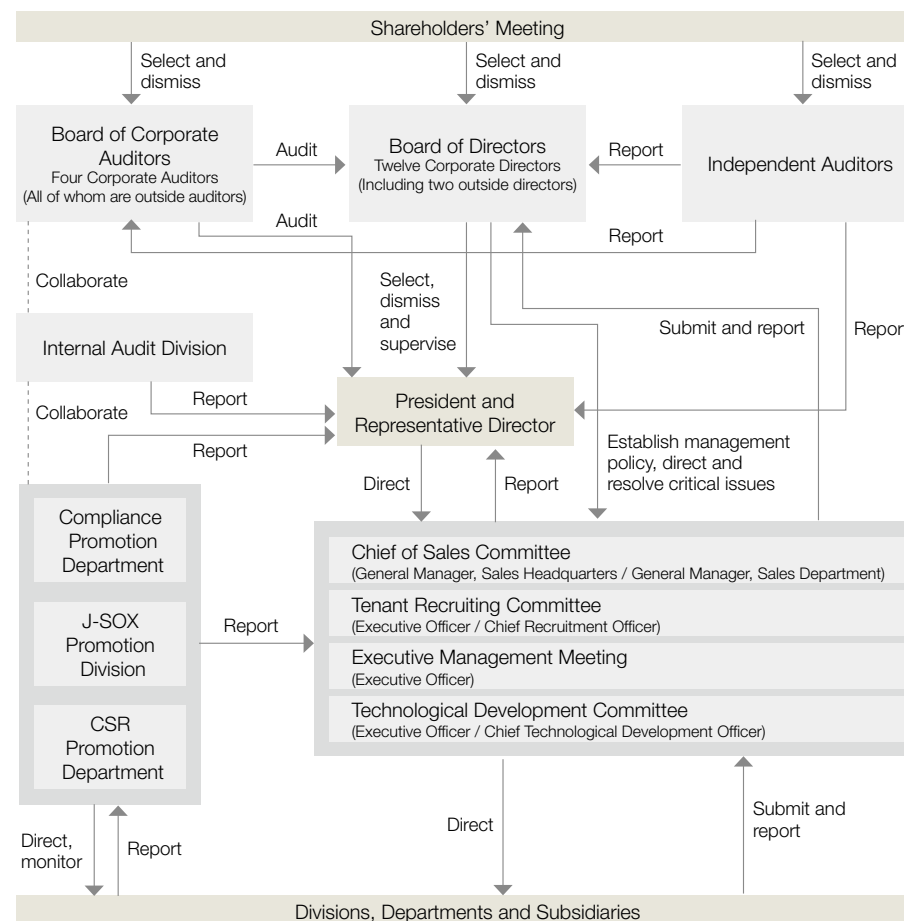
Auditing System

The Board of Corporate Auditors consists of four corporate auditors, all of whom are outside auditors. One of the corporate auditors is employed full-time as a standing corporate auditor. The corporate auditors attend meetings of the Board of Directors and other important meetings, exchange opinions with the President and Representative Director, receive regular reports on business execution from directors and other important management figures and actively share information with the Internal Audit Division. Through these activities, the corporate auditors monitor the business execution of directors. The corporate auditors also act in

close cooperation with the finance auditor, sharing information and helping to ensure that financial audits progress smoothly.

Further, all corporate auditors attend meetings of the Board of Corporate Auditors, at which they receive briefings regarding auditing systems, audit plans, and the progress of audits from the finance auditor.

Corporate Governance Structure



Matters Involving Outside Directors and Outside Auditors

In regard to the outside directors, Yujiro Sasamoto possesses a great deal of knowledge and experience pertaining to corporate legal affairs, compliance and internal control. Meanwhile, Marcus Merner has accumulated a wealth of knowledge and experience pertaining to advisory and asset management services related to real estate investment. These two outside directors offer opinions based on their respective backgrounds, advising the Board of the Directors and making proposals on how to ensure the validity and appropriateness of management.

Both of these outside directors were appointed at the Shareholders' Meeting held on June 28, 2011.

In regard to outside corporate auditors, Masayasu Uno possesses a wealth of specialized knowledge on finances and accounting as well as significant insight born out of his experience in administrative roles. Hideo Hachiya has specialized legal insight. Sakumichi Yamada has a unique point of view as a specialist in the fields of finance and accounting. Lastly, Koji Murata has accumulated a great deal of knowledge through his years of experience in the leased housing management and financing fields. These outside corporate auditors leverage their unique specialties to offer their opinions on the Company's business activities.

The two outside directors and four outside corporate auditors have no particular stake in the Company.

In the year ended March 31, 2011, the attendance of the outside directors and the outside corporate auditors to Board of Directors' meetings was as follows.

Name	Position	Attendance to meetings of the Board of Directors (Meetings attended / Meetings held)
Tetsuo Takeda*	Outside director	16/17
Masayasu Uno	Outside auditor	17/17
Hideo Hachiya	Outside auditor	14/17
Sakumichi Yamada	Outside auditor	16/17
Koji Murata	Outside auditor	17/17

* Tetsuo Takeda resigned from his position as outside director following the Shareholders' Meeting held on June 28, 2011.

Compensation of Directors and Corporate Auditors (Year ended March 31, 2011)

Position	Number of people	Amount (Millions of yen)
Director	13	1,347
Corporate auditor	4	42
Total (of which, outside directors and outside corporate auditors)	17 (5)	1,389 (47)

Information Disclosure

To ensure management transparency and objectivity, we are committed to appropriate and timely disclosure of information through a full range of channels. These include news releases, financial results briefing sessions and publication on the investor relations (IR) website of various materials, such as monthly performance data, a range of financial results data from the quarterly and annual accounts, and the annual securities report.

Further, as the proportion of Daito stock held by overseas investors is high, we also engage in overseas IR activity and take other action to encourage the use of voting rights; for instance, we provide the invitation to the Shareholders' Meeting and the information on the voting resolutions in English. Daito regards the disclosure of information as one of its most important corporate responsibilities, and will continue striving to maintain the trust of its shareholders and other investors.

Compliance

Daito has set up two offices under the direct control of the President and Representative Director, the Compliance Promotion Department and the J-SOX Promotion Division, which are engaged in the prevention and management of risk.

The Compliance Promotion Department manages risk related to the legal compliance of business activities in collaboration with the Internal Audit Division, which is responsible for checking compatibility with in-house standards. The Compliance Promotion Department is also responsible for formulating the Daito Group Code of Behavior and ensuring that all employees are familiar with it.

The J-SOX Promotion Division works to ensure the reliability of the Company's financial reports. It judges whether or not there are systems in place to prevent misrepresentations of important information in financial reports, and monitors these systems to verify that they are operating effectively.

Additionally, a section has been established within the Compliance Promotion Department in charge of disclosing information in the public interest. Through this section, the Department endeavors to identify improper behavior as early as possible and take corrective measures.

Board of Directors, Corporate Auditors and Executive Officers

As of June 28, 2011



President and Representative Director
Isao Minabe



Senior Managing Director
Naomi Kumakiri



Senior Managing Director
Akio Inada



Senior Managing Director
Hideki Asano



Senior Managing Director
Takashi Igawa



Director
Hideyuki Nakaita



Director
Hitoshi Kadouchi



Director
Shuji Nakada



Director
Hiroshi Kawaguchi



Director
Tomoyuki Nishimura



Standing Corporate Auditor (Outside)
Masayasu Uno

Outside Directors
Yujiro Sasamoto
Marcus Merner

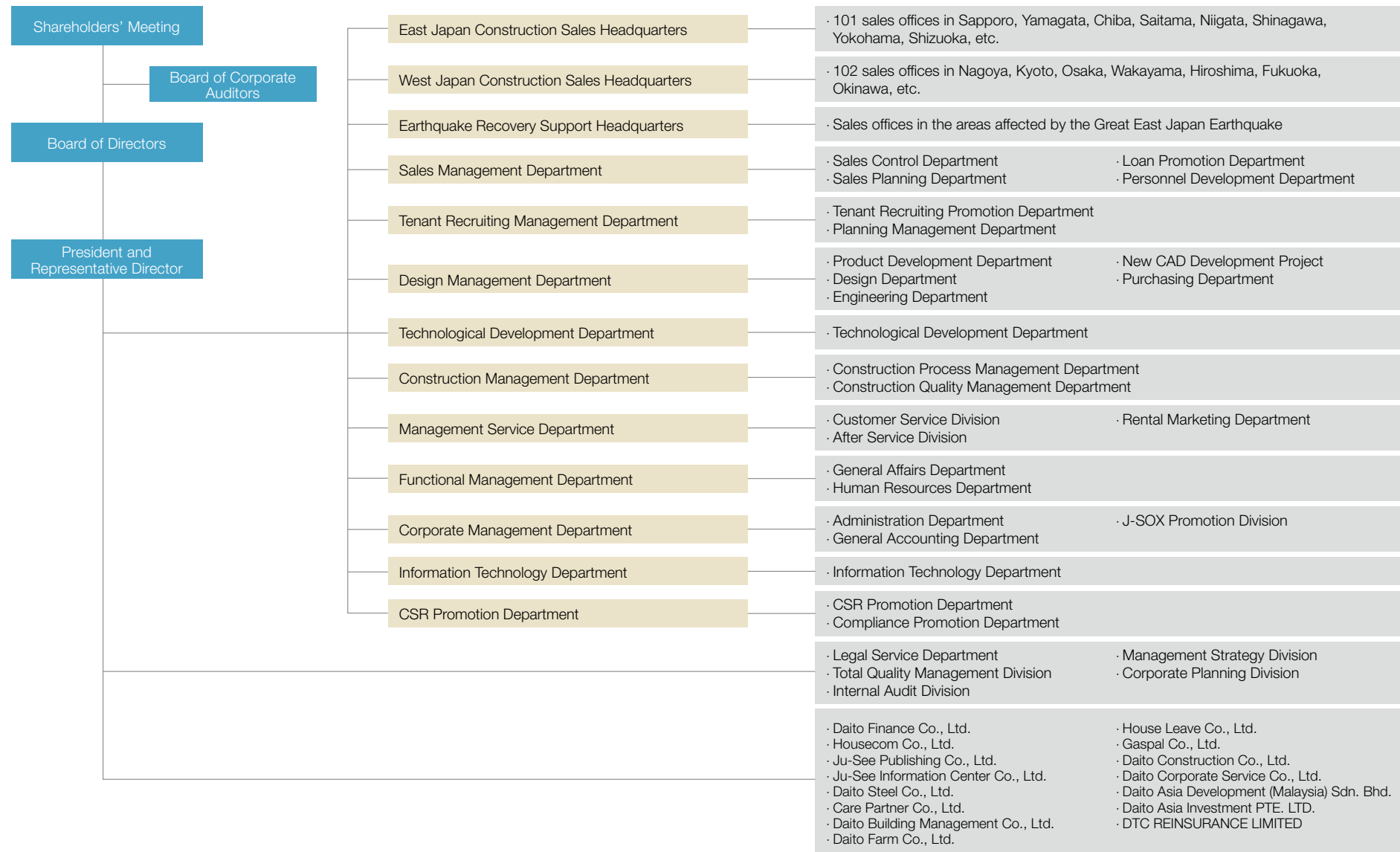
Corporate Auditors (Outside)
Hideo Hachiya
Sakumichi Yamada
Koji Murata

Executive Officers
Koichi Ebihara
Masami Fujiyoshi
Minoru Osawa
Takeshi Nakagawa
Sachio Washi
Hiroshi Sugiyama
Hirosuke Tanimichi

Takuya Oyama
Katsuma Kobayashi
Masayoshi Tanaka
Yukio Daimon
Hideaki Ueki
Hideo Gorai
Shigetoshi Fujii
Katsuya Touge

Organization

As of June 28, 2011



Social Contribution Initiatives



Day service center



Daito Farm Co., Ltd.



Daito Corporate Service Co., Ltd.

Daito's Unique Social Contribution Initiatives

Daito conducts its business activities in accordance with its business philosophy of “contributing to society by ensuring the most efficient use of all available land and resources.” We advance all our business activities not only in an effort to supply quality leased properties, but also to fulfill the obligations of the entire Group as a corporate citizen and continue growing with the local community as one of its members.

Development of Elderly Care Services

In Japan, the population is rapidly aging and it is predicted that in 2015 one in four people will be classifiable as a senior citizen. This change has increased the demand for companies that offer lifestyle support services, helping senior citizens live independently in the environment and communities they have grown accustomed to. In order to respond to this demand, we have established Care Partner Co., Ltd., a subsidiary that offers day services* as an extension of our main business activities.

Care Partner operates day service centers in the ground floor of buildings that the Company has constructed, which it rents for the owners of the buildings. At these centers, Care Partner offers support to senior citizens so that they may live independent lives in familiar environments.

These efforts have won the approval of senior citizens and other community members alike. For example, when Care Partner Kawaguchi, the first Care Partner day service center, was opened, there were no medical or nursing facilities in the surrounding area. However, shortly after the center opened, clinics began appearing nearby, providing the community with additional healthcare options. This not only benefits senior citizens in need of nursing care, it is also good news for their families and other members of the community.

As of June 2011, Care Partner operated 63 day service centers in major cities across Japan. Through offering such nursing support, we are able to offer advice on living environments from the perspectives of senior citizens, other people in need of care and the family members that care for them. In these ways, we hope to make wide-ranging contributions to society.

* Day services are services offered to senior citizens who live at home. Services offered include physical training, recreation, meals, bathing assistance and other services. These services not only help support senior citizens, but also helps to lessen the mental and physical burden of their family members.

Promoting Employment of People with Disabilities

In recent years, the number of people with disabilities seeking employment in Japan has risen. These people wish to live independently and gain the pride associated with holding a job. Accordingly, the Japanese government is creating a number of programs to help these people find stable employment. In order to fulfill its responsibilities as a corporate citizen, Daito actively employs people with disabilities, particularly for positions in Daito Corporate Service Co., Ltd. and Daito Farm Co., Ltd.

As of June 2011, there were 252 employees with disabilities at Daito, constituting 2.13% of total employees, higher than the 1.8% standard outlined in the Law about Promotion of the Employment for Persons with Disabilities. Daito Corporate Service attaches great importance to harmony between individuals, society and corporations, and provides workplace environments that enable individuals to overcome their disabilities and be independent, and thus to work with a sense of responsibility and independence. In the process, Daito Corporate Service aims to be a company that helps people enjoy their work and achieve their dreams.

Daito Corporate Service Co., Ltd.

Special subsidiary Daito Corporate Service Co., Ltd. was established to promote employment of those with disabilities. The company had 51 employees as of June 2011. These employees are engaged in clerical work that the parent company had previously outsourced or that had been performed by temporary staff. They also help sales representatives prepare presentations for customers. In these ways, such employees are a valuable part of the workforce. Moreover, in October 2010 Daito Corporate Service began operating a printing factory in Urayasu City in Chiba Prefecture. This factory serves as another site for the employment of people with disabilities.

Daito Farm Co., Ltd.

In October 2010, Daito Farm Co., Ltd. was established to cultivate and sell shiitake mushrooms by utilizing the warehouses and factories managed by Daito Building Management. At Daito Farm, the processes of cultivating, harvesting packing and shipping these mushrooms are conducted by employees with disabilities. Currently, Daito Farm employs 11 such employees.

Supporting Areas Affected by the Great East Japan Earthquake

The Group donated a total of ¥300 million to the Japanese Red Cross Society to support people in the areas affected by the Great East Japan Earthquake. Additionally, we offered support through our core leasing business. Currently, we are providing housing for families with small children or elderly members living in evacuation shelters in the areas surrounding Miyagi City and Iwate City. These families can live in this housing free of charge for up to six months. In this way, we provided a total of 177 housing units under the Daito Group's management. Further, at the request of the Japan Federation of Housing Organizations, we began construction of 475 temporary housing units in late April to serve as temporary residences for those who lost their homes due to the effects of the earthquake. As of June 20, 2011, we had completed 394 units. Moreover, we have designated the four sales offices in Sendai City and the sales offices in Kitakami City and Iwaki City—all areas heavily affected by the earthquake—as part of an Earthquake Recovery Support Headquarters. Offices that are part of this group will temporarily suspend sales activities to focus on assisting the recovery effort in their respective areas. Going forward, we will continue to work in cooperation with local municipal bodies to offer support through our core leasing business.



Temporary housing unit

Environmental Initiatives

Environmental Issues and the Importance of Environmental Initiatives

Japan has set a target of lowering emissions of greenhouse gases to 25% of their 1990 levels by 2020. This and other initiatives in place around the world represent the fact that the importance of reducing emissions of CO₂ and other gases is globally recognized. Further, there is an increasing expectation for companies to consider environmental issues, such as those relating to resources, waste, chemicals and biodiversity, in their business activities. Moreover, Japan must now address the nationwide issue of electricity shortages following the Great East Japan Earthquake.

Environmental Strategies for Business Activities with Regard to Industry, Scale and Characteristics

As a construction and real estate company, Daito's impact on the environment is significant. Therefore, we recognize that implementing environmental initiatives is an important task for management. Accordingly, we have established the following seven main targets for our environmental initiatives, and are actively conducting environmental management based on these.

1. Reduce Amount of Waste Generated

We will utilize material more efficiently and employ high-durability materials with the aim of extending the period of time between repairs. Also, we will improve the recyclability of materials and reduce on-site waste through the development of new "pre-cut" construction methods.

2. Reduce Amount of CO₂ Emitted

We will decrease the greenhouse gases emitted from energy sources at offices and construction sites, improve the fuel efficiency of company vehicles, and work to reduce waste. We will also strengthen our efforts to prevent climate change and global warming, including revising water usage and chlorofluorohydrocarbon recovery procedures.

3. Conserve Resources and Mitigate Environmental Impact

We will continually endeavor to reduce the environmental impact of our operations by utilizing high-durability, long-lasting materials, improving reinforced concrete and structural steel buildings, which use relatively small amounts of material per building, and carefully monitoring chemicals used on site.

4. Increase Purchasing Rate of Green Office Supplies

We will continue to purchase green office supplies, furnishings, and materials. Through these efforts, we aim to lower our environmental impact and provide comfortable living environments that are resilient to sick house syndrome.

5. Strengthen Environmental Management Systems

We will pursue the perpetual improvement of the environmental management systems at domestic Group companies through the implementation of various improvement measures.

6. Use Environmentally Friendly Products and Designs

We will develop building designs that reduce energy usage by employing thermal insulation sashes, photovoltaic panels, water-saving faucets, CO₂ heat pump water heaters and other such fixtures.

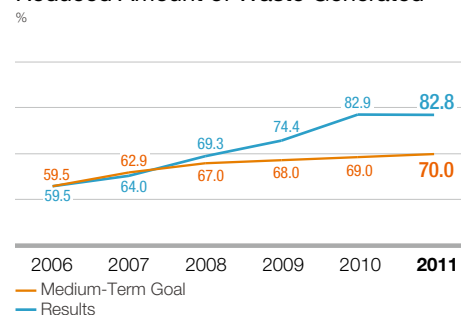
7. Promote Usage of Japanese Lumber

We use Japanese lumber in buildings built with the 2x4 method and the Neo-Frame method. This helps promote a healthy forest cycle, which in turns contributes to increased absorption of greenhouse gases, as defined in the Kyoto Protocol, because newly planted trees absorb CO₂.

Major Results for the Year Ended March 31, 2011, in Terms of Our Medium-term Goals (Established in the year ended March 31, 2007)

Reduced Amount of Waste Generated

Reduced Amount of Waste Generated



Medium-term goal

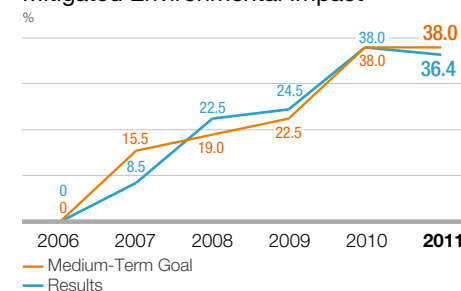
We will raise the recycling rate for waste generated at offices and new construction sites over 70% by March 31, 2011.

Results

We have been promoting recycling of waste paper and wood debris, and upgrading our efforts on sorted collection of recyclables. These initiatives have been successful, surpassing our target figures.

Conserved Resources and Mitigated Environmental Impact

Conserved Resources and Mitigated Environmental Impact



Medium-term goal

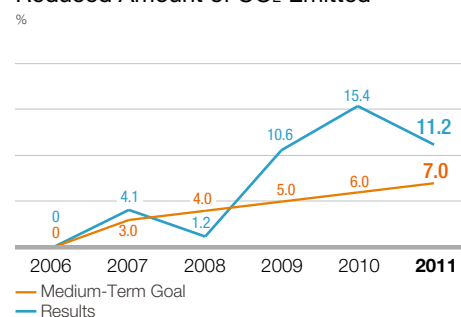
We will mitigate environmental impact by promoting development of high-durability products and specifications, and working to conserve resources.

Results

We worked to develop high-durability, long-lasting products while also reducing the resources used at our offices, such as copy paper. However, we fell slightly short of our goal.

Reduced Amount of CO₂ Emitted

Reduced Amount of CO₂ Emitted



Medium-term goal

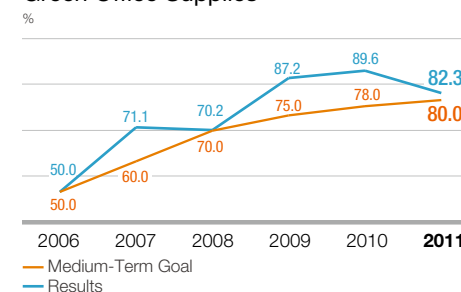
We will reduce the amount of CO₂ emitted at offices and new construction sites (including distribution activities) per unit of sales by at least 7% by March 31, 2011, compared with the amount emitted in the year ended March 31, 2006.

Results

We are actively choosing and developing high-durability materials, and introducing construction methods utilizing Japanese lumber. In addition, we achieved reductions in waste production, helping us exceed our emission reduction goals.

Increased Purchasing Rate of Green Office Supplies

Increased Purchasing Rate of Green Office Supplies



Medium-term goal

We will formulate green purchasing guidelines for office supplies to raise the purchasing rate of green office supplies to at least 80% by March 31, 2011.

Results

We have been promoting the purchase of environmentally friendly office supplies. The results of this effort have steadily surpassed our targets.

Environmental Innovation

Neo-Frame Method

Constructing buildings using the Neo-Frame method helps reduce the amount of waste generated at construction sites. The Neo-Frame method is an advanced version of the 2x4 method in which weight-bearing panels are fit into a frame of structural laminated wood joined with specialized metal fittings. This method allows for the construction of buildings with outstanding earthquake resistance, wind resistance and durability. Further, all materials used in construction are cut and processed at our plants and then sent to the construction site with the metal fittings already in place. Cutting and processing the materials at our plants eliminates the need for on-site processing, which subsequently reduces the waste produced on-site to approximately one-tenth of the amount that would be produced using the traditional 2x4 method. Additionally, the weight-bearing panels are what we call “eco panels” — which are made entirely of recovered lumber, materials made from the wood scraps produced when making other materials. This reduces the total amount of lumber we use, helping lower the environmental impact of our operations. Also, we utilize Japanese lumber when using this method, which promotes a healthy forest cycle in Japan and contributes to increased absorption of greenhouse gases.

High-Durability, High-Performance Materials

Daito utilizes materials that feature both high-durability and high-performance in its construction projects with the aim of reducing the raw material usage and environmental impact of these projects. Utilizing high-durability, high-performance materials not only helps reduce material usage, it also contributes to lower CO₂ emissions. In these ways, the use of such materials plays a key role in our environmental initiatives. In addition to high-durability materials, we also employ several functional fixtures, such as flooring with replaceable upper layers and kitchen fixtures that allow for the maintenance of individual components. The use of such fixtures helps us further limit waste production.

Utilization of Japanese Lumber

Daito utilizes Japanese lumber in its construction projects in order to reduce CO₂ emissions. The majority of the materials used for the 2x4 method in Japan comes from Canadian trees. However, in 2009 the Company began working to develop a method of using lumber from cedar trees, which are common in Japan, for the studs used in the framework of leased housing constructed under the 2x4 method. In Japan, there are several man-made cedar, pine and cypress forests that currently require thinning. Thinning a forest allows sunlight to reach the ground, promoting the growth of vegetation. This vegetation helps protect the soil of the forest, subsequently boosting the forest's water storage and flood control capabilities. Further, properly thinning a forest invigorates the trees living there, causing them to absorb greater amounts of CO₂, thus contributing to the prevention of global warming.



Utilization of lumber



DAITO TRUST CONSTRUCTION

Facts & Figures

Summary of Consolidated Financial Statements

	Millions of Yen					Thousands of U.S. dollars*	
	2006	2007	2008	2009	2010	2011	2011
OPERATING RESULTS (Years ended March 31)							
Net sales	¥538,692	¥564,316	¥641,045	¥954,881	¥972,616	¥1,001,169	\$12,040,517
Construction	419,868	441,286	439,955	469,603	465,580	430,226	5,174,095
Real estate	89,874	93,872	171,343	464,779	483,547	545,296	6,557,980
Other	28,949	29,156	29,746	20,497	23,488	25,646	308,431
Gross profit	172,957	181,061	187,121	181,896	188,787	195,312	2,348,912
Construction	130,103	135,457	141,889	150,304	166,461	167,029	2,008,767
(Gross profit margin %)	(31.0)	(30.7)	(32.3)	(32.0)	(35.8)	(38.8)	(38.8)
Real estate	23,322	25,069	28,054	25,351	14,476	19,243	231,425
(Gross profit margin %)	(25.9)	(26.7)	(16.4)	(5.5)	(3.0)	(3.5)	(3.5)
Other	19,531	20,534	17,177	6,240	7,849	9,039	108,707
(Gross profit margin %)	(67.5)	(70.4)	(57.7)	(30.4)	(33.4)	(35.2)	(35.2)
Operating income	63,767	72,648	66,295	70,389	71,127	73,767	887,156
(Operating income margin %)	(11.8)	(12.9)	(10.3)	(7.4)	(7.3)	(7.4)	(7.4)
Ordinary income	65,400	73,656	69,609	73,976	76,663	78,005	938,124
(Ordinary income margin %)	(12.1)	(13.1)	(10.9)	(7.7)	(7.9)	(7.8)	(7.8)
Net income	36,858	41,823	44,478	42,129	45,353	43,151	518,954
(Net income margin %)	(6.8)	(7.4)	(6.9)	(4.4)	(4.7)	(4.3)	(4.3)
FINANCIAL POSITION (As of March 31)							
Total assets	440,406	473,386	532,155	540,477	558,129	532,957	6,409,585
Total current assets	298,487	320,631	395,038	383,594	376,398	369,153	4,439,603
Total noncurrent assets	141,918	152,754	137,116	156,883	181,730	163,803	1,969,970
Total current liabilities	177,704	174,291	177,952	178,459	166,938	193,227	2,323,836
Total noncurrent liabilities	20,477	23,979	52,772	65,676	78,559	207,477	2,495,213
Total net assets	242,075	275,115	301,429	296,341	312,631	132,252	1,590,523
CASH FLOWS							
Cash flows provided by operating activities	66,116	60,305	25,489	30,209	46,041	60,778	730,944
Cash flows (used in) provided by investing activities	(20,000)	(13,131)	12,426	(13,480)	(26,838)	49,997	601,287
Cash flows used in financing activities	(29,789)	(12,131)	(10,746)	(39,606)	(29,866)	(94,914)	(1,141,479)
Cash and cash equivalents at end of period	146,100	181,234	208,247	181,569	170,738	184,814	2,222,658
PER COMMON SHARE							
	Yen					U.S. dollars*	
Net income	¥299.29	¥345.59	¥367.29	¥349.25	¥386.41	¥384.28	\$4.62
Net assets	2,013.65	2,275.75	2,482.56	2,496.99	2,700.97	1,662.65	20.00
Cash dividends applicable to the year	87.00	94.00	232.00	104.00	193.00	229.00	2.75
RATIOS							
	%						
ROA	8.4	8.8	8.4	7.8	8.1	8.1	
ROE	15.6	16.2	15.5	14.1	14.9	19.5	
Shareholders' equity ratio	55.0	58.0	56.5	54.7	55.8	24.6	
Payout ratio	29.1	27.2	75.0	31.5	49.9	59.6	

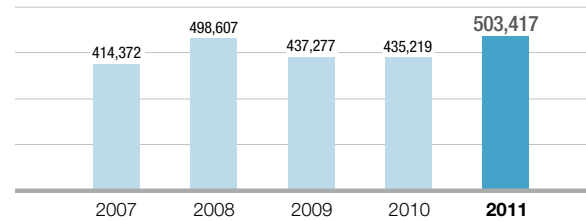
* U.S. dollar amounts are translated from yen at the rate of ¥83.15=U.S.\$1, the approximate exchange rate at March 31, 2011.

Key Indicators

ORDERS

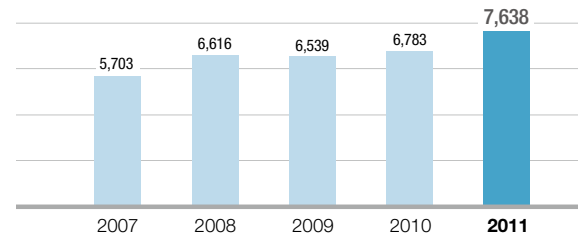
Orders Received

Millions of Yen



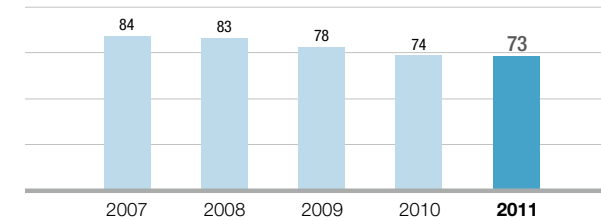
Number of Orders Received

Orders



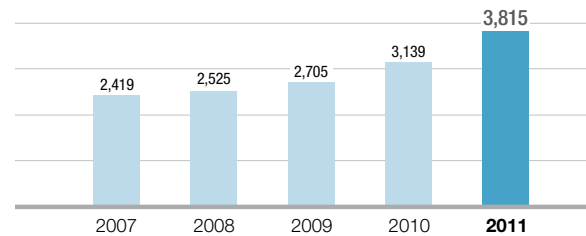
Value of Orders Per Unit

Millions of Yen



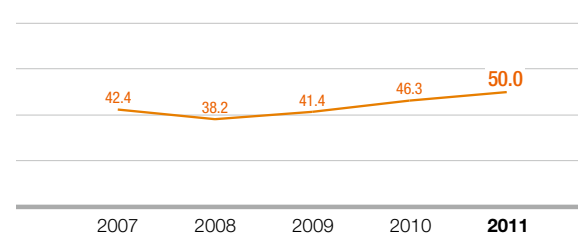
Number of Orders Received from Repeat Users

Orders



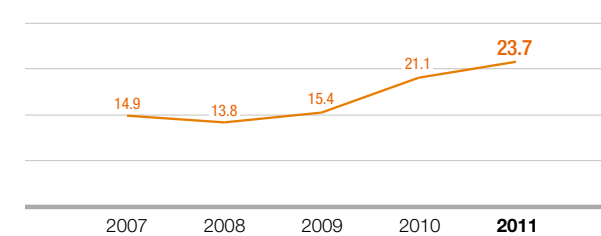
Rate of Orders Received from Repeat Users

%



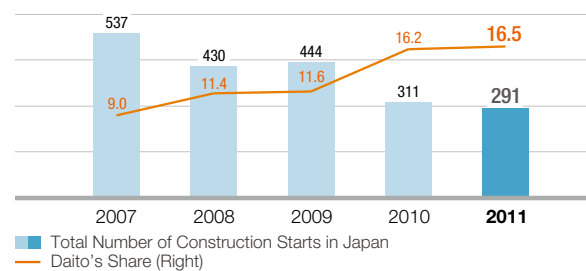
Rate of Orders Received by Rebuilt

%



Total Number of Construction Starts in Japan and Daito's Share

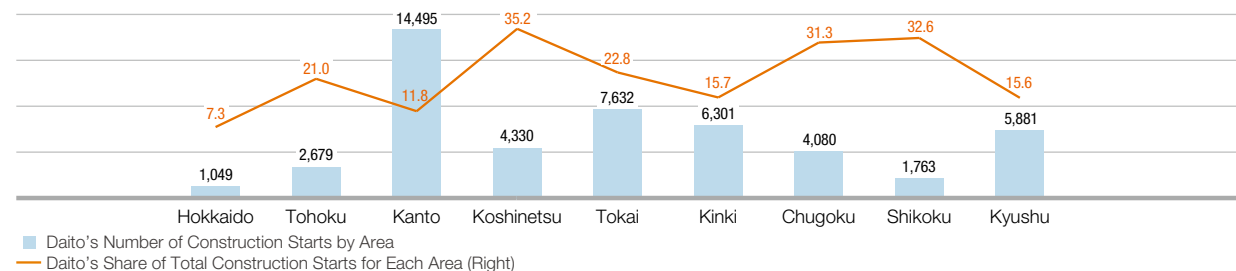
Thousands of Units



Daito's Number of Construction Starts by Area and Daito's Share of Total Construction Starts for Each Area

Units

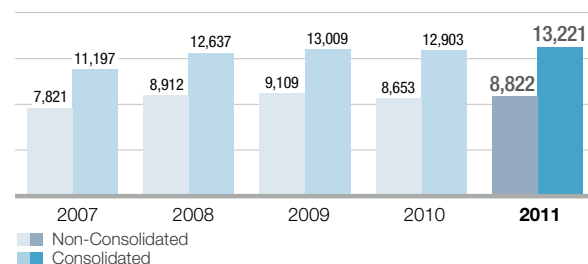
%



EMPLOYEES

Number of Employees

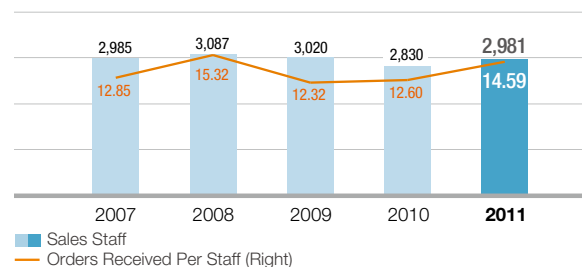
People



Sales Staff and Orders Received Per Staff (Monthly average)

People

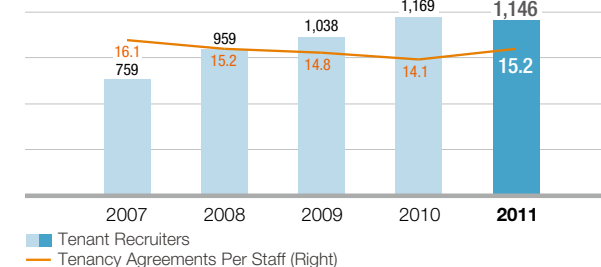
Millions of Yen



Tenant Recruiters and Tenancy Agreements Per Staff (Monthly average)

People

Agreements

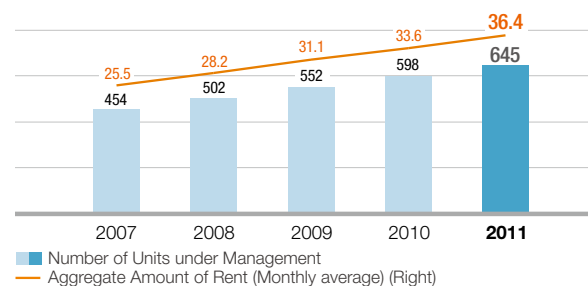


UNITS UNDER MANAGEMENT / AGGREGATE AMOUNT OF RENT

Residential Use

Thousands of Units

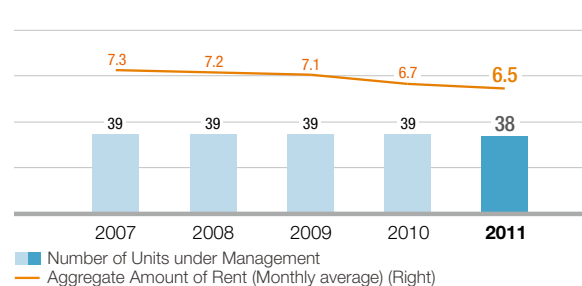
Billions of Yen



Commercial Use

Thousands of Units

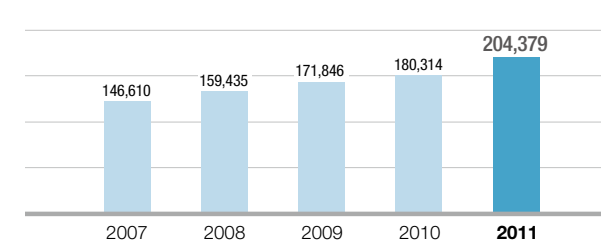
Billions of Yen



TENANCY AGREEMENTS

Number of Tenancy Agreements

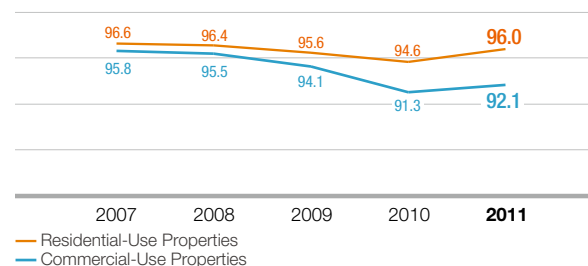
Agreements



OCCUPANCY RATE

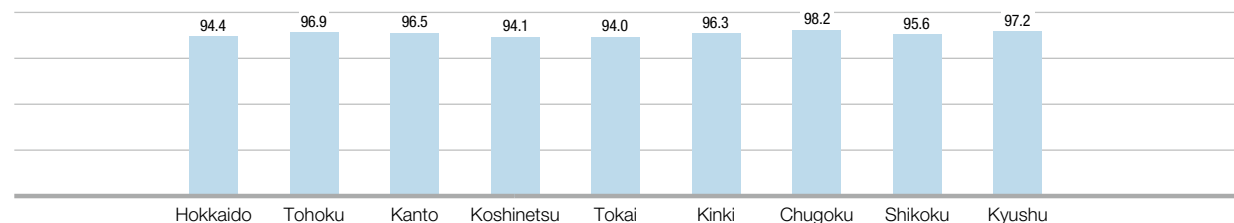
Rent Basis Occupancy Rate

%



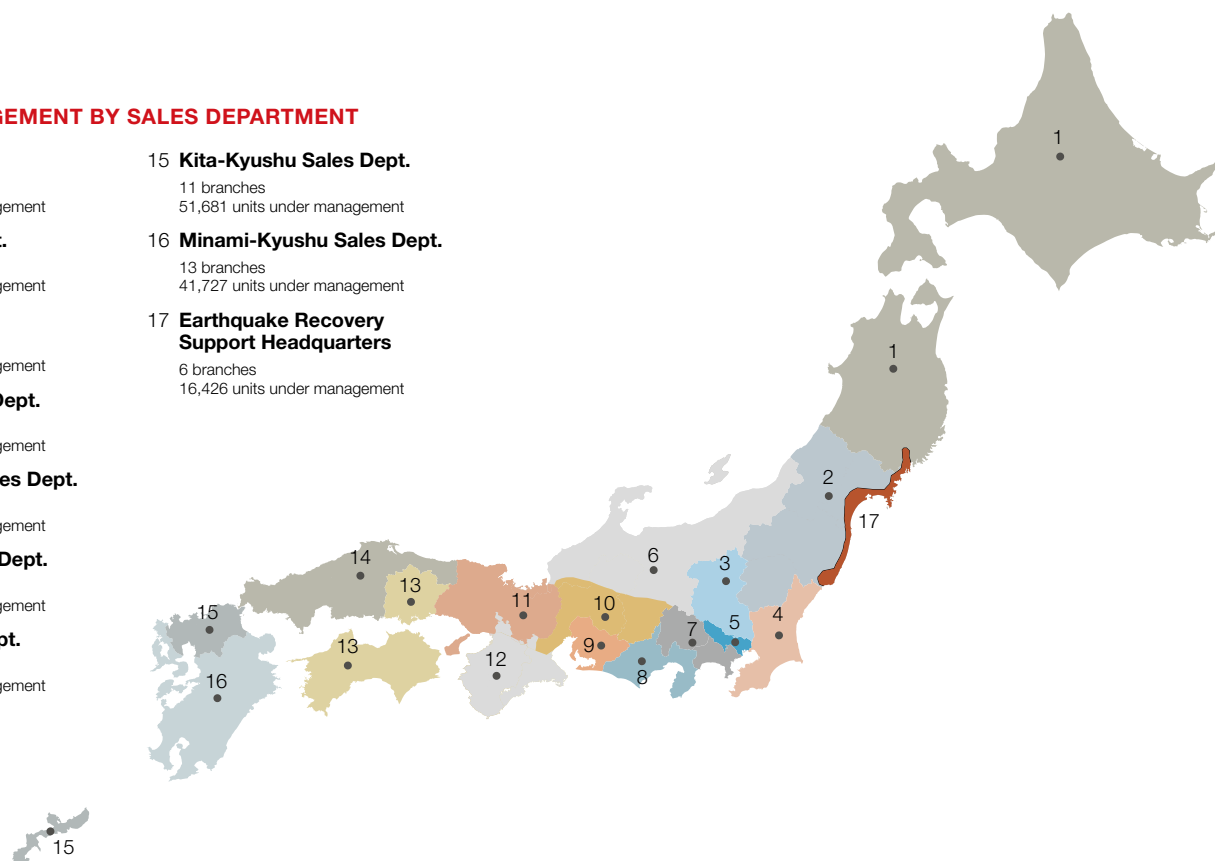
Rent Basis Occupancy Rate by Area (Residential use)

%



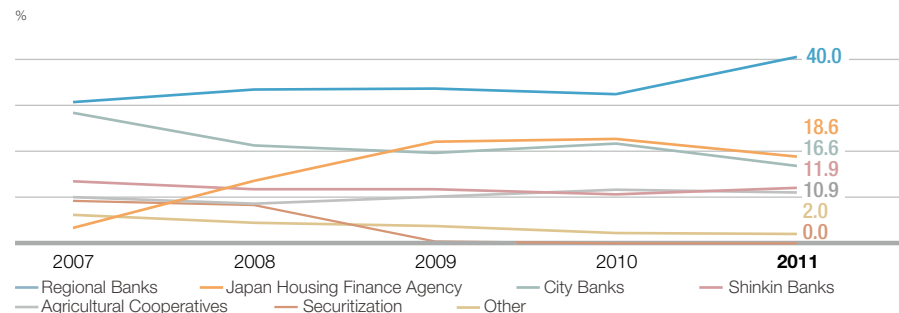
NUMBER OF BRANCHES AND UNITS UNDER MANAGEMENT BY SALES DEPARTMENT

1 Kita-Nihon Sales Dept. 12 branches 25,484 units under management	8 Tokai Sales Dept. 14 branches 35,195 units under management	15 Kita-Kyushu Sales Dept. 11 branches 51,681 units under management
2 Tohoku Sales Dept. 9 branches 45,804 units under management	9 Chukyo Sales Dept. 14 branches 46,401 units under management	16 Minami-Kyushu Sales Dept. 13 branches 41,727 units under management
3 Kita-Kanto Sales Dept. 13 branches 48,959 units under management	10 Chubu Sales Dept. 10 branches 39,947 units under management	17 Earthquake Recovery Support Headquarters 6 branches 16,426 units under management
4 Higashi-Kanto Sales Dept. 16 branches 62,501 units under management	11 Keihanshin Sales Dept. 14 branches 46,757 units under management	
5 Metropolitan Sales Dept. 12 branches 16,460 units under management	12 Minami-Kansai Sales Dept. 14 branches 43,278 units under management	
6 Hokuriku/Shinetsu Sales Dept. 13 branches 43,067 units under management	13 Chushikoku Sales Dept. 12 branches 42,125 units under management	
7 Minami-Kanto Sales Dept. 12 branches 23,230 units under management	14 Chugoku Sales Dept. 14 branches 46,729 units under management	

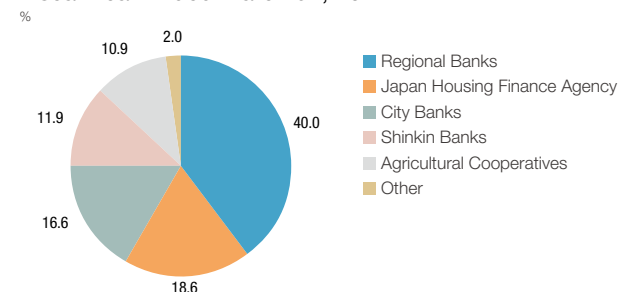


SHARES OF FINANCIAL INSTITUTIONS

Past Five Years

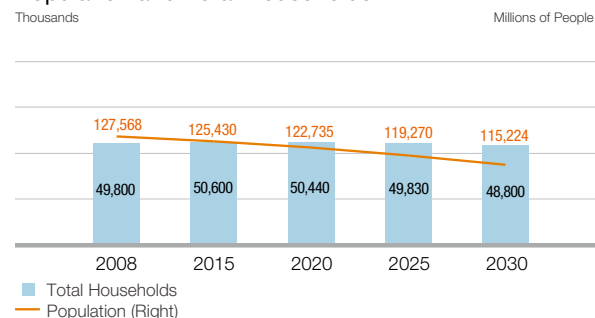


Fiscal Year Ended March 31, 2011

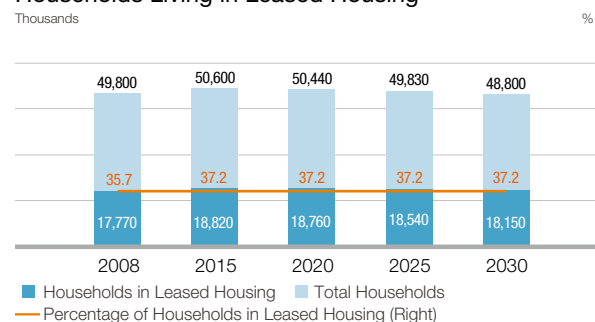


MARKET FORECAST (Figures from 2015 are forecasts)

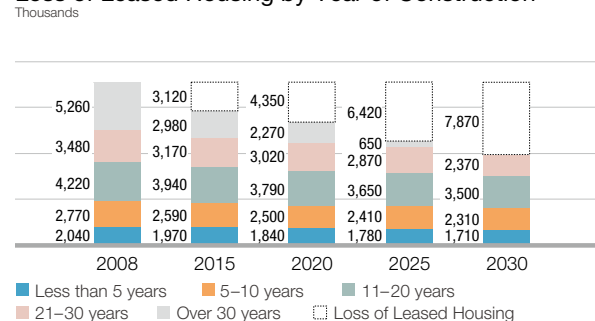
Population and Total Households



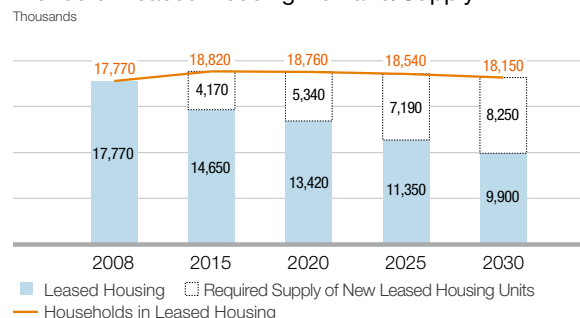
Households Living in Leased Housing



Loss of Leased Housing by Year of Construction



Trends of Leased Housing Demand/Supply



Households Living in Leased Housing

	2008	2015	2020	2025	2030
Households in Leased Housing	17,770	18,820	18,760	18,540	18,150
Total Households	49,800	50,600	50,440	49,830	48,800
Percentage of Households in Leased Housing	35.7%	37.2%	37.2%	37.2%	37.2%

Loss of Leased Housing by Year of Construction

	2008	2015	2020	2025	2030
Less than 5 years	2,040	1,970	1,840	1,780	1,710
5-10 years	2,770	2,590	2,500	2,410	2,310
11-20 years	4,220	3,940	3,790	3,650	3,500
21-30 years	3,480	3,170	3,020	2,870	2,370
Over 30 years	5,260	2,980	2,270	650	0
Loss of Leased Housing (Index 2008=0)	0	3,120	4,350	6,420	7,870

Trends of Leased Housing Demand/Supply

	2008	2015	2020	2025	2030
Leased Housing	17,770	14,650	13,420	11,350	9,900
Required Supply of New Leased Housing Units	0	4,170	5,340	7,190	8,250
Households in Leased Housing	17,770	18,820	18,760	18,540	18,150

Product Lineup



Sunremy (2x4 method)



ModessaNF Solage (Neo-Frame method)



BRAIA-S (Structural steel)



L'II EX (Reinforced concrete)

In order to better provide plans for leasing operations capable of being stably operated long term, Daito has developed a product lineup consisting of 67 different building types with 1,029 different possible layouts based on the characteristics of different regions and sites.

Regional

Climate

Responsiveness to various climates (temperature, snow fall, etc.)

Normal
Heavy snowfall



Demographic Demand

Floor plans matching the needs of various residents (individuals, families, etc.)

Family (2DK or larger)
Individual / Couples
(1 room to 1LDK)



67 Building Types
1,029 Layouts

Sites

Building Scale

Compatibility with various business sizes and sites

Low-rise
Medium-rise
High-rise



Construction Method

Responsiveness to business conditions and regulations

2x4 method
Neo-Frame method
Structural steel
Reinforced concrete

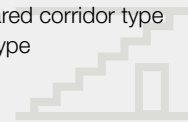


Residential Plan

Compatibility with various sites and walkway layouts

Flat type
Reverse flat style
Maisonette type
Flat & maisonette type

Single shared corridor type
Stairwell type



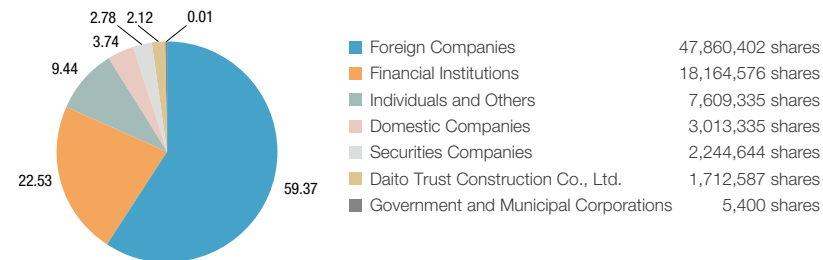
Investor Information

As of March 31, 2011

Share Data

Number of Shares Authorized	329,541,100 shares
Number of Shares Issued	80,610,279 shares
Number of Shareholders	16,098 shareholders
Trading Unit	100 shares

Composition of Shareholders

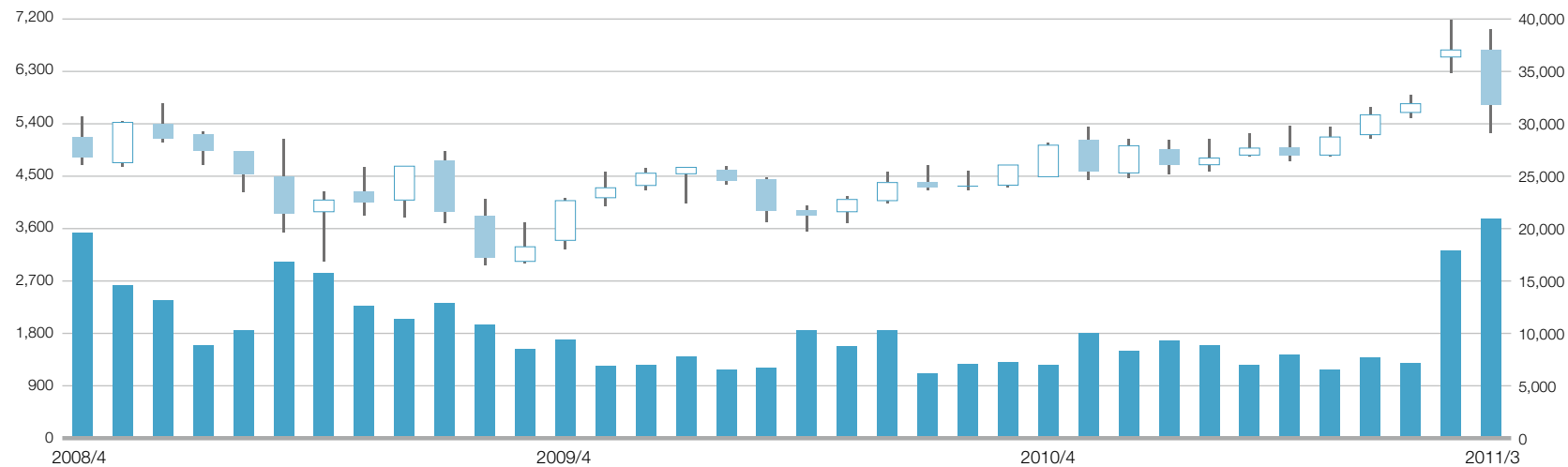


Principal Shareholders

Name	Number of Shares Owned	% of Shares
Japan Trustee Services Bank, Ltd. (held in trust)	4,014,300	4.97
The Master Trust Bank of Japan, Ltd. (held in trust)	2,981,300	3.69
Mellon Bank NA as Agent for Its Client Mellon Omnibus US Pension	2,847,307	3.53
State Street Bank and Trust Company 505225	1,964,003	2.43
Daito Trust Construction Co., Ltd.	1,712,587	2.12
Co-op Suppliers' Stock Holding	1,660,705	2.06
Sumitomo Realty & Development Co., Ltd.	1,606,700	1.99
JPMorgan Chase Bank 380055	1,490,838	1.84
Japan Trustee Services Bank, Ltd.	1,474,800	1.82
State Street Bank West Pension Fund Clients Exempt	1,289,799	1.60

Share Price Trends and Trading Volume

Daito's Share Price (Yen)



Corporate Data

As of March 31, 2011

Corporate Name

Daito Trust Construction Co., Ltd.

Head Office

2-16-1, Konan, Minato-ku, Tokyo 108-8211, Japan
Tel: +81-3-6718-9111

Established

June 20, 1974

Capital

¥29,060 million (Common Stock)

Number of Employees

8,822 (Non-consolidated)

Fiscal Year-end

March 31

Annual Meeting of Shareholders

June

Ex-rights Date

March 31

For Interim Dividend: September 30

Independent Auditors

Deloitte Touche Tohmatsu

Transfer Agent

Mitsubishi UFJ Trust Bank Limited Corporate
Agency Department, 7-10-11, Higashisuna, Koto-ku,
Tokyo 137-8081, Japan

Stock Exchange Listing

Tokyo Stock Exchange (1st Section)
Nagoya Stock Exchange (1st Section)

Code

1878

CORPORATE DIRECTORY

Construction Business

Daito Construction Co., Ltd.

Design and construction of rental property

Daito Steel Co., Ltd.

Supply of construction parts and materials, etc.

Real Estate Business

Daito Building Management Co., Ltd.

Management of rental property

Housecom Co., Ltd.

Rental housing agency

Ju-See Publishing Co., Ltd.

Operation of e-Heya Net website,
production of listing magazines

Ju-See Information Center Co., Ltd.

Real estate operations

House Leave Co., Ltd.

Operation of tenant guarantor services
for rental housing

Other Business

Daito Finance Co., Ltd.

Financing operations (construction financing loans)

Care Partner Co., Ltd.

Operation of day service centers

Gaspal Co., Ltd.

Sales of fuel (LP gas)

Daito Farm Co., Ltd.

Production, processing and sales of agricultural products

Daito Corporate Service Co., Ltd.

Printing of documents, administrative support, etc.

Daito Asia Development PTE. LTD.

Financing to overseas subsidiaries

Daito Asia Investment PTE. LTD.

Loans to overseas subsidiaries

Daito Asia Development (Malaysia) Sdn. Bhd.

Overseas hotel operations

DTC REINSURANCE LIMITED

Reinsurance company for fire insurance



DAITO TRUST CONSTRUCTION CO., LTD.

2-16-1 Konan, Minato-ku, Tokyo 108-8211, Japan

TEL: +81-3-6718-9111

<http://www.kentaku.co.jp>

E-mail: keiki@kentaku.co.jp

Consolidated Financial Section 2011

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Consolidated statements of income	P. 15
Consolidated statements of changes in net assets	P. 17
Consolidated statements of cash flows	P. 19
Consolidated statements of comprehensive income	P. 20
Financial summaries of subsidiaries	P. 21

Note:

Financial statements in this report are translated from the ones audited using Japanese GAAP into English and are not subject to auditing.

Consolidated Financial Review

Analysis of Operating Results

In the year ended March 31, 2011, in the Japanese economy, companies that were able to respond to such issues as the persistence of deflation and appreciation of the Japanese yen, as well as material shortages and other resource-related problems, showed signs of recovery during the second half of the fiscal year. However, the Great East Japan Earthquake, which occurred on March 11, 2011, caused a number of significant changes in the social and economic environment. The economic effects of the damages to housing, infrastructure, and crops, as well as power shortages and the threat of nuclear disaster, caused by this earthquake are immeasurable.

The housing market saw a steady recovery due to the effects of such factors as the enriched housing eco-point program and tax breaks for housing loans. However, following the earthquake the future operating environment is unclear, wrought with such issues as difficulty in acquiring materials. In this difficult environment, though, coupled with the demand to quickly provide housing to those in the affected areas, there has been a notable increase in people's desires for safe housing—the most essential aspect of social infrastructure.

In the rental housing market, where the Daito Group conducts its core business, the sluggish supply of new rental housing in the past two years resulting from the Lehman Shock was compounded by the effects of the Great East Japan Earthquake. This has served to increase the desire of people throughout society for safe and comfortable housing.

Conversely, when considered in terms of inheritance, reducing tax burden, and from other perspectives, the demand for land utilization from landowners—the suppliers of rental housing—has remained strong regardless of the recent economic changes. The discussion of revisions to the laws pertaining to inheritance taxes at the end of the year ended March 31, 2011 caught the attention of elderly landowners across the country. Due to this and recent events, we believe the demand for land utilization associated with inheritance will continue to grow.

In this environment, there is increasing demand for companies supplying rental housing to stably operate their rental housing operations so that they may continue supplying housing for long periods of time—approximately 30 to 40 years—while also providing comfortable lifestyles. People are increasingly looking forward to the future of such specialized companies that utilize specialized knowledge and expertise in providing and operating rental housing.

Overview of Operating Results in the Year under Review

In regard to the Daito Group's consolidated operating results, net sales were ¥1,001,169 million, up 2.9% year on year; operating income was ¥73,767 million, up 3.7%; and ordinary income was ¥78,005 million, up 1.8%. This fiscal year marked our third consecutive year of increased net sales, operating income, and ordinary income. However, net income was down 4.9%, to ¥43,151 million. This was due to the recording of extraordinary losses totaling ¥5,828 million, which included loss on disaster of ¥4,474 million associated with the Great East Japan Earthquake. Details regarding the extraordinary loss are as follows.

(1) Loss on disaster	¥4,474 million
1) Buildings undergoing construction (Daito Trust Construction Co., Ltd.)	
1. Total loss:	14 buildings / ¥889 million
a. Buildings destroyed by tsunami: 4	
b. Buildings within 30 km of the Fukushima nuclear power station: 6	
c. Buildings affected by soil liquefaction: 4	
2. Partial loss:	105 buildings / ¥70 million
2) Buildings currently in operation (Daito Building Management Co., Ltd.)	
1. Total loss:	176 buildings / ¥358 million
a. Buildings destroyed by tsunami: 82	
b. Buildings within 30 km of the Fukushima nuclear power station: 94	
(58 buildings within evacuation zone and 36 buildings in the area in which residents were ordered to stay indoors)	
2. Buildings requiring major repairs:	279 buildings / ¥681 million
3. Buildings requiring minor repairs:	7,744 buildings / ¥932 million
3) Emergency rent payments associated with buildings damaged by disaster (Daito Building Management):	455 buildings / ¥189 million
Rent paid on March 31, 2011 for abovementioned items 1. Total loss (176 buildings) and 2. Buildings requiring major repairs (279 buildings)	
4) Rent burden of housing provided free of charge (Daito Building Management):	177 houses / ¥127 million
Houses provided to families including elderly people, young children, or people with physical issues that therefore have difficulty living in evacuation shelters: 100	
Houses provided to homeowners that lost their house due to disaster: 77	
5) Gaspal's disaster loss on LP gas equipment (Gaspal Co., Ltd.):	¥284 million
6) Damage to materials in the Sendai warehouses:	¥439 million
7) Credits on the balance of equipment loans for Gaspal and other Daito Group rental loans (Daito Trust Construction):	¥409 million
8) Relief items provided (Daito Trust Construction and Daito Building Management):	¥90 million
(2) Other extraordinary loss:	¥1,353 million
1) Loss on valuation of investment securities (Daito Trust Construction):	¥776 million
2) Asset retirement obligations (Daito Trust Construction):	¥389 million
3) Loss on sales and retirement of noncurrent assets:	¥188 million
(3) Total extraordinary losses ((1) + (2)):	¥5,828 million

Damages to buildings currently undergoing construction or managed by the Daito Group due to the Great East Japan Earthquake and the Daito Group's response to these damages are listed below. We are implementing repairs and other measures as necessary to restore our ability to offer tenants safe living environments and to promote the quick reestablishment of stable rental operations by landowners.

	a. Buildings undergoing construction	b. Buildings managed *5
Total loss	14 buildings *2	176 buildings (including 94 buildings within 30 km of the Fukushima nuclear power station)
Buildings requiring major repairs	105 buildings *3	279 buildings
Buildings requiring minor repairs		7,744 buildings *4
Subtotal	119 buildings	8,199 buildings *1
Total (a +b)	8,318 buildings	

*1. Figure based on investigations of 36,967 buildings in applicable areas.

*2. The sites of buildings under construction that will not be able to be turned over to owners after construction will be completely cleared and reverted to vacant lots.

*3. Buildings suffering partial damages will undergo additional repairs so that they may be completed and turned over to owners at the earliest date possible.

*4. Buildings managed by the Company that have only sustained light damages will be repaired after approval is received from their owners in order to help combat housing shortages in the affected areas.

*5. With regard to damages to leased properties:

Rents that were to be paid on March 31, 2011—immediately after the earthquake—were paid as scheduled to assist the owners. In the event that the properties were lost, this rent was paid as an ex-gratia payment.

Likewise, rents that were to be paid on April 30, 2011 were also paid as scheduled to assist the owners. However, we will work to reclaim overpaid values upon confirming the extent of the damages to the property.

Going forward, we will continue to directly support people in the affected areas by providing housing free of charge, constructing temporary housing, and assembling disaster relief items to be sent to these people. At the same time, we will redouble our efforts to construct rental housing—our mainstay business—in order to help combat the projected housing shortages. In these ways, we hope to help facilitate the speedy recovery of East Japan by providing superior quality, safe housing.

Forecast for the Year Ending March 31, 2012

In the year ending March 31, 2012, we forecast net sales of ¥1,068,850 million, an increase of 6.8% year on year; operating income of ¥77,700 million, an increase of 5.3%; ordinary income of ¥79,000 million, an increase of 1.3%; and net income of ¥46,500 million, an increase of 7.8%. In this manner, we intend to make the year ending March 31, 2012 into our fourth consecutive year of increased net sales, operating income, and ordinary income.

Our forecast for net sales of completed construction contracts of ¥452,500 million does not include the areas affected by the Great East Japan Earthquake—the areas around Kitakami City, Sendai City, and Iwaki City. Additionally, all extraordinary losses associated with the earthquake are expected to be contained within the fiscal year under review. Therefore, we do not anticipate the recording of such losses in the year ending March 31, 2012.

■Overview of Consolidated Financial Review

(¥ millions)

	Results for year ended March 31, 2011	Forecast for year ending March 31, 2012	Change
Net sales	1,001,169	1,068,850	6.8%
Net sales of completed construction contracts	430,226	452,500	5.2%
Sales on real estate business	545,296	588,200	7.9%
Other business revenue	25,646	28,150	9.8%
Gross profit	195,312	205,900	5.4%
Gross profit on completed construction contracts	167,029	169,700	1.6%
Gross profit on real estate business	19,243	26,950	40.0%
Gross profit on other business	9,039	9,250	2.3%
Operating income	73,767	77,700	5.3%
Ordinary income	78,005	79,000	1.3%
Net income	43,151	46,500	7.8%

■Performance by Segment

(¥ millions)

		Year ended March 31, 2010	Year ended March 31, 2011	Change	Forecast for year ending March 31, 2012	Change
Construction	Net sales	465,580	430,226	(7.6)%	452,500	5.2%
	Operating income	84,912	87,187	2.7%	87,300	0.1%
Real estate	Net sales	483,547	545,296	12.8%	588,200	7.9%
	Operating income (loss)	(11,789)	(9,930)	—	(3,400)	—
Other	Net sales	23,488	25,646	9.2%	28,150	9.8%
	Operating income	3,867	4,748	22.8%	5,200	9.5%
Total	Net sales	972,616	1,001,169	2.9%	1,068,850	6.8%
	Operating income	71,127	73,767	3.7%	77,700	5.3%

(1) Construction

In our core construction business, sales fell 7.6% year on year, to ¥430,226 million. Following the adoption of the Revised Accounting Standard for Disclosures about Segments of an Enterprise and Related Information, in the fiscal year under review sales of building and repairs totaling ¥28,043 million attributable to Daito Building Management Co., Ltd. were included in the sales of the real estate business. The gross profit margin for completed projects increased 3.0 percentage points, to 38.8%, due the effects of cost-cutting measures, such as working to lower the costs of material procurement.

In regard to orders received, taking advantage of the opportunities created by the current market environment we actively approached landowners with the hope of capturing latent demand and took steps to strengthen the trust-based relationships that we have established with landowners for which we have already constructed rental housing. Additionally, we advanced advertising initiatives geared toward communicating the resilience of demand for rental housing and the stability of our operations to the financial institutions that finance landowners for our construction projects. As a result of these initiatives, orders received increased 15.7% year on year, to ¥503,417 million, surpassing our previous record high.

Going forward, we will implement initiatives to strengthen our sales activities and make them more community-based. These will include establishing five new branches early in the year ending March 31, 2012 and increasing the number of our sales representatives to 3,150 members. Among landowners, there has been a great deal of interest regarding land utilization and inheritance. Taking advantage of this, we will increase the number of contracts for land utilization, promote the reconstruction of obsolete buildings, and push forward other measures to acquire orders. At the same time, we will aim to capture additional orders through such means as earning greater trust from financial agencies. Through these efforts, we are targeting orders received of ¥550,000 million in the year ending March 31, 2012.

(¥ millions)

	Year ended March 31, 2010	Year ended March 31, 2011	Change	Forecast for year ending March 31, 2012	Change
Net sales of completed construction contracts	465,580	430,226	(7.6)%	452,500	5.2%
Gross profit on completed construction contracts	166,461	167,029	0.3%	169,700	1.6%
Gross profit margin for completed projects	35.8%	38.8%	3.0pp	37.5%	(1.3)pp
Operating income	84,912	87,187	2.7%	87,300	0.1%

Net sales of completed construction contracts

(¥ millions)

	Year ended March 31, 2010		Year ended March 31, 2011		Change	Forecast for year ending March 31, 2012		Change
	Amount	% of total sales	Amount	% of total sales		Amount	% of total sales	
Residential properties	433,284	93.0%	426,616	99.1%	(1.5)%	449,000	99.2%	5.2%
Leased housing	430,942	92.5%	424,354	98.6%	(1.5)%	447,000	98.8%	5.3%
Independent dwellings	2,342	0.5%	2,262	0.5%	(3.4)%	2,000	0.4%	(11.6)%
Commercial properties	2,629	0.6%	1,197	0.3%	(54.5)%	1,000	0.2%	(16.5)%
Other*	29,665	6.4%	2,413	0.6%	(91.9)%	2,500	0.6%	3.6%
Subtotal (Net sales of completed construction contracts)	465,580	100.0%	430,226	100.0%	(7.6)%	452,500	100.0%	5.2%
Net sales of building and repairs (Net sales of real estate business)	—	—	28,043	—	—	28,000	—	(0.2)%
Total	465,580	—	458,269	—	(1.6)%	480,500	—	4.9%

* Following the adoption of the Revised Accounting Standard for Disclosures about Segments of an Enterprise and Related Information, in the year ended March 31, 2011, sales of building and repairs attributable to Daito Building Management previously included under “Other” were included in the sales of the real estate business. The amount of sales of building and repairs included under “Other” in the year ended March 31, 2010 was ¥21,889 million.

Construction orders

(¥ millions)

	Year ended March 31, 2010		Year ended March 31, 2011		Change	Forecast for year ending March 31, 2012		Change
	Amount	% of total sales	Amount	% of total sales		Amount	% of total sales	
Residential properties	402,094	92.4%	469,519	93.2%	16.8%	517,500	94.1%	10.2%
Leased housing	400,084	91.9%	466,833	92.7%	16.7%	515,500	93.7%	10.4%
Independent dwellings	2,009	0.5%	2,686	0.5%	33.7%	2,000	0.4%	(25.6)%
Commercial properties	1,271	0.3%	1,914	0.4%	50.6%	2,000	0.4%	4.5%
Other*	31,854	7.3%	31,983	6.4%	0.4%	30,500	5.5%	(4.6)%
Total	435,219	100.00%	503,417	100.0%	15.7%	550,000	100.0%	9.3%

* Following the adoption of the Revised Accounting Standard for Disclosures about Segments of an Enterprise and Related Information, in the year ended March 31, 2011, sales of building and repairs attributable to Daito Building Management were included in the sales of the real estate business. Orders for building and repairs are included under “Other” as was previously.

Construction order backlog

(¥ millions)

	Year ended March 31, 2010		Year ended March 31, 2011		Change	Forecast for year ending March 31, 2012		Change
	Amount	% of total sales	Amount	% of total sales		Amount	% of total sales	
Residential properties	431,899	98.6%	474,802	98.2%	9.9%	543,302	98.2%	14.4%
Leased housing	429,844	98.1%	472,323	97.7%	9.9%	540,823	97.8%	14.5%
Independent dwellings	2,055	0.5%	2,479	0.5%	20.6%	2,479	0.4%	0.0%
Commercial properties	1,062	0.2%	1,780	0.4%	67.5%	2,780	0.5%	56.2%
Other*	5,414	1.2%	6,941	1.4%	28.2%	6,941	1.3%	0.0%
Total	438,376	100.00%	483,524	100.0%	10.3%	553,024	100.0%	14.4%

* Following the adoption of the Revised Accounting Standard for Disclosures about Segments of an Enterprise and Related Information, in the year ended March 31, 2011, sales of building and repairs attributable to Daito Building Management were included in the sales of the real estate business. Order backlog for building and repairs are included under “Other” as was previously.

(2) Real Estate

In the real estate business, an increase in whole-building lease agreements under our Lease Management Trust System allowed our leasing company, Daito Building Management, to increase its rental income. This and other factors resulted in sales in the real estate business increasing 12.8% year on year, to ¥545,296 million.

The number of tenancy agreements (non-consolidated) during the year under review increased 13.3%, to 204,379. This was due to a number of initiatives to increase the amount of incoming contact from potential tenants, including creating new TV commercials, renovating the e-Heya Net rental unit search website, and extending the hours of our e-Heya Net call center. This center is now open even at night and was the first in the industry to operate during such hours. The increase in the number of tenancy agreements can also be attributed to the success of our efforts to strengthen operations through such means as improving relationships with regional real estate brokers and employing “total” renovations that cover fixtures and room layout. As a result of these efforts, occupancy rates for leased properties increased 1.4 percentage points, to 96.0%, in residential properties and 0.8 percentage point, to 92.1%, in commercial properties.

Going forward, we aim to further increase occupancy rates by bolstering our real estate sales staff to 1,300 members and implementing a plethora of sales initiatives. These sales initiatives will include installing new portable terminals that can be used to search for rental units in shopping centers and renovating our e-Heya Net rental unit search website, as well as by continuing to operate our e-Heya Net call center at night, employing “total” renovations that cover fixtures and room layout, and strengthening relationships with regional real estate companies.

(¥ millions)

	Year ended March 31, 2010	Year ended March 31, 2011	Change	Forecast for year ending March 31, 2012	Change
Net sales of real estate business	483,547	545,296	12.8%	588,200	7.9%
Gross profit on real estate business	14,476	19,243	32.9%	26,950	40.0%
Gross profit margin for real estate business	3.0%	3.5%	0.5pp	4.6%	1.1pp
Operating income (loss)	(11,789)	(9,930)	—	(3,400)	—

Net sales of real estate business

(¥ millions)

	Year ended March 31, 2010		Year ended March 31, 2011		Change	Forecast for year ending March 31, 2012		Change
	Amount	% of total sales	Amount	% of total sales		Amount	% of total sales	
Real estate brokerage	11,797	2.5%	11,975	2.2%	1.5%	12,900	2.2%	7.7%
Sublease*1	15,596	3.2%	9,956	1.8%	(36.2)%	4,000	0.7%	(59.8)%
Whole-building lease*2	448,808	92.8%	486,951	89.3%	8.5%	533,900	90.7%	9.6%
Lease business	6,371	1.3%	6,001	1.1%	(5.8)%	6,300	1.1%	5.0%
Other	972	0.2%	2,367	0.5%	143.4%	3,100	0.5%	30.9%
Building and repairs*3	—	—	28,043	5.1%	—	28,000	4.8%	(0.2)%
Total	483,547	100.0%	545,296	100.0%	12.8%	588,200	100.0%	7.9%

*1. Revenues from Daito Trust Construction’s subleases, etc.

*2. Revenues from Daito Building Management’s whole-building leases, etc.

*3. Following the adoption of the Revised Accounting Standard for Disclosures about Segments of an Enterprise and Related Information, in the year ended March 31, 2011, sales of building and repairs attributable to Daito Building Management previously included under “Net sales of completed construction contracts” were included in the sales of the real estate business. The amount of sales of building and repairs included under “Net sales of completed construction contracts” in the year ended March 31, 2010 was ¥21,889 million.

Fiscal year-end rent basis occupancy rates

	Year ended March 31, 2010	Year ended March 31, 2011	Change	Forecast for year ending March 31, 2012	Change
Residential properties	94.6%	96.0%	1.4pp	97.0%	1.0pp
Commercial properties	91.3%	92.1%	0.8pp	94.5%	2.4pp

* Rent basis occupancy rates = 100 × (Rent payments for vacant properties / Total rent payments)

(3) Other Business

Sales from other business grew thanks to an increase in the number of households supplied with LP gas by Gaspal Co., Ltd., which is qualified as a company with an advanced safety system by Japan's Ministry of Economy, Trade and Industry. Care Partner Co., Ltd., which provides daytime care to the elderly, benefited from sales growth owing to an increase in the number of users. Consequently, sales from other business increased 9.2% year on year, to ¥25,646 million.

Going forward, we will work to further increase the number of households supplied with LP gas by Gaspal, aggressively expand Care Partner's daytime care for the elderly while entering into the child care field, and develop an electric aggregator business in which we will supply rental housing with low-priced electricity. In these ways, we will expand businesses related to our core business.

(¥ millions)

	Year ended March 31, 2010	Year ended March 31, 2011	Change	Forecast for year ending March 31, 2012	Change
Net sales of other business	23,488	25,646	9.2%	28,150	9.8%
Gross profit on other business	7,849	9,039	15.2%	9,250	2.3%
Gross profit margin for other business	33.4%	35.2%	1.8pp	32.9%	(2.3)pp
Operating income	3,867	4,748	22.8%	5,200	9.5%

Other business revenues

(Number of properties)

	Year ended March 31, 2010		Year ended March 31, 2011		Change	Forecast for year ending March 31, 2012		Change
	Amount	% of total sales	Amount	% of total sales		Amount	% of total sales	
Financing operations	1,780	7.6%	3,886	15.2%	118.3%	4,150	14.7%	6.8%
Other	21,707	92.4%	21,759	84.8%	0.2%	24,000	85.3%	10.3%
Total	23,488	100.0%	25,646	100.0%	9.2%	28,150	100.0%	9.8%

Properties supplied with LP gas

(Number of properties)

	Year ended March 31, 2010	Year ended March 31, 2011	Change	Forecast for year ending March 31, 2012	Change
Properties supplied	82,978	108,000	30.2%	133,626	23.7%

Care Partner facilities

(Number of properties)

	Year ended March 31, 2010	Year ended March 31, 2011	Change	Forecast for year ending March 31, 2012	Change
Facilities	63	63	—	63	—

* As Care Partner settles its accounts on February 28 or 29, numbers of facilities are all as of February 28 or 29 of the applicable fiscal year.

Occupancy rates of Malaysian hotels

(%)

	Year ended March 31, 2010	Year ended March 31, 2011	Change	Forecast for year ending March 31, 2012	Change
Occupancy rates	63.5%	71.2%	7.7pp	72.7%	1.5pp

* As Daito Asia Development (Malaysia) Sdn. Bhd. settles its accounts on December 31, occupancy rates are all as of December 31 of the applicable fiscal year.

Financial Position

Total assets at fiscal year-end amounted to ¥532,957 million, down ¥25,172 million from a year earlier. Major increases in assets included ¥62,575 million in cash and deposits, ¥4,297 million in prepaid expenses, and ¥3,999 million in property, plant and equipment. Major decreases in assets included ¥73,719 million in short-term investment securities and ¥21,772 million in investment securities.

By contrast, total liabilities grew ¥155,206 million year on year, to ¥400,705 million. Major increases included ¥127,000 million in long-term debt, ¥7,023 million in provision for repairs on whole-building lease, ¥6,215 million in long-term guarantee deposits, ¥3,768 million in provision for bonuses, ¥3,540 million in accounts payable for construction contracts, and ¥3,315 million in income taxes payable.

Total net assets fell ¥180,378 million, to ¥132,252 million. Major increases included net income of ¥43,151 million. Major decreases included purchase of treasury stock worth ¥201,043 million through tender offers, and ¥22,951 million paid in cash dividends paid.

As a result, the shareholders' equity ratio fell 31.2 percentage points, to 24.6%.

Cash Flows

Cash and cash equivalents at fiscal year-end stood at ¥184,814 million, up ¥14,075 million from a year earlier. Major factors affecting cash flows in the fiscal year under review are as follows.

(1) Cash Flows from Operating Activities

Net cash provided by operating activities totaled ¥60,778 million, compared with ¥46,041 million in the previous fiscal year. Major inflows included income before income taxes and minority interests of ¥73,034 million, compared with ¥76,886 million in the previous fiscal year, decrease in operating loans receivable of ¥7,414 million, increase in provision for repairs on whole-building lease of ¥7,023 million, and increase in long-term guarantee deposits of ¥6,215 million. Major outflows included ¥32,157 million in income taxes paid.

(2) Cash Flows from Investing Activities

Net cash provided by investing activities was ¥49,997 million, compared with net cash used in investing activities of ¥26,838 million in the previous fiscal year. Major inflows included proceeds from sales and redemption of securities of ¥64,153 million, proceeds from sales and redemption of investment securities totaling ¥37,305 million, and proceeds from withdrawal of time deposits of ¥10,450 million. Major outflows included ¥38,624 million for purchase of short-term investment securities, ¥17,611 million for purchase of investment securities, and payments for guarantee deposits of ¥6,711 million.

(3) Cash Flows from Financing Activities

Net cash used in financing activities was ¥94,914 million, compared with ¥29,866 million in the previous fiscal year. Major inflows included proceeds from long-term loans payable of ¥127,000 million. Major outflows included ¥201,043 million for purchase of treasury stock and ¥22,951 million for cash dividends paid.

Cash flow indicators for the Daito Group are shown below.

	Year ended March 31, 2007	Year ended March 31, 2008	Year ended March 31, 2009	Year ended March 31, 2010	Year ended March 31, 2011
Shareholders' equity ratio (%)	58.0	56.5	54.7	55.8	24.6
Shareholders' equity ratio on a market value basis (%)	141.5	117.1	72.3	93.2	84.8
Ratio of interest-bearing debt to cash flow (years)	0	0	0	0	2.1
Interest coverage ratio (times)	11,681.00	7,678.90	4,969.00	6,802.90	779.3

Notes: Shareholders' equity ratio: Shareholders' equity / Total assets

The shareholders' equity ratio on a market value basis is the total market value of shares issued and outstanding divided by total assets.

Ratio of interest-bearing debt to cash flow: Interest-bearing debt / Cash flow

Interest coverage ratio: Cash flow / Interest payments

*1. All figures are calculated on a consolidated basis.

*2. The total market value of shares is calculated by multiplying the closing share prices at the end of the fiscal year by the total number of shares issued and outstanding at the fiscal year-end (exclusive of treasury stock).

*3. Cash flow is based on cash flow from operating activities in the consolidated statements of cash flows. Interest-bearing debt covers all of those liabilities recorded in the consolidated balance sheets for which interest is paid. Interest payment is based on interest paid as shown in the consolidated statements of cash flows.

Forecasted Capital Investment in the Year Ending March 31, 2012

In the year ending March 31, 2012, capital investment is forecasted to total ¥2,900 million and depreciation and amortization is forecasted to total ¥2,400 million.

Basic policy on appropriation of earnings and dividends for the year ended March 31, 2011 and the year ending March 31, 2012

(1) Dividend Policy

Daito's dividend policy has consistently reflected the recognition of shareholder return as an important issue. Our basic commitment is to provide a stable dividend by ensuring a strong business base. Specifically, we have set a target payout ratio of 50%, to consist of a standard dividend of ¥100 and a profit return component reflecting consolidated business performance.

In the year ended March 31, 2011, the number of shares of treasury stock purchased or retired was 36,914,853, equivalent to 31.41% of the total number of shares issued and outstanding before the retirement. Therefore, we will determine the baseline for the year-end dividend by subtracting the amount paid for interim dividends from 50% of the total consolidated net income in the fiscal year under review, and then adjusting that value for the total number of shares issued and outstanding less the number of shares of treasury stock at the end of the year. On this basis, in the year ended March 31, 2011, we will pay an annual dividend per share of ¥229 (¥98 of which was paid as an interim dividend).

In the year ending March 31, 2012, we plan to pay annual dividend payments of ¥288 per share.

(2) Purchase and Retirement of Treasury Stock

When certain conditions are met, including consolidated net income exceeding ¥10,000 million and the absence of large-scale funding requirements, Daito applies a policy of ongoing purchase and retirement of treasury stock in the interest of increasing shareholder value. The upper limit for purchase of treasury stock is set at a target figure of 30% of consolidated net income. However, following the approval of a tender offer for treasury stock in the year ended March 31, 2011, the purchase and retirement of treasury stock will be ceased for an undetermined period of time. Going forward, we will continue to focus on maintaining strong internal reserve funds.

(3) Application of Internal Reserve Funds

The Company intends to continue adhering to its policy of conducting necessary capital investment. However, we will also focus on steadily accumulating internal reserve funds and readily available capital. Accumulated internal reserve funds will be used to reduce interest burdens as well as to raise corporate and shareholder value through such means as supporting the development of new businesses.

Business Risks

The leased housing sector, which is the core business of the Daito Group, is subject to the risks described below.

In connection with the operating results, financial position, cash flows, and other aspects of the business performance of the Daito Group, items which may have a significant influence on the decisions made by investors are listed below. References to the future in the text are based on assessments made by the Daito Group as of the fiscal year-end.

(1) Increase in Cost of Sales and Decline in Profitability due to Sharp Rise in Material Costs

Daito assumes the role of principal contractor in all its lease building construction projects, while its on-site construction supervisors (construction engineers) place separate orders for each stage of construction directly with subcontractors, with the aim of curtailing costs for completed work. In the event that an increase in various material costs leads to an upward revision of subcontractor invoices payable by the Company, gross profit margins may be negatively impacted.

(2) Performance Decline due to Changes in Land Inheritance and Property Taxes

Daito obtains building construction orders based on its consulting sales activities, which include making proposals to landowners for the effective utilization of land for residential lease buildings. Within Japan's current tax system, building lease operations are deemed to be effective means of land utilization. Furthermore, the most common reason for landowners to begin residential lease operations is as a strategy to alleviate the burden of land inheritance and property taxes. Accordingly, in the case that changes to the law or liberalization measures are applied to land inheritance and property taxes, the Company's procurement of orders may be affected, and its performance may decline.

(3) Order Cancellations due to Sudden Interest Rate Hikes

When first engaging in building lease operations, landowners generally borrow money from banks and other financial institutions to cover the cost of building construction. Overall long-term interest rates have remained low, providing stable yield from property leasing activities, even if the market weakens. This is a key factor for landowners commencing real estate leasing. In the event that interest rates rise sharply, landowners may cancel their orders for projects in the planning stage or review plans for work in progress due to the deterioration in profitability. Under these circumstances, the Company may not meet its targets for total orders received or for total projects completed.

(4) Increase in Overheads due to Legislative Changes

Daito requires a number of approvals and licenses in order to conduct its business. These include building industry approvals, registration as architects, and a real estate agency license. The Company's corporate activities are also subject to related laws and various other legal regulations. To ensure that such regulations are properly observed, the Company is reinforcing its corporate governance and compliance systems. However, the Company's business performance may be impacted in the event of failure to observe laws and other regulations, or the enactment of new laws that restrict its business activities.

(5) Risk of Personal Information Leaks

Daito assumes custody of various items of personal information regarding landowners and tenants. While the Company is particularly careful about protecting personal information, any leakage of such information to outside parties could lead to a significant loss of trust, which could affect its business performance.

(6) Risk of Natural Disaster

If construction sites, business offices, or IT equipment belonging to the Company were to be damaged by a major earthquake, typhoon, or other natural disaster, repairing such facilities could cause the Company to incur a great deal of expenses. Additionally, expenses may be incurred for the purpose of inspecting the buildings of customers or offering relief to customers that suffered damages due to the disaster. Further, in the event that such a disaster were to significantly damage social infrastructure, it could result in long-lasting and wide-spread halting of production and distribution activities, which in turn could disrupt the supply of parts and materials necessary for construction. There is also the possibility that such a disaster could result in a large number of Company employees being unable to attend work. Such occurrences could delay the conclusion of contracts or the start or progress of construction, and could also adversely affect tenant recruitment efforts, subsequently impacting the Company's business performance and financial condition.

Consolidated Balance Sheets

	Millions of yen		Thousands of U.S. dollars
	2010	2011	2011
Assets			
Current assets			
Cash and deposits	¥122,438	¥185,014	\$2,225,063
Notes receivable, accounts receivable from completed construction contracts and other	39,510	44,169	531,197
Short-term investment securities	74,499	779	9,369
Costs on uncompleted construction contracts	5,882	5,727	68,876
Other inventories	3,813	4,055	48,767
Prepaid expenses	38,802	43,100	518,340
Deferred tax assets	12,688	14,846	178,545
Operating loans	71,046	63,631	765,256
Other	8,055	8,200	98,617
Allowance for doubtful accounts	(338)	(371)	(4,462)
Total current assets	376,398	369,153	4,439,603
Noncurrent assets			
Property, plant and equipment			
Buildings and structures, net	32,557	35,725	429,645
Tools, furniture and fixtures, net	861	1,316	15,827
Land	41,999	42,000	505,111
Lease assets, net	562	867	10,427
Other, net	201	270	3,247
Property, plant and equipment	76,182	80,181	964,293
Intangible assets	521	455	5,472
Investments and other assets			
Investment securities	36,319	14,546	174,937
Subordinated bonds	10,928	10,913	131,245
Deferred tax assets	11,487	15,601	187,625
Deferred tax assets for land revaluation	3,164	3,164	38,052
Insurance funds	368	—	—
Other	45,691	41,805	502,766
Allowance for doubtful accounts	(2,931)	(2,864)	(34,444)
Investments and other assets	105,027	83,167	1,000,204
Total noncurrent assets	181,730	163,803	1,969,970
Total assets	558,129	532,957	6,409,585

\$=83.15 yen
(March 31,211)

	Millions of yen		Thousands of U.S. dollars
	2010	2011	2011
Liabilities			
Current liabilities			
Accounts payable for construction contracts	¥31,849	¥35,390	\$425,616
Current portion of long-term loans payable	—	12,715	152,916
Lease obligations	142	217	2,610
Income taxes payable	21,060	24,375	293,145
Advances received on uncompleted construction contracts	23,095	22,639	272,267
Advances received	39,172	41,966	504,702
Provision for bonuses	9,137	12,905	155,201
Provision for warranties for completed construction	1,364	1,268	15,250
Deposits received	5,854	6,784	81,587
Other	35,262	34,963	420,481
Total current liabilities	166,938	193,227	2,323,836
Noncurrent liabilities			
Long-term loans payable	—	114,284	1,374,432
Lease obligations	487	768	9,236
Provision for retirement benefits	8,257	8,724	104,919
Provision for directors' retirement benefits	2,146	2,838	34,131
Provision for repairs on whole-building lease	9,927	16,950	203,848
Long-term guarantee deposited	54,643	60,859	731,918
Other	3,098	3,051	36,693
Total noncurrent liabilities	78,559	207,477	2,495,213
Total liabilities	245,498	400,705	4,819,062
Net assets			
Shareholders' equity			
Capital stock	29,060	29,060	349,489
Capital surplus	34,540	34,540	415,394
Retained earnings	266,773	88,987	1,070,198
Treasury stock	(8,553)	(9,208)	(110,740)
Total shareholders' equity	321,822	143,380	1,724,354
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	557	297	3,572
Deferred gains or losses on hedges	(249)	(181)	(2,177)
Revaluation reserve for land	(4,610)	(4,610)	(55,442)
Foreign currency translation adjustment	(6,005)	(7,707)	(92,688)
Total accumulated other comprehensive income	(10,306)	(12,201)	(146,735)
Subscription rights to shares	401	253	3,043
Minority interests	714	819	9,850
Total net assets	312,631	132,252	1,590,523
Total liabilities and net assets	558,129	532,957	6,409,585

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Consolidated Statements of Income

	Millions of yen		Thousands of U.S. dollars
	2010	2011	2011
Net sales			
Net sales of completed construction contracts	¥465,580	¥430,226	\$5,174,095
Sales on real estate business	483,547	545,296	6,557,980
Other business revenue	23,488	25,646	308,431
Total net sales	972,616	1,001,169	12,040,517
Cost of sales			
Cost of sales of completed construction contracts	299,118	263,197	3,165,328
Cost of sales on real estate business	469,070	526,052	6,326,542
Cost of sales on other business	15,639	16,607	199,723
Total cost of sales	783,828	805,857	9,691,606
Gross profit			
Gross profit on completed construction contracts	166,461	167,029	2,008,767
Gross profit-real estate business	14,476	19,243	231,425
Gross profit-other business	7,849	9,039	108,707
Total gross profit	188,787	195,312	2,348,912
Selling, general and administrative expenses	117,660	121,544	1,461,744
Operating income	71,127	73,767	887,156

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	Millions of yen		Thousands of U.S. dollars
	2010	2011	2011
Non-operating income			
Interest income	¥2,618	¥2,163	\$26,013
Dividends income	81	270	3,247
Commission fee	2,421	2,457	29,549
Miscellaneous income	1,263	1,097	13,193
Total non-operating income	6,384	5,989	72,026
Non-operating expenses			
Loss on valuation of securities	98	200	2,405
Provision of allowance for doubtful accounts	94	144	1,732
Expenses for takeover bid	—	863	10,379
Miscellaneous expenses	654	543	6,530
Total non-operating expenses	848	1,751	21,058
Ordinary income	76,663	78,005	938,124
Extraordinary income			
Reversal of allowance for doubtful accounts	298	375	4,510
Gain on sales of noncurrent assets	1	—	—
Gain on sales of investment securities	25	481	5,785
Total extraordinary income	325	857	10,307
Extraordinary loss			
Loss on sales and retirement of noncurrent assets	59	104	1,251
Impairment loss	13	36	433
Loss on disaster	—	4,474	53,806
Loss on sales of investment securities	29	695	8,358
Loss on valuation of investment securities	—	0	0
Loss on investments in money held in trust	—	80	962
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	437	5,256
Total extraordinary losses	102	5,828	70,090
Income before income taxes and minority interests	76,886	73,034	878,340
Income taxes-current	34,204	35,921	432,002
Income taxes-deferred	(2,782)	(6,144)	(73,891)
Total income taxes	31,421	29,777	358,112
Income before minority interests	—	43,256	520,216
Minority interests in income	110	105	1,263
Net income	45,353	43,151	518,954

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Consolidated Statements of Changes in Net Assets

Shareholders' equity	Millions of yen		Thousands of U.S. dollars
	2010	2011	2011
Capital stock			
Balance at the end of previous period	¥29,060	¥29,060	\$349,489
Balance at the end of current period	29,060	29,060	349,489
Capital surplus			
Balance at the end of previous period	34,540	34,540	415,394
Changes of items during the period			
Disposal of treasury stock	2	498	5,989
Retirement of treasury stock	(2)	(498)	(5,989)
Total changes of items during the period	—	—	—
Balance at the end of current period	34,540	34,540	415,394
Retained earnings			
Balance at the end of previous period	250,495	266,773	3,208,334
Changes of items during the period			
Dividends from surplus	(17,053)	(22,951)	(276,019)
Net income	45,353	43,151	518,954
Retirement of treasury stock	(12,021)	(197,986)	(2,381,070)
Total changes of items during the period	16,278	(177,786)	(2,138,136)
Balance at the end of current period	266,773	88,987	1,070,198
Treasury stock			
Balance at the end of previous period	(7,870)	(8,553)	(102,862)
Changes of items during the period			
Purchase of treasury stock	(12,733)	(201,043)	(2,417,835)
Disposal of treasury stock	26	1,903	22,886
Retirement of treasury stock	12,024	198,485	2,387,072
Total changes of items during the period	(683)	(654)	(7,865)
Balance at the end of current period	(8,553)	(9,208)	(110,740)
Total shareholders' equity			
Balance at the end of previous period	306,226	321,822	3,870,379
Changes of items during the period			
Dividends from surplus	(17,053)	(22,951)	(276,019)
Net income	45,353	43,151	518,954
Purchase of treasury stock	(12,733)	(201,043)	(2,417,835)
Disposal of treasury stock	29	2,402	28,888
Retirement of treasury stock	—	—	—
Total changes of items during the period	15,595	(178,441)	(2,146,013)
Balance at the end of current period	321,822	143,380	1,724,354

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Accumulated other comprehensive income	Millions of yen		Thousands of U.S. dollars
	2010	2011	2011
Valuation difference on available-for-sale securities			
Balance at the end of previous period	¥(318)	¥557	\$6,699
Changes of items during the period			
Net changes of items other than shareholders' equity	876	(260)	(3,127)
Total changes of items during the period	876	(260)	(3,127)
Balance at the end of current period	557	297	3,572
Deferred gains or losses on hedges			
Balance at the end of previous period	(236)	(249)	(2,995)
Changes of items during the period			
Net changes of items other than shareholders' equity	(12)	68	818
Total changes of items during the period	(12)	68	818
Balance at the end of current period	(249)	(181)	(2,177)
Revaluation reserve for land			
Balance at the end of previous period	(4,610)	(4,610)	(55,442)
Balance at the end of current period	(4,610)	(4,610)	(55,442)
Foreign currency translation adjustment			
Balance at the end of previous period	(5,322)	(6,005)	(72,219)
Changes of items during the period			
Net changes of items other than shareholders' equity	(682)	(1,701)	(20,457)
Total changes of items during the period	(682)	(1,701)	(20,457)
Balance at the end of current period	(6,005)	(7,707)	(92,688)
Total accumulated other comprehensive income			
Balance at the end of previous period	(10,487)	(10,306)	(123,945)
Changes of items during the period			
Net changes of items other than shareholders' equity	180	(1,894)	(22,778)
Total changes of items during the period	180	(1,894)	(22,778)
Balance at the end of current period	(10,306)	(12,201)	(146,735)
Subscription rights to shares			
Balance at the end of previous period	—	401	4,823
Changes of items during the period			
Net changes of items other than shareholders' equity	401	(148)	(1,780)
Total changes of items during the period	401	(148)	(1,780)
Balance at the end of current period	401	253	3,043
Minority interests			
Balance at the end of previous period	603	714	8,587
Changes of items during the period			
Net changes of items other than shareholders' equity	110	105	1,263
Total changes of items during the period	110	105	1,263
Balance at the end of current period	714	819	9,850
Total net assets			
Balance at the end of previous period	296,341	312,631	3,759,844
Changes of items during the period			
Dividends from surplus	(17,053)	(22,951)	(276,019)
Net income	45,353	43,151	518,954
Purchase of treasury stock	(12,733)	(201,043)	(2,417,835)
Disposal of treasury stock	29	2,402	28,888
Net changes of items other than shareholders' equity	693	(1,937)	(23,295)
Total changes of items during the period	16,289	(180,378)	(2,169,308)
Balance at the end of current period	312,631	132,252	1,590,523

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Consolidated Statements of Cash Flows

	Millions of yen		Thousands of U.S. dollars
	2010	2011	2011
Net cash provided by (used in) operating activities			
Income before income taxes and minority interests	¥76,886	¥73,034	\$878,340
Depreciation and amortization	2,574	2,884	34,684
Impairment loss	13	36	433
Increase (decrease) in allowance for doubtful accounts	314	(33)	(397)
Increase (decrease) in provision for bonuses	787	3,768	45,316
Increase (decrease) in provision for retirement benefits	594	466	5,604
Increase (decrease) in provision for repairs on whole-building lease	5,323	7,023	84,462
Interest and dividends income	(2,699)	(2,434)	(29,272)
Interest expenses	6	80	962
Loss (gain) on valuation of investment securities	(220)	—	—
Loss (gain) on valuation of securities	—	195	2,345
Decrease (increase) in notes and accounts receivable-trade	(5,994)	(4,658)	(56,019)
Decrease (increase) in costs on uncompleted construction contracts	11,946	154	1,852
Decrease (increase) in other inventories	2,319	(242)	(2,910)
Decrease (increase) in prepaid expenses	(7,049)	(10,432)	(125,460)
Decrease (increase) in operating loans receivable	(408)	7,414	89,164
Increase (decrease) in notes and accounts payable-trade	1,411	3,540	42,574
Increase (decrease) in accounts payable-other	4,643	(3,016)	(36,272)
Increase (decrease) in advances received	1,593	2,794	33,602
Increase (decrease) in advances received on uncompleted construction contracts	(16,698)	(456)	(5,484)
Increase (decrease) in long term guarantee deposits	6,396	6,215	74,744
Other, net	726	4,133	49,705
Subtotal	82,466	90,469	1,088,022
Interest and dividends income received	1,775	2,545	30,607
Interest expenses paid	(6)	(77)	(926)
Income taxes paid	(38,194)	(32,157)	(386,735)
Net cash provided by (used in) operating activities	46,041	60,778	730,944

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	Millions of yen		Thousands of U.S. dollars
	2010	2011	2011
Net cash provided by (used in) investing activities			
Payments into time deposits	¥(200)	¥(950)	\$(11,425)
Proceeds from withdrawal of time deposits	1,000	10,450	125,676
Purchase of property, plant and equipment	(7,027)	(6,221)	(74,817)
Purchase of short-term investment securities	(77,767)	(38,624)	(464,510)
Proceeds from redemption of securities	81,380	—	—
Proceeds from sales and redemption of securities	—	64,153	771,533
Purchase of investment securities	(19,713)	(17,611)	(211,798)
Proceeds from sales of investment securities	3,560	—	—
Proceeds from sales and redemption of investment securities	—	37,305	448,647
Proceeds from cancellation of insurance funds	146	—	—
Payments for guarantee deposits	(6,858)	(6,711)	(80,710)
Other, net	(1,358)	8,207	98,701
Net cash provided by (used in) investing activities	(26,838)	49,997	601,287
Net cash provided by (used in) financing activities			
Repayments of lease obligations	(109)	(173)	(2,081)
Proceeds from long-term loans payable	—	127,000	1,527,360
Proceeds from disposal of treasury stock	29	2,254	27,108
Purchase of treasury stock	(12,733)	(201,043)	(2,417,835)
Cash dividends paid	(17,053)	(22,951)	(276,019)
Net cash provided by (used in) financing activities	(29,866)	(94,914)	(1,141,479)
Effect of exchange rate change on cash and cash equivalents	(167)	(1,785)	(21,467)
Net increase (decrease) in cash and cash equivalents	(10,830)	14,075	169,272
Cash and cash equivalents at beginning of period	181,569	170,738	2,053,373
Cash and cash equivalents at end of period	170,738	184,814	2,222,658

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Consolidated Statements of Comprehensive Income

	Millions of yen		Thousands of U.S. dollars
	2010	2011	2011
Income before minority interests	¥—	¥43,256	\$520,216
Other comprehensive income			
Valuation difference on available-for-sale securities	—	(260)	(3,127)
Deferred gains or losses on hedges	—	68	818
Foreign currency translation adjustment	—	(1,701)	(20,457)
Total other comprehensive income	—	(1,894)	(22,778)
Comprehensive income	—	41,362	497,438
Comprehensive income attributable to			
Comprehensive income attributable to owners of the parent	—	41,257	496,176
Comprehensive income attributable to minority interests	—	105	1,263

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Financial Summaries of Subsidiaries

Construction Business

		\$=83.15 yen (March 31,11)	Net Sales	Gross Profit
Daito Construction Co., Ltd.	2010	Millions of yen	644	55
	2011	Millions of yen	5,596	451
	2011	Thousands of U.S. dollars	67,300	5,424
Daito Steel Co., Ltd.	2010	Millions of yen	3,430	210
	2011	Millions of yen	3,448	179
	2011	Thousands of U.S. dollars	41,467	2,153

Real Estate Business

		\$=83.15 yen (March 31,11)	Net Sales	Gross Profit
Daito Building Management Co., Ltd.	2010	Millions of yen	475,971	14,060
	2011	Millions of yen	519,237	19,848
	2011	Thousands of U.S. dollars	6,244,582	238,701
Housecom Co., Ltd.	2010	Millions of yen	7,455	7,455
	2011	Millions of yen	7,562	7,562
	2011	Thousands of U.S. dollars	90,944	90,944
Ju-See Publishing Co., Ltd.	2010	Millions of yen	3,723	152
	2011	Millions of yen	3,912	134
	2011	Thousands of U.S. dollars	47,048	1,612
Ju-See Information Center Co., Ltd.	2010	Millions of yen	103	4
	2011	Millions of yen	107	26
	2011	Thousands of U.S. dollars	1,287	313
House Leave Co., Ltd.	2010	Millions of yen	741	323
	2011	Millions of yen	1,309	895
	2011	Thousands of U.S. dollars	15,743	10,764

Other Business

		\$=83.15 yen (March 31,11)	Net Sales	Gross Profit
Daito Finance Co., Ltd.	2010	Millions of yen	1,815	1,149
	2011	Millions of yen	1,624	988
	2011	Thousands of U.S. dollars	19,531	11,882
Care Partner Co., Ltd.	2010	Millions of yen	5,485	956
	2011	Millions of yen	6,194	1,258
	2011	Thousands of U.S. dollars	74,492	15,129
Gaspal Co., Ltd.	2010	Millions of yen	14,951	2,946
	2011	Millions of yen	16,547	3,707
	2011	Thousands of U.S. dollars	199,002	44,582
Daito Corporate Service Co., Ltd.	2010	Millions of yen	294	294
	2011	Millions of yen	339	246
	2011	Thousands of U.S. dollars	4,077	2,959
Daito Farm Co., Ltd.	2010	Millions of yen	—	—
	2011	Millions of yen	12	(26)
	2011	Thousands of U.S. dollars	144	(313)
Daito Asia Development PTE. LTD.	2010	Millions of yen	0	0
	2011	Millions of yen	0	0
	2011	Thousands of U.S. dollars	0	0
Daito Asia Investment PTE. LTD.	2010	Millions of yen	72	72
	2011	Millions of yen	60	60
	2011	Thousands of U.S. dollars	722	722
Daito Asia Development (Malaysia) Sdn. Bhd.	2010	Millions of yen	1,763	698
	2011	Millions of yen	1,934	914
	2011	Thousands of U.S. dollars	23,259	10,992
DTC REINSURANCE LIMITED	2010	Millions of yen	2,172	775
	2011	Millions of yen	2,287	755
	2011	Thousands of U.S. dollars	27,505	9,080

SG&A Expenses	Operating Income	Net Income	Total Assets	Net Assets	Business Activities
305	(249)	(219)	2,819	2,480	Design and construction of rental property
88	362	413	4,155	2,894	
1,058	4,354	4,967	49,970	34,805	
79	130	75	832	26	Supply of construction parts and materials, etc.
70	108	62	936	88	
842	1,299	746	11,257	1,058	

SG&A Expenses	Operating Income	Net Income	Total Assets	Net Assets	Business Activities
9,493	4,567	2,864	137,053	28,306	Management of rental property
10,570	9,278	4,263	166,868	32,570	
127,120	111,581	51,269	2,006,831	391,702	
6,970	484	319	4,256	2,027	Rental housing agency
7,054	508	293	4,508	2,321	
84,835	6,109	3,524	54,215	27,913	
148	3	7	772	243	Operation of e-Heya Net website, production of listing magazines
124	10	13	814	257	
1,491	120	156	9,790	3,091	
24	(20)	(22)	271	400	Real estate operations
33	(6)	3	262	396	
397	(72)	36	3,151	4,762	
66	256	143	1,008	221	Operation of tenant guarantor services for rental housing
159	735	422	1,902	643	
1,912	8,839	5,075	22,874	7,733	

SG&A Expenses	Operating Income	Net Income	Total Assets	Net Assets	Business Activities
168	980	574	74,253	4,492	Financing operations (construction financing loans)
186	802	471	65,607	4,964	
2,237	9,645	5,664	789,020	59,699	
989	(32)	1,785	1,671	221	Operation of day service centers
1,081	177	53	1,648	275	
13,001	2,129	637	19,820	3,307	
2,260	686	977	4,455	(388)	Sales of fuel (LP gas)
2,565	1,141	904	5,901	515	
30,848	13,722	10,872	70,968	6,194	
288	6	14	337	254	Printing of documents, administrative support, etc.
330	(83)	(37)	489	217	
3,969	(998)	(445)	5,881	2,610	
—	—	—	—	—	Production, processing, and sales of agricultural products
4	(30)	(21)	73	58	
48	(361)	(253)	878	698	
2	(2)	368	5,902	5,901	Financing to overseas subsidiaries
1	(1)	8	5,230	5,228	
12	(12)	96	62,898	62,874	
2	70	258	12,852	12,852	Loans to overseas subsidiaries
1	59	210	11,580	11,575	
12	710	2,526	139,266	139,206	
658	39	52	6,458	(596)	Overseas hotel operations
696	217	838	6,284	255	
8,370	2,610	10,078	75,574	3,067	
10	765	778	2,951	1,575	Reinsurance company for fire insurance
9	745	750	3,044	1,562	
108	8,960	9,020	36,609	18,785	