

shareholdings and trade payables rose tracking the rise in trade receivables.

Interest-bearing liabilities-net, which are interest-bearing liabilities-gross minus cash and cash equivalents, rose 209.4 billion yen to 3,631.3 billion yen. The net debt-to-equity ratio, which is net interest-bearing liabilities divided by total shareholders' equity, was 1.2.

Total shareholders' equity increased 207.0 billion yen to 3,080.5 billion yen from March 31, 2008, due to the net income and an increase in net unrealized gains on securities available for sale due to a rise in unrealized gains on listed shareholdings.

(2) Cash Flows

(Operating activities)

Net cash provided by operating activities was 26.5 billion yen. Cash was chiefly provided by dividend income from business investments, mainly natural resource-related companies, and continued strong cash flows from transactions at natural resource-related subsidiaries. On the other hand, there was an increase in working capital requirements caused by rising commodity prices and firm growth in operating transactions.

(Investing activities)

Net cash used in investing activities was 159.6 billion yen. In addition to cash used for the purchase of additional shares in Chiyoda Corporation and Mitsubishi UFJ Lease & Finance Company Limited via subscription to a private placement, there were large outlays for capital expenditures overall.

As a result of the above, free cash flow, the sum of operating and investing cash flows, was a negative 133.1 billion yen.

(Financing activities)

Net cash provided by financing activities was 255.8 billion yen. One of the main use of cash was for the payment of dividends. The net cash inflow, however, reflected fund procurement at the parent company and finance subsidiaries to meet demand for funds for working capital and investments.