

**Consolidated Financial Statements**  
**for the Second Quarter of the Fiscal Year Ending March 31, 2010**

November 4, 2009

**NIPPON KANZAI Co., Ltd.**

Listed Exchanges: The 1st Section of Tokyo and Osaka stock exchanges

Code Number: 9728 URL: <http://www.nkanzai.co.jp/>

Representative: Shintaro Fukuda, President and Representative Director

Contact: Yasuhiro Harada, General Manager of Accounting Department

Telephone: 0798-35-2200

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Date to start dividends distribution: December 8, 2009

\*Amounts under one million yen have been rounded down.

**1. Consolidated results for the first six months ended September 30, 2009 (April 1, 2009 to September 30, 2009)**

**(1) Consolidated business results**

(Percentage figures indicate the rate of change from the same period in the previous year.)

	Net Sales		Operating Income		Ordinary Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2009	35,339	2.5	1,067	(21.3)	1,364	(37.1)
Six months ended September 30, 2008	34,461	—	2,042	—	2,169	—

	Net Income		Net Income per Share	Diluted Net Income per Share
	Millions of yen	%	Yen	Yen
Six months ended September 30, 2009	677	(29.4)	34.51	—
Six months ended September 30, 2008	959	—	46.67	—

**(2) Consolidated financial position**

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2009	34,790	22,967	61.7	1,243.32
As of March 31, 2009	39,341	27,316	65.1	1,245.32

Note: Shareholders' Equity: As of September 30, 2009: ¥21,462 million, As of March 31, 2009: ¥25,606 million

**2. Dividends**

Record date	Dividends per Share (Yen)				
	First Quarter	Second Quarter	Third Quarter	Year-end	Annual
Year ended March 31, 2009	—	16.00	—	16.00	32.00
Year ending March 31, 2010	—	16.00			
Year ending March 31, 2010 (Forecast)			—	16.00	32.00

Note: Revisions to the forecast of cash dividends in the current quarter: None

**3. Consolidated business forecasts for the year ending March 31, 2010 (April 1, 2009 to March 31, 2010)**

(Percentage figures indicate the rate of change from the same period in the previous year.)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	75,369	5.6	4,043	15.6	3,886	4.3	1,848	53.6	100.16

Note: Revisions to the consolidated business forecasts in the current quarter: Yes

#### 4. Others

**(1) Significant changes to subsidiaries during the term (transfers of specific subsidiaries with changes in the scope of consolidation): None**

Newly transferred: None

Eliminated: None

**(2) Adoption of the simple accounting as well as specific accounting for preparing the quarterly consolidated financial statements: Yes**

Note: For details, please refer to Page 6, "4. Others" of "Qualitative Information on Financial Statements."

**(3) Changes in accounting policies, procedures and methods of presentation for preparing the quarterly consolidated financial statements (changes described in the section of "Changes in significant matters forming the basis of preparing the quarterly consolidated financial statements")**

1) Changes due to the revision of accounting standard, etc.: None

2) Changes other than 1): Yes

Note: For details, please refer to Page 6, "4. Others" of "Qualitative Information on Financial Statements."

**(4) Number of shares issued and outstanding (common stock)**

1) Number of shares issued and outstanding at the end of each period (including treasury stock)

As of September 30, 2009: 20,590,153 shares      As of March 31, 2009: 20,590,153 shares

2) Number of treasury stock at the end of each period

As of September 30, 2009: 3,328,259 shares      As of March 31, 2009: 27,922 shares

3) Average number of shares issued and outstanding in each period

Six months ended September 2009: 19,642,402 shares      Six months ended September 2008: 20,563,020 shares

**\* Explanation concerning the appropriate use of estimated business results and other special notes**

The forecasts of financial results reported herein are based on the information available as of the date on which this material was released, and actual results may differ from the forecasts for various factors. In addition, some figures in the above consolidated business forecast for the year ending March 31, 2010 have been revised and updated since the announcement of the financial statements for the first quarter for the fiscal year ending March 31, 2010. For further details, please refer to Page 5, "3. *Qualitative information on consolidated business forecasts*"

(Reference) **Non-consolidated business forecasts for the year ending March 31, 2010**  
**(April 1, 2009 to March 31, 2010)**

(Percentage figures indicate the rate of change from the same period in the previous year.)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	50,000	1.2	2,050	5.6	2,457	5.4	1,319	133.0	71.51

Note: Revisions to the non-consolidated business forecasts in the current quarter: Yes

\* **Explanation concerning the appropriate use of estimated business results and other special notes**

The forecasts of financial results reported herein are based on the information available as of the date on which this material was released, and actual results may differ from the forecasts for various factors. In addition, some figures in the above non-consolidated business forecast for the year ending March 31, 2010 have been revised and updated since the announcement of the financial statements for the year ended March 31, 2009. For further details, please refer to Page 5, “3. *Qualitative information on consolidated business forecasts*”

## Qualitative information on financial statements

### 1. Qualitative information on consolidated business results

During the six months of the fiscal year ending March 2010, the Japanese economy showed limited signs of recovery in some industries and consumer spending, helped by the government's economic stimulus measures. However, there still remains a harsh environment for corporate-earnings growth, and the outlook for the domestic economy continues to be surrounded by uncertainty.

Conditions continued to be difficult in the building maintenance industry, as customers focused on cost cutting, while properties were closed or scaled-down.

Under such circumstances, the Nippon Kanzai Group aggressively worked on property management, private finance initiatives (PFI) and enhancement of our group along with continued expansion of businesses peripheral to building maintenance.

For the second quarter of the current fiscal year, the sales of constructions such as building and repairing of buildings and facilities decreased. However, net sales rose by 2.5% year on year to 35,339 million yen, with contributions from NS Corporation consolidated during the previous fiscal year.

As for income, due to a continued drop in contract unit prices, a sharp rise in costs, and the recognition of valuation losses, operating income shrank by 21.3% year on year to 1,607 million yen, ordinary income fell by 37.1% year on year to 1,364 million yen, and net income declined by 29.4% year on year to 677 million yen.

The following are earning by segment:

#### 1) Building Management and Operating Business

In our core Building Management and Operating Business, which is engaged in building management service and security, we secured a steady stream of new contracts mainly for designated administrator system, PFI, and real estate fund-related properties, and businesses peripheral to building maintenance. On the other hand, however, the growth in construction related contracts remains sluggish, resulting in a decline of 0.7% year on year in consolidated net sales for the current quarter to 30,846 million yen.

Operating income fell by 9.4% year on year to 2,839 million yen, reflecting the sluggish unit prices of contracts and reduction of temporary works which is relatively highly-profitable, in addition to increases in start-up costs of new properties and major costs including outsourcing expenses.

#### 2) Environmental Facility Management Business

In the Environmental Facility Management Business, which is mainly engaged in the management of water treatment, sewage disposal, and other public facilities, we secured an overall firm number of new contracts, particularly for the management of incinerators and recycling facilities. As a result, net sales increased by 3.9% year on year to 3,219 million yen.

Although we revised outsourcing and purchases costs in individual contracts and implemented thorough cost management centered on the efficient assignment of personnel, the tight fiscal conditions faced by local governments, which are our main customers, and costs shifting within a severe price range resulted in the operating income fell by 16.8% year on year to 269 million yen.

#### 3) Real Estate Fund Management Business

In the Real Estate Fund Management Business, which mainly entails asset management, or forming real estate funds and managing assets, and handles investments in anonymous associations, a stable asset management income was recorded. However, revenue from acquisitions and sales of real estates fell due to the worsening conditions of the real estate market. As a result, net sales shrank by 7.6% year on year to 271 million yen.

As for income, non-recurring income from acquisitions and sales of real estates fell, and the prices of real estate for sale held by the Group's fund business dropped, affected by the deterioration of the real estate market. As a result, we recorded valuation losses on real estate for sale. The overall result was an operating loss of 31 million yen (year on year decrease of 157 million yen).

#### 4) Other Businesses

Other Businesses, which includes mainly event planning and management, printing, and design, and conducts sales mainly to the Shiseido Group. For the first six months of the current fiscal year, net sales of the segment were 1,001 million yen and an operating income was 50 million yen.

(Note) As for business segment information, there were changes to business segments as discussed in note 3 of (5) Segment information, Business segment information, Six months ended September 30, 2009. Therefore, year on year changes in net sales and ordinary income were calculated based on retroactively adjusted figures for the second quarter of the previous fiscal year.

## 2. Qualitative information on consolidated financial position

### (1) Consolidated balance sheets

Total assets at the end of second quarter of the current fiscal term decreased by 4,550 million yen, or 11.6% compared to the end of the previous fiscal year to 34,790 million yen.

The change in assets was mainly due to decreases in cash and time deposits after the acquisition of treasury stock, which has taken place in August 2009.

The liabilities decreased by 201 million yen, or 1.7% year on year to 11,823 million, mainly due to the decrease in notes and accounts payable.

Net assets decreased by 4,349 million yen, or 15.9% to 22,967 million yen, while the equity ratio decreased by 3.4% to 61.7%, respectively from the end of the previous fiscal year.

### (2) Consolidated cash flows

(Cash flows from operating activities)

Net cash provided by operating activities rose by 1,282 million yen year on year to 1,228 million yen because of a substantial decrease in payment of income and other taxes, which offset decrease in income before income taxes.

(Cash flows from investing activities)

Net cash provided by investing activities increased by 1,025 million yen year on year to 453 million yen, as a result of an increase in net proceeds from increase/withdrawal of time deposits as well as proceeds from redemption of investment securities.

(Cash flows from financing activities)

Net cash used in financing activities increased by 4,913 million yen from the previous fiscal year to 5,264 million yen for various reasons including the acquisition of treasury stock and the dividend paid.

As a result, cash and cash equivalents at the end of second quarter of the current fiscal year decreased by 3,582 million yen year on year to 7,920 million yen.

## 3. Qualitative information on consolidated business forecasts

In the meantime, we expect our business environment will continue to be very challenging.

Therefore, we have reviewed and revised our business forecasts (previously announced on May 8, 2009) for the year ending March 2010 on both consolidated and non-consolidated basis, after taking into consideration the performance during the current quarter.

The revised forecasts for the full-year financial results are as follows:

Consolidated business forecasts for the year ending March 31, 2010 (April 1, 2009 – March 31, 2010)

	Net sales	Operating income	Ordinary income	Net income	Net income per share
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Yen)
Previous forecasts (A) (Announced on May 8, 2009)	75,369	4,043	4,258	2,187	106.39
Revised forecasts (B)	75,369	4,043	3,886	1,848	100.16
Change (B – A)	—	—	(372)	(339)	—
Change (%)	—	—	-8.7	-15.5	—
(Reference) Previous year results (Fiscal year ended March 31, 2009)	71,392	3,497	3,725	1,203	58.53

(Reference) Non-consolidated business forecasts for the year ending March 31, 2010 (April 1, 2009 – March 31, 2010)

	Net sales	Operating income	Ordinary income	Net income	Net income per share
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Yen)
Previous forecasts (A) (Announced on May 8, 2009)	50,000	2,050	2,457	1,437	69.90
Revised forecasts (B)	50,000	2,050	2,457	1,319	71.51
Change (B – A)	—	—	—	(118)	—
Change (%)	—	—	—	-8.2	—
(Reference) Previous year results (Fiscal year ended March 31, 2009)	49,387	1,941	2,331	566	27.54

#### **4. Others**

**(1) Changes of significant subsidiaries during the term (transfers of specific subsidiaries with changes in the scope of consolidation)**

There is no related information.

**(2) Adoption of the simple accounting as well as specific accounting for preparing the quarterly consolidated financial statements**

Method for calculating depreciation of fixed assets

For assets that the declining balance method is applied to, depreciation expense for the fiscal period is calculated by proportionally allocating the depreciation expense for the full fiscal year.

**(3) Changes in accounting policies, procedures and methods of presentation for preparing the quarterly consolidated financial statements**

Changes in Presentation of Financial Statements

(Consolidated statements of cash flows for the quarters)

The net amount of acquisition /disposal gains of treasury stock has previously been listed as “(Increase) decrease in treasury stock”; however, it was re-classified into “Payments for purchase of treasury stock” and “Proceeds from disposal of treasury stock” from the second quarter of the current fiscal year, due to an increase in its significance.

In this respect, for the second quarter of the fiscal year ended March 31, 2009, “Payments for purchase of treasury stock” was minus 1,678 thousand yen and “Proceeds from disposal of treasury stock” was 383 thousand yen.

## 5. Consolidated financial statements

### (1) Consolidated balance sheets

(Thousands of yen)

	Second quarter ended September 30, 2009 (As of September 30, 2009)	Year ended March 31, 2009 (As of March 31, 2009)
<b>ASSETS</b>		
Current assets		
Cash and time deposits	8,290,577	12,183,097
Notes and accounts receivable	7,944,827	7,890,714
Securities	—	204,241
Investments in anonymous associations for business purposes	427,189	429,623
Supplies	87,170	74,668
Real estate for sale	2,850,126	2,987,234
Income taxes receivable	—	343,676
Deferred income taxes – current	613,082	571,242
Other	975,842	683,509
Allowance for doubtful accounts	(23,125)	(28,071)
Total current assets	21,165,688	25,339,933
Fixed assets		
Tangible fixed assets		
Buildings and structures, net	1,590,946	1,610,467
Machinery and vehicles, net	91,353	100,232
Tools, appliance and equipment, net	271,898	266,329
Land	1,254,009	1,254,009
Lease assets, net	259,244	103,760
Total tangible fixed assets	3,467,450	3,334,797
Intangible fixed assets		
Goodwill	351,844	427,577
Software	795,639	876,627
Lease assets	16,465	16,129
Other	34,718	34,718
Total intangible fixed assets	1,198,666	1,355,051
Investments and other assets		
Investment securities	4,741,252	4,675,249
Investment in anonymous associations	15,166	15,166
Long-term loans	546,426	563,507
Guarantee and deposit for leasehold estate	1,903,093	1,939,324
Memberships	425,873	425,923
Deferred tax assets	1,099,529	1,235,051
Other	880,476	1,105,673
Allowance for doubtful accounts	(653,076)	(648,217)
Total investments and other assets	8,958,739	9,311,676
Total fixed assets	13,624,855	14,001,524
<b>TOTAL ASSETS</b>	<b>34,790,543</b>	<b>39,341,457</b>

(Thousands of yen)

	Second quarter ended September 30, 2009 (As of September 30, 2009)	Year ended March 31, 2009 (As of March 31, 2009)
<b>LIABILITIES</b>		
Current liabilities		
Notes and accounts payable	3,472,851	4,103,562
Current portion of long-term non-recourse loans	529,100	535,500
Lease obligations	52,766	22,548
Accrued expenses	1,825,095	1,772,134
Accrued income taxes	766,243	524,274
Accrued consumption taxes	296,538	332,595
Deposits received	286,987	234,246
Advances received	89,957	137,858
Accrued bonus	647,093	665,476
Accrued directors' bonus	40,792	82,150
Other	129,448	69,922
Total current liabilities	8,136,870	8,480,265
Fixed liabilities		
Long-term non-recourse loans	1,442,000	1,442,000
Lease obligations	227,039	98,261
Allowance for employees' retirement benefits	142,254	124,345
Allowance for directors' retirement benefits	488,063	470,290
Long-term guarantee deposits received	1,372,766	1,402,473
Other	14,152	7,069
Total fixed liabilities	3,686,274	3,544,438
<b>TOTAL LIABILITIES</b>	11,823,144	12,024,703
<b>NET ASSETS</b>		
Shareholders' equity		
Common stock	3,000,000	3,000,000
Capital surplus	499,127	499,127
Retained earnings	23,062,357	22,713,544
Treasury stock	(4,874,009)	(58,928)
Total shareholders' equity	21,687,385	26,153,743
Unrealized gains and adjustments		
Valuation difference on marketable securities	(225,374)	(547,150)
Total unrealized gains and adjustments	(225,374)	(547,150)
Minority interests	1,505,388	1,710,161
<b>TOTAL NET ASSETS</b>	22,967,399	27,316,754
<b>TOTAL LIABILITIES AND NET ASSETS</b>	34,790,543	39,341,457



**(2) Consolidated statements of income**  
**[Six months ended September 30, 2009]**

(Thousands of yen)

	Six months ended September 30, 2008 (April 1, 2008 to September 30, 2008)	Six months ended September 30, 2009 (April 1, 2009 to September 30, 2009)
Net sales	34,461,561	35,339,272
Cost of sales	27,775,988	28,755,401
Gross profit	6,685,573	6,583,871
Selling, general and administrative expenses		
Selling expenses	149,438	116,406
Personnel expenses	2,407,349	2,648,707
Provision for accrued bonus	193,256	228,251
Provision for accrued directors' bonus	40,159	40,792
Provision for allowance for directors' retirement benefits	45,427	37,573
Retirement benefits expense	36,165	58,045
Transportation and communication expense	372,520	355,371
Supplies expense	252,516	211,593
Lease expense	383,827	412,763
Insurance expense	85,667	86,222
Depreciation and amortization	73,669	168,793
Tax and public charge	45,463	52,729
Provision for allowance for doubtful accounts	8,772	3,546
Amortization of goodwill	63,179	75,733
Other	485,742	479,835
Total selling, general and administrative expenses	4,643,149	4,976,359
Operating income	2,042,424	1,607,512
Non-operating income		
Interest and dividends income	110,098	85,325
Rent earned	24,560	22,773
Compensation for transfer	35,502	—
Other	23,373	48,143
Total non-operating income	193,533	156,241
Non-operating expenses		
Interest expense	1,605	4,980
Expense related to leasehold estates	24,822	24,604
Investment loss on equity method	8,550	321,317
Loss on investments in anonymous associations	7,940	—
Loss on sales and retirement of fixed assets	19,663	5,024
Other	3,459	43,418
Total non-operating expenses	66,039	399,343
Ordinary income	2,169,918	1,364,410
Extraordinary losses		
Loss on valuation of investment securities	259,575	200,843
Other	15,750	—
Total extraordinary losses	275,325	200,843
Income before income taxes	1,894,593	1,163,567
Income, inhabitant and business taxes	954,249	749,030
Income and other taxes adjustment	(84,138)	(122,137)
Total income and other taxes	870,111	626,893
Minority interests in income (loss)	64,772	(141,135)
Net income	959,710	677,809

**(3) Consolidated statements of cash flows**

(Thousands of yen)

	Six months ended September 30, 2008 (April 1, 2008 to September 30, 2008)	Six months ended September 30, 2009 (April 1, 2009 to September 30, 2009)
Cash flows from operating activities		
Income before income taxes	1,894,593	1,163,567
Depreciation and amortization	85,187	205,671
Amortization of goodwill account	63,179	75,733
Increase (decrease) in accrued bonus	(8,290)	(18,383)
Increase (decrease) in accrued directors' bonus	(38,261)	(41,357)
Increase (decrease) in allowance for employees' retirement benefits	9,619	17,909
Increase (decrease) in allowance for directors' retirement benefits	17,302	17,773
Increase (decrease) in allowance for doubtful accounts	4,246	(87)
Equity in losses (earnings) of affiliated companies	8,550	321,317
Interest and dividends income	(110,098)	(85,325)
(Gain) loss on investment of anonymous associations	7,940	—
Interest expense	1,605	4,980
(Gain) loss on retirement or sales of fixed assets	19,663	5,024
(Gain) loss on sale of marketable and investment securities	914	—
(Gain) loss on valuation of investment securities	259,575	200,843
(Increase) decrease in accounts receivable	(505,801)	(88,221)
(Increase) decrease in investment in anonymous associations for business purposes	127,978	(3,386)
(Increase) decrease in inventories	7,558	(12,502)
(Increase) decrease in other assets	(161,397)	83,552
Increase (decrease) in accounts payable	(274,279)	(831,088)
Increase (decrease) in accrued consumption tax, etc.	(45,493)	(36,057)
Increase (decrease) in other liabilities	(55,816)	297,522
Other	—	35,011
Sub-total	1,308,474	1,312,496
Interest and dividends received	107,418	83,998
Interest paid	(1,605)	(4,980)
Payment of income and other taxes	(1,468,706)	(163,387)
Net cash provided by (used in) operating activities	(54,419)	1,228,127

(Thousands of yen)

	Six months ended September 30, 2008 (April 1, 2008 to September 30, 2008)	Six months ended September 30, 2009 (April 1, 2009 to September 30, 2009)
Cash flows from investing activities		
Payments into time deposits	(265,067)	(55,000)
Proceeds from withdrawal of time deposits	265,056	565,078
Purchase of tangible and intangible fixed assets	(333,934)	(214,012)
Proceeds from sales of tangible and intangible fixed assets	50	154
Purchase of investment securities	(107,314)	(65,047)
Proceeds from sales of investment securities	12,628	—
Proceeds from redemption of investment securities	—	209,827
Expenditure from investment in anonymous associations in conjunction with the change in scope of consolidation	(105,960)	—
Expenditure for lending	(144,468)	(663)
Income from recovery of loans	8,952	7,390
(Increase) decrease in guarantee and deposit for leasehold estate	(284,460)	36,231
Increase (decrease) in deposit guarantees received	382,697	(29,707)
Other	(344)	(609)
Net cash provide by (used in) investing activities	(572,164)	453,642
Cash flows from financing activities		
Income from short-term loans	500,000	300,000
Payments for repayment of short-term loans	(500,000)	(300,000)
Payments for repayment of long-term non-recourse loans	—	(6,400)
Payments for repayment of lease obligations	—	(14,120)
(Increase) decrease in treasury stock	(1,295)	—
Payments for purchase of treasury stock	—	(4,850,182)
Dividend paid to minority shareholders	(14,651)	—
Dividend paid	(305,054)	(328,922)
Dividend paid to minority shareholders	(29,600)	(64,588)
Net cash provided by (used in) financing activities	(350,600)	(5,264,212)
Net increase (decrease) in cash and cash equivalents	(977,183)	(3,582,443)
Cash and cash equivalents at beginning of term	11,264,301	11,502,515
Cash and cash equivalents at end of term	10,287,118	7,920,072

**(4) Notes on premise of a going concern**

There is no related information.

**(5) Segment information****[Business segment information]**

Six months ended September 30, 2008 (April 1, 2008 to September 30, 2008)

(Thousands of yen)

	Building Management and Operating	Environmental Facility Management	Temporary Staffing	Real Estate Fund Management	Total	Elimination or Total	Consolidation
Net sales							
(1) Net sales to external customers	30,127,833	3,098,699	941,017	294,012	34,461,561	—	34,461,561
(2) Inter-segment net sales and transfer	—	—	—	—	—	—	—
Total	30,127,833	3,098,699	941,017	294,012	34,461,561	—	34,461,561
Operating income	3,129,413	323,636	3,350	125,986	3,582,385	(1,539,961)	2,042,424

Notes: 1. Segmentation

Our services are divided into the business categories of Building Management and Operating, Environmental Facility Management, Temporary Staffing and Real Estate Fund Management Businesses.

2. Main business in each service category

Category	Main Businesses
<b>Building Management and Operating Business</b>	Building cleaning, facility maintenance, and all-day resident security services for multipurpose buildings, city hotels, condominiums and rental apartments; automated security service with automated emergency response equipment that quickly notifies using sensors and telephone line
<b>Environmental Facility Management Business</b>	Operation, management, and water quality management of water treatment/sewage disposal plants and incinerators
<b>Temporary Staffing Business</b>	Temporary staffing for receptionists, telephone operators, and production lines distribution processing services and logistics processing services in warehouses to our customers' needs
<b>Real Estate Fund Management Business</b>	Management and arrangement of real estate fund, investment in anonymous associations, investment consulting and asset management and building operating business

Six months ended September 30, 2009 (April 1, 2009 to September 30, 2009)

(Thousands of yen)

	Building Management and Operating	Environmental Facility Management	Real Estate Fund Management	Other Businesses	Total	Elimination or Total	Consolidation
Net sales							
(1) Net sales to external customers	30,846,589	3,219,651	271,654	1,001,378	35,339,272	—	35,339,272
(2) Inter-segment net sales and transfer	—	—	—	—	—	—	—
Total	30,846,589	3,219,651	271,654	1,001,378	35,339,272	—	35,339,272
Operating income (loss)	2,839,312	269,350	(31,346)	50,241	3,127,557	(1,520,045)	1,607,512

Notes: 1. Segmentation

Our services are divided into the business categories of Building Management and Operating Business, Environmental Facility Management Business, Real Estate Fund Management Business and Other Businesses.

## 2. Main business in each service category

Category	Main Businesses
<b>Building Management and Operating Business</b>	Building cleaning, facility maintenance, and all-day resident security services for multipurpose buildings, city hotels, condominiums and rental apartments; automated security service with automated emergency response equipment that quickly notifies using sensors and telephone line; temporary staffing for receptionists and telephone operators to our customers' needs
<b>Environmental Facility Management Business</b>	Operation, management, and water quality management of water treatment/sewage disposal plants and incinerators
<b>Real Estate Fund Management Business</b>	Management and arrangement of real estate fund, investment in anonymous associations, investment consulting and asset management and building operating business
<b>Other Businesses</b>	Event planning and management, printing and design, bookbinding, and real estate sales and brokerage

## 3. Change of business segmentation

Until the end of the previous fiscal year, our business segmentation comprised the five segments: Building Management and Operating Business, Environmental Facility Management Business, Temporary Staffing Business, Real Estate Fund Management Business, and Other Businesses. The Temporary Staffing Business is composed of various operations including those for product management inside warehouses, and production lines and those for operators and receptionists related to building management contracts. However, the decision was made to include the temporary staffing operations, which had been handled as a separate business, within the Building Management and Operating Business because temporary staffing operations for product management inside warehouses and production lines are no longer material as the Company made progress in withdrawing from these operations during the previous fiscal year, and the remaining temporary staffing operations including those for operators and receptionists are conducted as part of operations included in building management contracts.

Segment information by business type for the previous fiscal year, applying business segmentation of the current fiscal year, is as follows:

Six months ended September 30, 2008 (April 1, 2008 to September 30, 2008)

(Thousands of yen)

	Building Management and Operating	Environmental Facility Management	Real Estate Fund Management	Other Businesses	Total	Elimination or Total	Consolidation
Net sales							
(1) Net sales to external customers	31,068,850	3,098,699	294,012	—	34,461,561	—	34,461,561
(2) Intersegment net sales and transfer	—	—	—	—	—	—	—
Total	31,068,850	3,098,699	294,012	—	34,461,561	—	34,461,561
Operating income	3,132,763	323,636	125,986	—	3,582,385	(1,539,961)	2,042,424

### [Segment information by geographic region]

Six months ended September 30, 2008 (April 1, 2008 to September 30, 2008)

Because the Group does not have consolidated subsidiaries or branch offices outside Japan, there is no related information.

Six months ended September 30, 2009 (April 1, 2009 to September 30, 2009)

Because the Group does not have consolidated subsidiaries or branch offices outside Japan, there is no related information.

### [Overseas sales]

Six months ended September 30, 2008 (April 1, 2008 to September 30, 2008)

Because the Group does not conduct sales activities outside Japan, there is no related information.

Six months ended September 30, 2009 (April 1, 2009 to September 30, 2009)

Because the Group does not conduct sales activities outside Japan, there is no related information.

**(6) Notes on significant changes in the amount of shareholders' equity**

Six months ended September 30, 2009 (April 1, 2009 to September 30, 2009)

Treasury stock in the net assets section amounted to 4,874,099 thousand yen, up 4,815,171 thousand yen from the end of the previous fiscal year. This increase was primarily attributable to the acquisition of 3,300,000 shares of the Company's treasury shares for total 4,814,700 thousand yen (the ceiling cost of the acquisition), which was carried out on August 11, 2009, in accordance with the resolution of the Board of Directors' meeting held on August 10, 2009.

As a result of the above acquisition as well as the acquisition of odd-lot shares, treasury stock held by the Company has increased by 3,300,337 shares during the current quarter from the end of the previous fiscal year.