

Consolidated Financial Statements
for the Third Quarter of the Fiscal Year Ending March 31, 2011 [J-GAAP]

February 4, 2011

NIPPON KANZAI Co., Ltd.

Listed Exchanges: Tokyo Stock Exchange and Osaka Securities Exchange, First Section
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Filing date of quarterly report: February 10, 2011
Date to start dividends distribution: —
Supplementary quarterly materials prepared: No
Quarterly results information meeting held: No

*Amounts under one million yen have been rounded down.

1. Consolidated results for the third quarter ended December 31, 2010 (April 1, 2010 to December 31, 2010)

(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	%
Nine months ended December 31, 2010	55,069	2.5	2,832	6.1	2,942	16.2
Nine months ended December 31, 2009	53,736	1.6	2,669	(16.8)	2,532	(25.3)

	Net Income		Net Income per Share		Diluted Net Income per Share	
	Millions of yen	%	Yen		Yen	
Nine months ended December 31, 2010	1,384	7.0	81.24		—	
Nine months ended December 31, 2009	1,294	4.8	68.67		—	

(2) Consolidated financial position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2010	36,408	24,419	62.6	1,350.25
As of March 31, 2010	36,710	24,008	61.0	1,296.72

Note: Shareholders' equity: As of December 31, 2010: ¥ 22,777 million, As of March 31, 2010: ¥22,383 million

2. Dividends

	Annual dividends				
	First Quarter-end	Second Quarter-end	Third Quarter-end	Year-end	Annual
Year ended March 31, 2010	—	16.00	—	16.00	32.00
Year ending March 31, 2011	—	16.00	—		
Year ending March 31, 2011 (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, 2011 (April 1, 2010 to March 31, 2011)

(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	74,600	2.9	3,800	3.9	4,000	6.9	1,900	9.3	111.78

Note: Revisions to the consolidated business forecasts in the current quarter: None

4. Others (For details, please refer to the [Attached Document] page 3 “2. Other information.”)

(1) Changes of significant subsidiaries during the term: None

Note: This refers to changes to specific subsidiaries due to changes in the scope of consolidation in the period under review.

(2) Adoption of the simplified accounting as well as specific accounting: Yes

Note: This refers to the adoption of simplified accounting treatment or specific accounting treatment for preparing the quarterly consolidated financial statements.

(3) Changes in accounting principles, processes, presentation methods, etc.

1) Changes due to the revision of accounting standard: Yes

2) Changes other than 1): None

Note: This refers to changes in accounting principles, processes, disclosure methods, etc., pertaining to the preparation of quarterly consolidated financial statements as stated in “Changes in Accounting Principles, Processes, Disclosure Methods, etc.”

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

1) Number of shares issued and outstanding (including treasury stock)

2) Number of treasury stock

3) Average number of shares issued and outstanding

1)	As of December 31, 2010	20,590,153 shares	As of March 31, 2010	20,590,153 shares
2)	As of December 31, 2010	3,721,102 shares	As of March 31, 2010	3,328,630 shares
3)	First nine months ended December 31, 2010	17,047,781 shares	First nine months ended December 31, 2009	18,845,986 shares

*** Presentation of implementation status for quarterly review procedures**

This quarterly financial report is not covered by the Financial Instruments and Exchange Act and the quarterly consolidated financial statements review procedures called for by the Financial Instruments and Exchange Act have not been completed as of the release of this quarterly financial report.

*** Explanation regarding the appropriate use of forecasts of business results and other special items**

The forecasts of business results reported herein were prepared based on information Nippon Kanzai had in its possession as of the time this report was prepared and on certain assumptions judged to be reasonable. Actual results may differ significantly from forecasts due to various factors. Please refer to the disclaimers, provided under “1. (3) Qualitative information on consolidated business forecasts” on page 3 of the [Attached Document] of the quarterly financial report, regarding assumptions upon which forecasts are based and the use of forecasts.

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1. Qualitative information on financial statements

(1) Qualitative information on consolidated business results

During the first nine months of the fiscal year ending March 31, 2011, the Japanese economy, while showing signs of recovery in some sectors, suffered from weak equity prices and yen's sharp appreciation, which prevented any improvement in the difficult economic circumstances.

In the real estate service industry, as well, conditions remained tough as clients focused even more on cutting costs, buildings under contract were closed or had services scaled back, and office vacancies climbed.

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

Consolidated net sales for the first nine months, while hindered somewhat by heated competition for new contracts, benefited from strong activity in non-recurring work and construction-related orders, and from gains on sales of assets associated with real estate fund, and increased by 2.5% compared to the same period in the previous year, to 55,069 million yen.

As for income, the lack of growth in unit prices of contracts put some downward pressure on profitability, but efforts to cut and hold down management costs, such as re-examination of procurement unit prices and paying extra attention to time management, as well as improvement of the profit margin in our Real Estate Fund Management Business resulted in operating income of 2,832 million yen, up 6.1% from the same period in the previous year, and ordinary income of 2,942 million yen, up 16.2%. Net income for the first nine months of the current fiscal year, came to 1,384 million yen, up 7.0%, compared to the same period in the previous year, due to the recording of an extraordinary losses including loss on valuation of investment securities and previous years' asset retirement obligation expenses.

The following are earnings by segment:

(Building Management and Operating Business)

Our core Building Management and Operating Business, which is engaged in building management and security services, experienced strong orders for real estate services and recorded consolidated net sales for the first nine months of 47,676 million yen, up 1.8% compared to the same period in the previous year.

Although a lack of growth in unit prices of contracts had a negative impact, this was overcome by successful efforts to lower cost ratios, and the segment income of 4,731 million yen, up 5.9%.

(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 for the first nine months increased by 4.1% year on year to 5,139 million yen.

During the period, we worked to cut costs, primarily by re-examining procurement costs and realigning personnel assignments to better match actual needs. Nevertheless, with local governments – the main customers for this segment – continuing to be squeezed fiscally, and the particularly strong impact of falling profitability in new contracts, segment income fell 18.2% compared to the same period in the previous year, to 353 million yen.

(Real Estate Fund Management Business)

In the Real Estate Fund Management Business, which mainly entails asset management, forming real estate funds and managing assets, and handles investments in anonymous associations, a stable asset management income and proceeds from sales of assets were recorded. As a result, net sales for the first nine months came to 1,047 million yen, up 163.7% compared to the same period in the previous year.

Expenses regarding sales of assets arose, however, no real estate valuation losses were recorded. Therefore, segment income came to 85 million yen, up 102 million yen compared to the same period in the previous year.

(Other Businesses)

Other Businesses, which consist mainly of event planning and management, printing, and design, suffered from both the downsizing of events and cost-cutting measures by clients, and held consolidated net sales for the first nine months to 1,205 million yen, sharply down 21.9% from the same period in the previous year, and caused segment loss to drop 121 million yen to 50 million yen.

(Note) Beginning with the first quarter of the current fiscal year, the Company is applying Accounting Standard for Disclosures of Segments of an Enterprise and Related Information (ASBJ Statement No. 17, March 27, 2009) and Application Guidance on Accounting Standard for Disclosures of Segments of an Enterprise and Related Information (ASBJ Guidance No. 20, March 21, 2008). This has resulted in no impact on segment information and comparisons are being made to the same quarter in the previous fiscal year.

(2) Qualitative information on consolidated financial position

1) Consolidated balance sheets

Total assets at the end of the first nine months of the current fiscal year decreased by 302 million yen, or 0.8% compared to the end of the previous fiscal year to 36,408 million yen.

This is due mainly to a decline in real estate held for sale following the sales of assets associated with real estate fund.

The liabilities decreased by 713 million yen, or 5.6% compared to the end of the previous fiscal year to 11,989 million, due to payments of accrued income taxes and a decrease in provision for bonus arising from bonus payments.

Net assets increased by 411 million yen, or 1.7%, to 24,419 million yen due to an increase in retained earnings, and the equity ratio increased by 1.6 percentage points, to 62.6%, from the end of the previous fiscal year.

2) Consolidated cash flows

Cash and cash equivalents (hereinafter “cash”) at the end of the first nine months of the current fiscal year increased by 500 million yen, from the previous fiscal year end, to 10,460 million yen.

The conditions and main factors of cash flows for the first nine months of the current fiscal year were as follows.

(Cash flows from operating activities)

Net cash provided by operating activities decreased by 43 million yen compared to the figure of the previous first nine months to 2,103 million yen. This is mainly because of increasing factors, such as an increase in income before income taxes and minority interests, a decrease in notes and accounts receivable—trade, and a decrease in inventories due to sales of assets associated with real estate fund and decreasing factors, such as a decrease in equity in earnings of affiliates and an increase in income taxes paid.

(Cash flows from investing activities)

Net cash used in investing activities decreased by 595 million yen compared to the figure of the previous first nine months to 245 million yen. This is because of increasing factors, such as proceeds from sales and redemption of investment securities and decreasing factors, such as a net decrease in cash inflow from payments into time deposits and proceeds from withdrawal of time deposits.

(Cash flows from financing activities)

Net cash used in financing activities increased by 4,201 million yen compared to the figure of the previous first nine months to 1,357 million yen. This was mainly attributable to increasing factors such as a decrease in expenditure from purchase of treasury stock and decreasing factors such as an increase in outlays for repayment of the refinancing of non-recourse loans associated with real estate funds.

(3) Qualitative information on consolidated business forecasts

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

Consolidated financial results were in line with the forecasts which were announced on May 7, 2010, and no revisions were made to forecasts for the full-year results.

Regarding net income per share, the average number of shares issued and outstanding has been revised to reflect the treasury stock purchases executed in August 2010.

2. Other information

(1) Changes of significant subsidiaries during the term

There is no related information.

(2) Overview of the simplified accounting as well as specific accounting

1) The simplified accounting

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.

2) The specific accounting

There is no related information.

(3) Overview of changes in accounting principles, processes, presentation methods, etc.

1) Changes in accounting principles and processes

Application of Accounting Standard for Asset Retirement Obligations

The Accounting Standard for Asset Retirement Obligations (ASBJ Statement No.18, March 31, 2008) and the Guidance on Accounting Standard for Asset Retirement Obligations (ASBJ Guidance No.21, March 31, 2008) are being applied beginning with the first quarter of the fiscal year ending March 31, 2011.

As a result, operating income and ordinary income were both 17,131 thousand yen lower than they otherwise would have been, and income before income taxes and minority interests was 130,879 thousand yen lower than it would have been. In addition, application of the standard has caused asset retirement obligations to change by 162,030 thousand yen.

2) Changes in presentation methods

Quarterly consolidated statements of income

Based on the “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No.22, December 26, 2008), the Company is applying the “Cabinet Office Ordinance Partially Revising Regulation on Terminology, Forms and Preparation of Financial Statements” (Cabinet Office Ordinance No.5, March 24, 2009). As a result, “Income before minority interests” is included in the consolidated financial statements for the interim period of the current fiscal year.

3) Accounting for the Employee Stock Ownership Plan (ESOP) trust

The Company’s Board of Directors, in a meeting held on December 7, 2010, resolved to adopt an Employee Stock Ownership Plan (ESOP) for the purposes of promoting greater motivation, enhancing benefits, and energizing the employee shareholders’ group by providing employees with incentives that would increase the Group’s corporate value over the medium-to-long term. In that connection, 373,900 shares of treasury stock were sold via a third-party allocation to the ESOP and deposited in the ESOP trust account at Mitsubishi UFJ Trust and Banking Corporation on December 28, 2010.

An ESOP trust is a trust-type employee incentive plan that applies the structure of an employee shareholders’ group, with reference to the ESOP system used in the U.S. Its purpose is to improve the savings system that promotes asset formation of employees by using the Company’s shares (enhancement of employee benefits).

The Company has established a trust the beneficiaries of which are employees who are members of the Nippon Kanmai Employee Shareholders’ Group (“the employee shareholders’ group”) and meet certain requirements. The trust has made a lump-sum purchase of Company shares in an amount expected to be acquired by the employee shareholders’ group over the coming three years. These shares will be sold to the employee shareholders’ group on a certain day of every month.

The Company is guaranteeing the ESOP’s debt related to the acquisition of the Company’s shares and, in accordance with a conservative perspective emphasizing actual economic conditions, the Company and the ESOP trust are treated as a single entity for accounting purposes. Consequently, the Company shares held in the ESOP trust account and the ESOP trust’s other assets, liabilities, and revenues are included in the consolidated balance sheets, statements of income, and statements of changes in shareholders’ equity. The number of treasury shares, therefore, includes the number of Company shares held in the ESOP trust account. As of the end of the third quarter of the current fiscal year, the ESOP trust account held 351,700 shares of treasury stock.

3. Quarterly consolidated financial statements
(1) Quarterly consolidated balance sheets

(Thousands of yen)

	Third quarter ended December 31, 2010 (As of December 31, 2010)	Year ended March 31, 2010 (As of March 31, 2010)
ASSETS		
Current assets		
Cash and time deposits	10,890,472	10,030,116
Notes and accounts receivable	8,193,266	8,483,883
Short-term investment securities	10,005	10,026
Investments in anonymous associations for business purposes	405,273	425,333
Supplies	76,676	81,620
Real estate for sale	2,091,444	2,759,579
Income taxes receivable	25,928	19,369
Deferred tax assets	165,884	426,756
Other	1,091,754	667,679
Allowance for doubtful accounts	(34,153)	(25,227)
Total current assets	22,916,549	22,879,134
Fixed assets		
Tangible fixed assets		
Buildings and structures, net	1,522,363	1,533,786
Machinery and vehicles, net	42,099	78,434
Tools, appliance and equipment, net	250,543	253,624
Land	1,255,093	1,254,009
Lease assets, net	625,391	350,523
Total tangible fixed assets	3,695,489	3,470,376
Intangible fixed assets		
Goodwill	161,181	272,542
Software	616,114	722,794
Lease assets	13,896	14,123
Other	34,789	34,718
Total intangible fixed assets	825,980	1,044,177
Investments and other assets		
Investment securities	4,863,087	5,142,470
Long-term loans	522,280	551,238
Guarantee and deposit for leasehold estate	1,807,157	1,889,302
Memberships	397,344	404,870
Deferred tax assets	972,296	975,816
Other	1,047,686	1,008,746
Allowance for doubtful accounts	(639,631)	(655,184)
Total investments and other assets	8,970,219	9,317,258
Total fixed assets	13,491,688	13,831,811
TOTAL ASSETS	36,408,237	36,710,945

(Thousands of yen)

	Third quarter ended December 31, 2010 (As of December 31, 2010)	Year ended March 31, 2010 (As of March 31, 2010)
LIABILITIES		
Current liabilities		
Notes and accounts payable	3,881,929	4,130,038
Current portion of long-term loans payable	166,000	—
Current portion of long-term non-recourse loans	19,600	1,964,300
Lease obligations	129,612	71,424
Accrued expenses	2,087,405	1,663,691
Accrued income taxes	120,654	1,144,062
Accrued consumption taxes	328,999	308,792
Deposits received	585,642	304,517
Advances received	161,694	82,262
Allowance for bonuses	103,965	642,526
Allowance for directors' bonuses	56,088	78,959
Other	114,641	79,250
Total current liabilities	7,756,229	10,469,821
Fixed liabilities		
Long-term loans payable	333,904	—
Long-term non-recourse loans	1,333,100	—
Lease obligations	501,661	299,244
Deferred tax liability	8,015	—
Allowance for employees' retirement benefits	131,592	137,394
Allowance for directors' retirement benefits	498,692	501,730
Long-term guarantee deposits received	1,181,398	1,276,523
Asset retirement obligations	182,846	—
Liabilities from application of equity method	31,568	—
Other	30,047	18,095
Total fixed liabilities	4,232,823	2,232,986
TOTAL LIABILITIES	11,989,052	12,702,807
NET ASSETS		
Shareholders' equity		
Common stock	3,000,000	3,000,000
Capital surplus	498,800	499,127
Retained earnings	24,684,846	23,847,117
Treasury stock	(5,426,149)	(4,874,661)
Total shareholders' equity	22,757,497	22,471,583
Unrealized gains and adjustments		
Valuation difference on marketable securities	20,017	(88,212)
Total unrealized gains and adjustments	20,017	(88,212)
Minority interests	1,641,671	1,624,767
TOTAL NET ASSETS	24,419,185	24,008,138
TOTAL LIABILITIES AND NET ASSETS	36,408,237	36,710,945

(2) Quarterly consolidated statements of income

(Thousands of yen)

	Nine months ended December 31, 2009 (April 1, 2009 to December 31, 2009)	Nine months ended December 31, 2010 (April 1, 2010 to December 31, 2010)
Net sales	53,736,667	55,069,079
Cost of sales	43,578,089	44,776,996
Gross profit	10,158,578	10,292,083
Selling, general and administrative expenses		
Selling expenses	171,918	91,691
Personnel expenses	4,350,728	4,399,379
Provision for accrued bonus	32,656	27,861
Provision for directors' bonuses	55,914	56,088
Provision for directors' retirement benefits	44,412	51,802
Retirement benefits expense	89,438	92,206
Transportation and communication expense	544,971	580,083
Supplies expense	312,720	269,980
Rent expense	619,129	592,482
Insurance expense	128,705	138,792
Depreciation and amortization	254,417	275,254
Tax and public charge	57,124	56,577
Provision of allowance for doubtful accounts	4,993	1,967
Amortization of goodwill	113,599	111,361
Other	708,572	714,122
Total selling, general and administrative expenses	7,489,296	7,459,645
Operating income	2,669,282	2,832,438
Non-operating income		
Interest and dividends income	119,425	119,199
Rent earned	33,512	29,423
Equity in earnings of affiliates	—	43,258
Other	58,261	50,521
Total non-operating income	211,198	242,401
Non-operating expenses		
Interest expense	9,408	23,206
Loss on sales of investment securities	—	18,927
Expense related to leasehold estates	32,767	33,914
Equity in loss of affiliates	251,967	—
Loss on investments in anonymous associations	193	—
Loss on sales and retirement of fixed assets	5,290	6,632
Other	48,143	49,252
Total non-operating expenses	347,768	131,931
Ordinary income	2,532,712	2,942,908
Extraordinary losses		
Loss on valuation of investment securities	235,617	200,102
Loss on application of accounting standard for asset retirement obligations	—	113,748
Labor compensation costs	—	38,978
Other	6,953	18,837
Total extraordinary losses	242,570	371,665
Income before income taxes and minority interests	2,290,142	2,571,243
Income taxes — current	1,008,276	922,990
Refund of income taxes for prior periods	(124,423)	(2,373)
Income taxes — deferred	223,578	198,065
Total income and other taxes	1,107,431	1,118,682
Income before minority interests	—	1,452,561
Minority interests in income (loss)	(111,421)	67,603
Net income	1,294,132	1,384,958

(3) Quarterly consolidated statements of cash flows

(Thousands of yen)

	Nine months ended December 31, 2009 (April 1, 2009 to December 31, 2009)	Nine months ended December 31, 2010 (April 1, 2010 to December 31, 2010)
Cash flows from operating activities		
Income before income taxes and minority interests	2,290,142	2,571,243
Depreciation and amortization	317,210	376,602
Amortization of goodwill	113,599	111,361
Increase (decrease) in provision for bonus	(550,696)	(538,561)
Increase (decrease) in provision for directors' bonuses	(25,230)	(22,871)
Increase (decrease) in provision for retirement benefits	14,223	(5,802)
Increase (decrease) in provision for directors' retirement benefits	24,612	(3,038)
Increase (decrease) in allowance for doubtful accounts	1,281	(6,626)
Equity in (earnings) loss of affiliates	251,967	(43,258)
Interest and dividends income	(119,425)	(119,199)
(Gain) loss on investments in anonymous associations	193	—
Interest expense	9,408	23,206
(Gain) loss on sales and retirement of fixed assets	5,290	6,632
(Gain) loss on sales of short-term and long-term investment securities	—	18,927
Loss (gain) on valuation of investment securities	235,617	200,102
(Increase) decrease in notes and accounts receivable—trade	(488,842)	384,960
(Increase) decrease in investments in anonymous associations for business purposes	(2,822)	20,628
(Increase) decrease in inventories	(8,443)	673,080
(Increase) decrease in other assets	191,727	(154,495)
Increase (decrease) in notes and accounts payable—trade	(368,331)	(557,475)
Increase (decrease) in accrued consumption taxes	(32,298)	20,207
Increase (decrease) in other liabilities	759,055	857,586
Loss on application of accounting standard for asset retirement obligations	—	113,533
Other	41,966	31,196
Sub-total	2,660,203	3,957,938
Interest and dividends income received	132,401	119,681
Interest expenses paid	(9,408)	(23,206)
Income taxes paid	(636,121)	(1,950,584)
Net cash provided by operating activities	2,147,075	2,103,829
Cash flows from investing activities		
Payments into time deposits	(155,000)	(415,000)
Proceeds from withdrawal of time deposits	665,078	55,506
Purchase of property, plant and equipment and intangible assets	(228,708)	(265,094)
Proceeds from sales of property, plant and equipment and intangible assets	154	76,733
Purchase of investment securities	(70,689)	(910)
Proceeds from sales of investment securities	—	180,982
Proceeds from redemption of investment securities	209,827	—
Collection of investments in capital	—	150,000
Payment for lending	(663)	(15,120)
Collection of loans receivable	12,514	21,983
(Increase) decrease in guarantee and deposit for leasehold estate	52,458	82,145
Increase (decrease) in deposit guarantees received	(131,748)	(95,125)
Other	(3,375)	(21,825)
Net cash provided by (used in) investing activities	349,848	(245,725)

(Thousands of yen)

	Nine months ended December 31, 2009 (April 1, 2009 to December 31, 2009)	Nine months ended December 31, 2010 (April 1, 2010 to December 31, 2010)
Cash flows from financing activities		
Proceeds from short-term loans payable	450,000	450,000
Repayments of short-term loans payable	(450,000)	(450,000)
Proceeds from long-term loans payable	—	499,904
Proceeds from long-term non-recourse loans	—	1,380,000
Repayments of long-term non-recourse loans	(9,200)	(1,991,600)
Repayments of lease obligations	(29,745)	(109,770)
Proceeds from disposal of treasury stock	—	30,587
Purchase of treasury stock	(4,850,488)	(590,509)
Cash dividends paid	(589,819)	(525,854)
Cash dividends paid to minority shareholders	(79,883)	(50,000)
Net cash used in financing activities	(5,559,135)	(1,357,242)
Net increase (decrease) in cash and cash equivalents	(3,062,212)	500,862
Cash and cash equivalents at beginning of term	11,502,515	9,959,610
Cash and cash equivalents at end of term	8,440,303	10,460,472

(4) Notes on premise of a going concern

There is no related information.

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

Nine months ended December 31, 2009 (April 1, 2009 to December 31, 2009)

(Thousands of yen)

	Building Management and Operating Business	Environmental Facility Management Business	Real Estate Fund Management Business	Other Businesses	Total	Elimination or Total	Consolidation
Net sales							
(1) Net sales to external customers	46,856,401	4,939,225	397,095	1,543,946	53,736,667	—	53,736,667
(2) Inter-segment net sales and transfer	—	—	—	—	—	—	—
Total	46,856,401	4,939,225	397,095	1,543,946	53,736,667	—	53,736,667
Operating income (loss)	4,467,359	432,336	(17,438)	71,796	4,954,053	(2,284,771)	2,669,282

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
Building Management and Operating Business	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
Environmental Facility Management Business	Operation, management, and water quality management of water treatment/sewage disposal plants and incinerators
Real Estate Fund Management Business	Management and arrangement of real estate fund; investments in anonymous associations; investment consulting; and asset management and building operating business
Other Businesses	Event planning and management; printing and design, bookbinding; and real estate sales and brokerage

[Segment information by geographic region]

Nine months ended December 31, 2009 (April 1, 2009 to December 31, 2009)

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

[Overseas sales]

Nine months ended December 31, 2009 (April 1, 2009 to December 31, 2009)

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

[Segment information]

(Additional information)

Effective the first quarter under review, the Company has applied Accounting Standard for Disclosures of Segments of an Enterprise and Related Information (ASBJ Statement No. 17, March 27, 2009) and Application Guidance on Accounting Standard for Disclosures of Segments of an Enterprise and Related Information (ASBJ Guidance No. 20, March 21, 2008).

1. Overview of reportable segments

The Company's reportable segments are organizational units for which separate financial information can be gathered. Reportable segments are regularly reconsidered by the Board of Directors for purposes of making management resource allocation decisions and evaluating performance.

We have created four reportable segments – the Building Management and Operating Business, the Environmental Facility Management Business, the Real Estate Fund Management Business, and Other Businesses – based on the characteristics and similarities of the services provided by Group companies.

The Building Management and Operating Business is primarily engaged in building management and security services, the Environmental Facility Management Business is primarily engaged in the management of water treatment, sewage disposal, and other public facilities, and the Real Estate Fund Management Business is primarily engaged in the formation of real estate funds, asset management, and investments in anonymous associations. Other Businesses include mainly event planning and management, printing, and design services.

2. Sales and profits or losses by reportable segments

Nine months ended December 31, 2010 (April 1, 2010 to December 31, 2010)

(Thousands of yen)

	Reportable segments					Adjustments (note)	Amount recorded on consolidated statements of income
	Building Management and Operating Business	Environmental Facility Management Business	Real Estate Fund Management Business	Other Businesses	Total		
Net sales							
(1) Net sales to external customers	47,676,864	5,139,771	1,047,230	1,205,214	55,069,079	—	55,069,079
(2) Inter-segment net sales and transfer	—	—	—	—	—	—	—
Total	47,676,864	5,139,771	1,047,230	1,205,214	55,069,079	—	55,069,079
Segment income (loss)	4,731,309	353,604	85,480	(50,177)	5,120,216	(2,287,778)	2,832,438

Notes: 1 Adjustments to segment income (loss) consist of (2,287,778) thousand yen in unallocated general administrative expenses.

2 Segment income (loss) has been adjusted to quarterly consolidated operating income.

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

There is no related information.