

# Consolidated Financial Statements for the Year Ended March 31, 2011 [J-GAAP]

May 10, 2011

Listed company name: Nippon Kanzai Co., Ltd.  
 Securities code: 9728 URL: <http://www.nkanzai.co.jp/> Listed exchanges: Tokyo, Osaka 1st Section  
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 Date to hold the ordinary general meeting of shareholders: June 29, 2011  
 Date to submit the annual securities report: June 29, 2011  
 Date to start dividends distribution: June 30, 2011  
 Supplementary materials prepared: No  
 Results information meeting held: No

(Figures shown are rounded down to the nearest million yen.)

## 1. Consolidated Financial Results for the Year Ended March 31, 2011 (April 1, 2010 to March 31, 2011)

### (1) Consolidated Business Results

(Percentage figures indicate the rates of changes from the preceding fiscal year.)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2011	73,428	1.2	3,530	(3.5)	3,735	(0.1)	1,685	(3.0)
Year ended March 31, 2010	72,522	1.6	3,658	4.6	3,740	0.4	1,738	44.5

(Note) Comprehensive income: Year ended March 31, 2011: ¥1,938 million (-11.7%); Year ended March 31, 2010: ¥2,195 million (-%)

	Net Income per Share	Diluted Net Income per Share	Return on Shareholders' Equity	Ordinary Income to Total Assets	Operating Income to Net Sales
	Yen	Yen	%	%	%
Year ended March 31, 2011	99.14	-	7.4	10.1	4.8
Year ended March 31, 2010	94.21	-	7.2	9.8	5.0

(Reference) Equity in earnings (losses) of affiliated companies: Year ended March 31, 2011: ¥43 million; Year ended March 31, 2010: ¥(101) million

### (2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2011	37,233	24,780	62.3	1,372.26
As of March 31, 2010	36,710	24,008	61.0	1,296.72

(Reference) Equity capital: As of March 31, 2011: ¥23,180 million; As of March 31, 2010: ¥22,383 million

### (3) Consolidated Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at End of Year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2011	3,030	(81)	(1,426)	11,481
Year ended March 31, 2010	3,523	532	(5,599)	9,959

## 2. Dividends

(Record date)	Cash Dividends per Share					Total Dividends Paid (annual)	Payout Ratio (consolidated)	Dividends to Net Assets (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Annual			
Year ended March 31, 2010	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2010	-	16.00	-	16.00	32.00	552	34.0	2.5
Year ended March 31, 2011	-	16.00	-	34.00	50.00	843	50.4	3.7
Year ending March 31, 2012 (forecast)	-	20.00	-	20.00	40.00		32.4	

(Note) Breakdown of year-end dividend for the fiscal year ended March 31, 2011: Ordinary dividend ¥24.00 Commemorative dividend ¥10.00

## 3. Consolidated Financial Results Forecast for the Year Ending March 31, 2012 (April 1, 2011 to March 31, 2012)

(Percentage figures indicate the rates of changes from the corresponding period in the preceding fiscal 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
First half	36,700	0.2	1,800	2.2	1,900	4.4	1,000	26.8	58.80
Full year	75,000	2.1	3,900	10.5	4,100	9.7	2,100	24.6	123.49

#### 4. Other Information

- (1) Changes in significant subsidiaries involving a change in the scope of consolidation during the year: None  
 Newly included: (Company name: ) Removed: None (Company name: )
- (2) Changes in accounting principles, procedures, and the display method of presentation  
 1) Changes associated with the revision of accounting standards: Yes  
 2) Changes other than the above: No
- (3) Number of shares issued and outstanding (common stock)  
 1) Number of shares issued and outstanding at the year-end (including treasury stock):  
 As of March 31, 2011: 20,590,153 shares; As of March 31, 2010: 20,590,153 shares  
 2) Number of treasury stocks at the year-end:  
 As of March 31, 2011: 3,698,202 shares; As of March 31, 2010: 3,328,630 shares  
 3) Average number of shares issued and outstanding  
 As of March 31, 2011: 17,005,804 shares; As of March 31, 2010: 18,455,309 shares

#### (Reference) Summary of Non-Consolidated Financial Results

##### 1. Non-Consolidated Financial Results for the Year Ended March 31, 2011 (April 1, 2010 to March 31, 2011)

###### (1) Non-Consolidated Business Results

(Percentage figures indicate the rates of changes from the preceding fiscal year.)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2011	48,728	1.1	1,999	7.8	2,695	23.6	1,674	40.5
Year ended March 31, 2010	48,216	(2.4)	1,855	(4.4)	2,180	(6.5)	1,191	110.4

	Net Income per Share		Diluted Net Income per Share	
	Yen	Yen	Yen	Yen
Year ended March 31, 2011	98.47	—	—	—
Year ended March 31, 2010	64.57	—	—	—

###### (2) Non-Consolidated Financial Position

	Total Assets		Net Assets		Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	%	Yen
As of March 31, 2011	23,599	14,116	14,116	14,116	59.8	835.71
As of March 31, 2010	23,184	13,327	13,327	13,327	57.5	772.08

(Reference) Equity capital: As of March 31, 2011: ¥14,116 million; As of March 31, 2010: ¥13,327 million

##### 2. Non-Consolidated Financial Results Forecast for the Year Ending March 31, 2012 (April 1, 2011 to March 31, 2012)

(Percentage figures indicate the rates of changes from the corresponding period in the preceding fiscal year.)

	Net Sales		Ordinary Income		Net Income		Net Income per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	24,500	3.2	1,439	2.5	863	4.3	50.78
Full year	50,500	3.6	2,800	3.8	1,680	0.3	98.79

#### \* Implementation status of audit procedures

The audit procedure based on the Financial Instruments and Exchange Act does not apply to this Financial Report, and the audit procedure based on the Financial Instruments and Exchange Act is in operation as of the release of this Financial Report.

#### \* Explanation concerning the appropriate use of financial result forecasts and other special notes

The future prospects of the business results, etc., described in this material is based on information that the Company has acquired and certain assumptions assessed to be reasonable, and there is a possibility that actual business results, etc., will be greatly different depending on various factors. Please refer to the disclaimers, provided under “1. (1) Analysis of Operating Results” on page 2 of the [Attached Document] of the financial report, regarding assumptions upon which forecasts are based and the use of forecasts.

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## 1. Operating Results

### (1) Analysis of Operating Results

#### 1) Operating results for the year ended March 31, 2011

During the fiscal year ended March 31, 2011 (hereinafter referred to as “current fiscal year”), the Japanese economy showed signs of a steady improvement on the back of effects of various stimulus measures undertaken by the government in the first half. Entering the second half, however, factors like yen appreciation and rising oil prices halted the trend of recovery. Then, the economy saw movements toward recovery such as improvements in corporate earnings, but the enormous damage caused by the Great East Japan Earthquake, which occurred in March this year, has had a tremendous impact on the economy.

Conditions continued to be difficult in the building maintenance industry as well, while customers focused on cost cutting and the properties related to our businesses 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.

As a result, net sales for the current fiscal year rose by 1.2% year on year to 73,428 million yen. This continued growth in sales, while hindered somewhat by heated competition for new contracts, resulted primarily from strong activity in non-recurring work and construction-related orders, and gains on sales of assets associated with real estate funds.

On the other hand, operating income decreased by 3.5% year on year to 3,530 million yen and ordinary income decreased by 0.1% to 3,735 million yen, net income decreased by 3.0% to 1,685 million yen as the impact of slowdown in the unit prices of contracts, sharp rise in costs, and various valuation losses more than offset efforts to cut and hold down management costs, such as re-examining purchase prices and paying extra attention to time management.

#### 2) Business by segment

##### [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 operations and properties focused on real estate fund, and business peripheral to building maintenance. As a result, net sales for the current fiscal year were 63,749 million yen, increased by 0.7% from the previous fiscal 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 6,294 million yen, up 1.9%.

##### [Environmental Facility Management Business]

In the Environmental Facility Management Business, which is mainly engaged in the management of public facilities such as water and sewage disposal 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 business increased by 3.8% year on year to 6,826 million yen.

Although we reviewed outsourcing and purchases prices in individual contracts and implemented thorough cost management focused on the efficient assignment of personnel, the tight budget of local governments, which are our main customers continued, and costs shifted within a severe price range. As a result, the segment income fell by 16.3% year on year to 472 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 current fiscal year increased by 118.3% year on year to 1,153 million yen.

Distributions from anonymous associations fell, and the prices of real estate for sale held by the fund business of our Group dropped, affected by the deterioration of the real estate market, which led us to record valuation losses. For the same reasons, we recorded valuation losses on our equity in part of the anonymous associations for business purposes in which the Group has invested. As a result, the segment loss increased by 21 million yen year on year to 102 million yen.

##### [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 current fiscal year to 1,699 million yen, down 19.8% year on year, and caused segment loss to drop 111 million yen to 26 million yen.

(Note) Beginning with 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 previous fiscal year.

### 3) Future outlook

As for the future outlook, though it appeared that the economy had been moving toward a self-sustaining recovery due to the improvements in external economic conditions and corporate earnings, in the wake of the East Japan Earthquake, there are now concerns about the impacts in the areas such as production activities and corporate earnings and we expect that conditions will remain unclear for the foreseeable future.

Within the building maintenance industry, factors like falling office rents for office buildings and persistently weak revenue environment for the Group's corporate customers are reinforcing awareness of the need to cut management costs and prolonging the severe market environment, along with competition within the industry.

Amidst these circumstances, the Nippon Kanzai Group will continue its aggressive marketing development centered on planning and propositions to companies for designated administrator system, PFI operations, etc., while engaging in new fields, such as parking operation and management, event planning and management, and energy saving-related businesses.

In addition, the Group is striving to expand business operations, while working at enhancing quality assurance based on ISO and raising customer satisfaction by focusing on the provision of services of better quality. We also aim at stricter cost management and improved revenue.

For the year ending March 31, 2012, we estimate that consolidated net sales will be 75 billion yen (2.1% increase year on year), operating income will be 3.9 billion yen (10.5% increase year on year), ordinary income will be 4.1 billion yen (9.7% increase year on year) and net income will be 2.1 billion yen (24.6% increase year on year).

## (2) Analysis of Financial Conditions

### [Financial conditions]

Total assets at the end of the current fiscal year increased by 522 million yen (1.4%) year on year to 37,233 million yen.

Current assets increased by 786 million yen (3.4%) year on year to 23,665 million yen, and fixed assets decreased by 264 million yen (1.9%) year on year to 13,567 million yen.

The main reasons of these changes were decreasing factors, such as a decrease in real estate for sale (695 million yen decrease year on year) following sales of assets associated with real estate fund and increasing factors, such as an increase in cash and time deposits (1,771 million yen increase year on year) attributable to the steady collections of notes and accounts receivable – trade.

Total liabilities at the end of the fiscal year decreased by 249 million yen (2.0%) year on year to 12,453 million yen.

The main reasons of these changes were increasing factors, such as an increase in borrowings (499 million yen increase year on year) following the adoption of the Employee Stock Ownership Plan (ESOP) and decreasing factors, such as a decrease in non-recourse loans (631 million yen decrease year on year) following sales of assets associated with real estate fund and a decrease in accrued income taxes (551 million yen decrease year on year).

Net assets at the end of the fiscal year increased by 772 million yen (3.2%) year on year to 24,780 million yen.

The main reasons of these changes were decreasing factors, such as an increase in treasury stock (518 million yen increase year on year) following the purchase of treasury stock made in August 2010 and increasing factors, such as an increase in retained earnings (1,137 million yen increase year on year).

As a result, equity ratio at the fiscal year end increased by 1.3 points to 62.3% from the end of the previous fiscal year's 61.0%.

The Group's financial principle is to secure the necessary liquidity and maintain a sound balance sheet.

### [Conditions of cash flows]

Despite an increase in income tax paid (1,340 million yen increase year on year), cash and cash equivalents (hereinafter "funds") on a consolidated basis increased by 1,522 million yen (15.3%) to 11,481 million yen from the previous fiscal year end, because of the payments to acquisition of treasury stock.

The conditions and main factors of cash flows for the fiscal year under review were as follows:

#### (Cash flows from operating activities)

Net cash provided by operating activities for the fiscal year decreased by 493 million yen to 3,030 million yen. This is mainly because of increasing factors, such as a decrease in notes and accounts receivable – trade (867 million yen decrease year on year) and decreasing factors, such as an increase in income taxes paid (1,340 million yen increase year on year).

#### (Cash flows from investing activities)

Net cash used in investing activities for the fiscal year increased by 613 million yen to 81 million yen.

This is mainly because of increasing factors, such as an income from sale of investment securities (249 million yen increase year on year) and decreasing factors, such as a net decrease in cash inflow (959 million yen decrease year on year) from payments into time deposits and proceeds from withdrawal of time deposits.

(Cash flows from financing activities)

Net cash used in financing activities for the fiscal year was 1,426 million yen, increased by 4,172 million yen from the previous fiscal year.

This is mainly because of decreasing factors, such as a decrease due to payment of non-recourse loans associated with real estate funds (618 million yen decrease year on year), and increasing factors, such as an increase in borrowings (499 million yen increase year on year) following the adoption of the Employee Stock Ownership Plan (ESOP), and a decrease in expenditure from purchase of treasury stock (4,260 million yen decrease year on year).

(Reference) Changes of the indexes relating to the cash flows (%)

Years ended March 31,	2007	2008	2009	2010	2011
Equity ratio	70.1	69.3	65.1	61.0	62.3
Equity ratio based on the current values	188.2	166.6	65.1	71.0	65.2
Cash flows interest-bearing liabilities ratio	—	—	0.9	0.7	0.8
Interest coverage ratio	—	—	449.7	242.0	90.8

Equity ratio: shareholder's equity / total assets

Equity ratio based on the current values: total value of shares / total assets

Interest-bearing liabilities to cash flow ratio: interest-bearing liabilities / operating cash flows

Interest coverage ratio: operating cash flows / interest payment

\* Each index was calculated using consolidated financial figures

\* The total value of shares was calculated using the closing stock price at the end of fiscal year × the issued number of shares after deducting treasury stock.

\* The interest-bearing liabilities covered all liabilities which accrued interest payment in the balance sheet.

\* The "Cash flows from operating activities" and "Interest paid" on the consolidated statements of cash flows were used as operating cash flows and interest payment, respectively.

(3) Basic Policy Regarding Distribution of Earnings and Dividends for the Fiscal Year Ended March 31, 2011 and the Fiscal Year Ending March 31, 2012

As for the distribution of earnings, in accordance with short-, medium- and long-term viewpoints, our basic policy is to continue to provide stable dividends through a strengthened management base, aiming at increasing the ratio of earnings to dividends and working at raising shareholder value in the future.

Regarding the dividend for the current fiscal year, the amount of original forecast for the year-end dividend of 16 yen per share will be increased by 8 yen, to 24 yen per share. A commemorative dividend of 10 yen per share will also be paid to mark the 45th anniversary of the Company's foundation, bringing the total year-end dividend to 34 yen per share. Considering the interim dividend of 16 yen per share, the annual dividend will come to 50 yen per share.

For the coming fiscal year, the dividend forecast calls for an interim dividend of 20 yen and a year-end dividend of 20 yen, respectively, making an annual dividend 40 yen per share.

(4) Business and Other Risks

With regard to business and other risks of the Group, these are the principal matters considered to significantly influence on the judgment of investors.

Matters which are not necessarily the factors of business risks for us are also described from the point of view of the positive disclosures to our investors.

Assuming that these risks will occur, we try to avoid them and will respond in accordance with accepted practices of business activities.

Including the future possibilities provided in this section, these matters were decided on the date of submitting this report.

1) Regulations of the law

The security business of the Group is restricted by the applicable laws and regulations such as the Security Services Act (Act No. 117 of 1972) and the Ordinance for Enforcement of Security Services Act (1983 General Administrative Agency of the Cabinet regulation No. 1).

These acts define the necessary regulations about the security business and aim to ensure proper practice of security business. For operating the security business, it is approved by the public safety commission of the prefecture which has the jurisdiction over the main office. It is possible to have the operations temporarily suspended or to receive administrative punishment, including a revocation of the approval, if there is any violation of these applicable laws and regulations.

2) Personal information management

In order to perform the condominium management and other businesses, the Group deals with personal information and tries to comply with the applicable laws and to execute proper management.

However, there is a possibility of influencing the evaluation and the business results of the Group if, by any chance, an accident concerning personal information occurs.

3) Investment in anonymous associations

To engage in the Real Estate Fund Management Business, the Group invested in anonymous associations which amount to 269 million yen as of March 31, 2011.

In the future, there is a possibility of influencing the business results and financial position of the Group if it happens that part of the principal investment is damaged or the yield rate of the investment is lowered by factors of the real estate market and others.

4) Transaction with the party concerned

The Company has transacted with the party concerned, such as Nippon Service Master Ltd., which corresponds to a controlling company and is the main corporate shareholder for paying casualty insurance premiums, etc.; however, the transaction amount is very small and there is no influence on the Company's business.

5) Contract for management and operating service

The Group enters into contracts whereby the management of facilities is undertaken in addition to the existing maintenance and management services of facilities according to diversification of contract types.

Contracts for management and operating services may have an impact on the business results of the Group due to rising prices and changes in business circumstances, but the internal management risk consideration committee considers all possible risks prior to the conclusion of contracts.

6) Matters regarding determination of scope of consolidation

In the real estate fund industry to which part of the Group belongs, we recognize that the accounting practice to determine the scope of consolidation is not yet conclusive.

The "Practical Solution on the Application of Control Criteria and Influence Criteria to Investment Associations" ((ASBJ PITF No.20) was announced on September 8, 2006, so the Group is applying this practice handling report. We currently determine the scope of consolidation of subsidiaries and affiliates by considering the separate presence or absence of control effects for each fund and SPC.

If an accounting practice that is significantly different from the policy that the Company applies in connection with the determination of the scope of consolidation regarding funds, etc., is established by the establishment of a new accounting standard or announcement of guidelines, the Company's policy of determination of the scope of consolidation may change significantly and the business results and the financial position of the Group may be materially affected.

**2. Consolidated Financial Statements****(1) Consolidated Balance Sheets**

	(Thousands of yen)	
	Year ended March 31, 2010 (As of March 31, 2010)	Year ended March 31, 2011 (As of March 31, 2011)
<b>ASSETS</b>		
Current assets		
Cash and time deposits	10,030,116	11,801,956
Notes and accounts receivable	8,483,883	8,240,981
Securities	10,026	–
Investments in anonymous associations for business purposes	425,333	269,638
Supplies	81,620	71,619
Real estate for sale	2,759,579	2,063,938
Income taxes receivable	19,369	10,229
Deferred income taxes – current	426,756	407,612
Other	667,679	840,612
Allowance for doubtful accounts	(25,227)	(40,759)
<b>Total current assets</b>	<b>22,879,134</b>	<b>23,665,826</b>
Fixed assets		
Tangible fixed assets		
Buildings and structures	3,639,162	3,937,787
Accumulated depreciation	(2,105,376)	(2,204,806)
Buildings and structures (net)	1,533,786	1,732,981
Machinery and vehicles	172,787	119,784
Accumulated depreciation	(94,353)	(75,369)
Machinery and vehicles (net)	78,434	44,415
Tools, appliance and equipment	672,030	713,180
Accumulated depreciation	(418,406)	(473,694)
Tools, appliance and equipment (net)	253,624	239,486
Land	1,254,009	1,255,093
Lease assets	408,128	844,557
Accumulated depreciation	(57,605)	(187,527)
Lease assets (net)	350,523	657,030
<b>Total tangible fixed assets</b>	<b>3,470,376</b>	<b>3,929,005</b>
Intangible fixed assets		
Telephone subscription rights	34,718	34,790
Software	722,794	568,536
Goodwill	272,542	124,126
Lease assets	14,123	15,299
<b>Total intangible fixed assets</b>	<b>1,044,177</b>	<b>742,751</b>
Investments and other assets		
Investment securities	5,142,470	5,075,640
Long-term loans	551,238	536,054
Long-term prepaid expenses	9,013	8,408
Guarantee and deposit for leasehold estate	1,889,302	1,843,616
Memberships	404,870	397,319
Deferred tax assets	975,816	792,983
Other	999,733	1,043,530
Allowance for doubtful accounts	(655,184)	(801,532)
<b>Total investments and other assets</b>	<b>9,317,258</b>	<b>8,896,018</b>
<b>Total fixed assets</b>	<b>13,831,811</b>	<b>13,567,774</b>
<b>TOTAL ASSETS</b>	<b>36,710,945</b>	<b>37,233,600</b>



	(Thousands of yen)	
	Year ended March 31, 2010 (As of March 31, 2010)	Year ended March 31, 2011 (As of March 31, 2011)
<b>LIABILITIES</b>		
Current liabilities		
Notes and accounts payable	4,130,038	4,007,277
Current portion of long-term loans payable	–	166,000
Current portion of long-term non-recourse loans	1,964,300	19,800
Lease obligations	71,424	144,388
Accrued expenses	1,663,691	1,891,946
Accrued income taxes	1,144,062	592,106
Accrued consumption taxes	308,792	321,986
Deposits received	304,517	210,574
Advances received	82,262	52,530
Allowance for bonuses	642,526	617,610
Allowance for directors' bonuses	78,959	79,421
Other	79,250	96,289
<b>Total current liabilities</b>	<b>10,469,821</b>	<b>8,199,927</b>
Fixed liabilities		
Long-term loans payable	–	333,904
Long-term non-recourse loans	–	1,313,300
Lease obligations	299,244	522,793
Deferred tax liability	–	9,333
Allowance for employees' retirement benefits	137,394	140,636
Allowance for directors' retirement benefits	501,730	505,994
Long-term guarantee deposits received	1,276,523	1,173,767
Asset retirement obligations	–	189,078
Liabilities from application of equity method	–	31,568
Other	18,095	32,818
<b>Total fixed liabilities</b>	<b>2,232,986</b>	<b>4,253,191</b>
<b>TOTAL LIABILITIES</b>	<b>12,702,807</b>	<b>12,453,118</b>
<b>NET ASSETS</b>		
Shareholders' equity		
Common stock	3,000,000	3,000,000
Capital surplus	499,127	498,800
Retained earnings	23,847,117	24,984,851
Treasury stock	(4,874,661)	(5,392,761)
<b>Total shareholders' equity</b>	<b>22,471,583</b>	<b>23,090,890</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(88,212)	89,336
<b>Total unrealized gains and adjustments</b>	<b>(88,212)</b>	<b>89,336</b>
Minority interests	1,624,767	1,600,256
<b>TOTAL NET ASSETS</b>	<b>24,008,138</b>	<b>24,780,482</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>36,710,945</b>	<b>37,233,600</b>

## (2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

## Consolidated Statements of Income

(Thousands of yen)

	Year Ended March 31, 2010 (April 1, 2009 – March 31, 2010)	Year Ended March 31, 2011 (April 1, 2010 – March 31, 2011)
Net sales	72,522,796	73,428,979
Cost of sales	58,894,865	59,918,870
Gross profit	13,627,931	13,510,109
Selling, general and administrative expenses		
Selling expenses	220,093	130,771
Personnel expenses	5,594,416	5,660,509
Addition to allowance for bonus	243,245	226,809
Addition to allowance for directors' bonus	75,703	79,421
Addition to allowance for directors' retirement benefits	51,240	59,104
Retirement benefits expense	121,008	121,005
Transportation and communication expense	722,203	767,023
Supplies expense	413,056	343,498
Rent expense	820,789	789,428
Insurance expense	169,726	182,229
Depreciation and amortization	340,687	373,756
Tax and public charge	65,022	63,086
Enterprise tax	77,324	75,462
Addition to allowance for doubtful accounts	7,939	79,640
Amortization of goodwill	151,466	148,417
Other	895,492	879,193
Total selling, general and administrative expenses	9,969,409	9,979,351
Operating income	3,658,522	3,530,758
Non-operating income		
Interest and dividends income	135,088	138,259
Gain on sale of investment securities	1,116	18,286
Rent earned	44,103	39,316
Equity in earnings of affiliates	–	43,258
Insurance dividends	33,974	32,723
Investment return from anonymous associations	2,142	–
Other	98,137	73,094
Total non-operating income	314,560	344,936
Non-operating expenses		
Interest expense	14,561	33,357
Loss on sale of investment securities	–	18,927
Expense related to leasehold estates	40,454	42,301
Equity in losses of affiliates	101,967	–
Loss on retirement and disposal of fixed assets	16,350	6,854
Commission for purchase of treasury stock	35,024	6,616
Other	24,145	31,818
Total non-operating expenses	232,501	139,873
Ordinary income	3,740,581	3,735,821
Extraordinary losses		
Loss on valuation of investment securities	298,954	168,054
Provision of allowance for doubtful accounts	–	106,951
Loss on application of accounting standard for asset retirement obligations	–	113,748
Labor compensation costs	–	38,978
Other	32,152	25,319
Total extraordinary losses	331,106	453,050
Income before income taxes and minority interests	3,409,475	3,282,771
Income, inhabitant and business taxes	1,702,096	1,433,150
Refund of income and other taxes for prior periods	(124,448)	(2,373)
Adjustments for income and other taxes	96,533	90,402
Total income and other taxes	1,674,181	1,521,179
Income before minority interests	–	1,761,592
Minority interests	(3,465)	75,705
Net income	1,738,759	1,685,887

## Consolidated Statements of Comprehensive Income

	(Thousands of yen)	
	Year Ended March 31, 2010 (April 1, 2009 – March 31, 2010)	Year Ended March 31, 2011 (April 1, 2010 – March 31, 2011)
Income before minority interests	–	1,761,592
Other comprehensive income		
Valuation difference on available-for-sale securities	–	177,167
Total other comprehensive income	–	177,167
Comprehensive income	–	1,938,759
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	–	1,863,435
Comprehensive income attributable to minority interests	–	75,324

## (3) Consolidated Statements of Changes in Shareholders' Equity

	(Thousands of yen)	
	Year Ended March 31, 2010 (April 1, 2009 – March 31, 2010)	Year Ended March 31, 2011 (April 1, 2010 – March 31, 2011)
<b>Shareholders' equity</b>		
Common stock		
Balance at end of previous fiscal year	3,000,000	3,000,000
Change of items during the term		
Total change of items during the term	–	–
Balance at end of current fiscal year	3,000,000	3,000,000
Capital surplus		
Balance at end of previous fiscal year	499,127	499,127
Change of items during the term		
Disposal of treasury stock	(0)	(327)
Total change of items during the term	(0)	(327)
Balance at end of current fiscal year	499,127	498,800
Retained earnings		
Balance at end of previous fiscal year	22,713,544	23,847,117
Change of items during the term		
Dividend from retained earnings (year-end)	(328,996)	(276,184)
Dividend from retained earnings (interim)	(276,190)	(269,552)
Net income	1,738,759	1,685,887
Disposal of treasury stock	–	(2,417)
Total change of items during the term	1,133,573	1,137,734
Balance at end of current fiscal year	23,847,117	24,984,851
Treasury stock		
Balance at end of previous fiscal year	(58,928)	(4,874,661)
Change of items during the term		
Acquisition of treasury stock	(4,815,865)	(583,896)
Disposal of treasury stock	132	65,796
Total change of items during the term	(4,815,733)	(518,100)
Balance at end of current fiscal year	(4,874,661)	(5,392,761)
Total shareholders' equity		
Balance at end of previous fiscal year	26,153,743	22,471,583
Change of items during the term		
Dividend from retained earnings (year-end)	(328,996)	(276,184)
Dividend from retained earnings (interim)	(276,190)	(269,552)
Net income	1,738,759	1,685,887
Acquisition of treasury stock	(4,815,865)	(583,896)
Disposal of treasury stock	132	63,052
Total change of items during the term	(3,682,160)	619,307
Balance at end of current fiscal year	22,471,583	23,090,890

(Thousands of yen)

	Year Ended March 31, 2010 (April 1, 2009 – March 31, 2010)	Year Ended March 31, 2011 (April 1, 2010 – March 31, 2011)
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities		
Balance at end of previous fiscal year	(547,150)	(88,212)
Change of items during the term		
Changes other than shareholders' equity during the term (net)	458,938	177,548
Total change of items during the term	458,938	177,548
Balance at end of current fiscal year	(88,212)	89,336
<b>Total accumulated other comprehensive income</b>		
Balance at end of previous fiscal year	(547,150)	(88,212)
Change of items during the term		
Changes other than shareholders' equity during the term (net)	458,938	177,548
Total change of items during the term	458,938	177,548
Balance at end of current fiscal year	(88,212)	89,336
<b>Minority interests</b>		
Balance at end of previous fiscal year	1,710,161	1,624,767
Change of items during the term		
Changes other than shareholders' equity during the term (net)	(85,394)	(24,511)
Total change of items during the term	(85,394)	(24,511)
Balance at end of current fiscal year	1,624,767	1,600,256
<b>Total net assets</b>		
Balance at end of previous fiscal year	27,316,754	24,008,138
Change of items during the term		
Dividend from retained earnings (year-end)	(328,996)	(276,184)
Dividend from retained earnings (interim)	(276,190)	(269,552)
Net income	1,738,759	1,685,887
Acquisition of treasury stock	(4,815,865)	(583,896)
Disposal of treasury stock	132	63,052
Changes other than shareholders' equity during the term (net)	373,544	153,037
Total change of items during the term	(3,308,616)	772,344
Balance at end of current fiscal year	24,008,138	24,780,482

## (4) Consolidated Statements of Cash Flows

	(Thousands of yen)	
	Year Ended March 31, 2010 (April 1, 2009 – March 31, 2010)	Year Ended March 31, 2011 (April 1, 2010 – March 31, 2011)
Cash flows from operating activities		
Income before income taxes	3,409,475	3,282,771
Depreciation and amortization	434,381	513,870
Amortization of goodwill	151,466	148,417
Increase (decrease) in allowance for bonuses	(22,950)	(24,917)
Increase (decrease) in allowance for directors' bonuses	(3,191)	462
Increase (decrease) in allowance for employees' retirement benefits	13,050	3,242
Increase (decrease) in allowance for directors' retirement benefits	31,440	4,264
Increase (decrease) in allowance for doubtful accounts	4,122	161,880
Equity in losses (earnings) of affiliated companies	101,967	(43,258)
Interest and dividends received	(135,088)	(138,259)
Loss (gain) on investment in anonymous associations	(2,142)	–
Interest expenses	14,561	33,357
Loss (gain) on sale or retirement of fixed assets	16,350	6,854
Loss (gain) on sale of securities and investment securities	(1,116)	641
Loss (gain) on revaluation of investment securities	298,954	168,054
Increase (decrease) in accounts receivable	(637,456)	229,711
(Increase) decrease in investments in anonymous associations for business purposes	(2,641)	155,783
(Increase) decrease in inventories	220,703	705,642
(Increase) decrease in other assets	22,988	(167,125)
Increase (decrease) in purchasing debts	(1,630)	(185,617)
Increase (decrease) in consumption tax, etc.	(23,804)	13,194
Increase (decrease) in other liabilities	107,298	(81,514)
Loss on application of accounting standard for asset retirement obligations	–	113,533
Other	25,571	(261)
Subtotal	4,022,308	4,900,724
Interest and dividend income	149,360	136,718
Interest paid	(14,561)	(33,357)
Income taxes paid	(633,554)	(1,973,593)
Net cash provided by operating activities	3,523,553	3,030,492

	(Thousands of yen)	
	Year Ended March 31, 2010 (April 1, 2009 – March 31, 2010)	Year Ended March 31, 2011 (April 1, 2010 – March 31, 2011)
<b>Cash flows from investing activities</b>		
Decrease in time deposits	(175,506)	(435,000)
Increase in time deposits	885,583	185,506
Expenditure for purchase of tangible and intangible fixed assets	(256,548)	(143,321)
Income from sale of tangible and intangible fixed assets	213	76,733
Expenditure for acquisition of investment securities	(136,248)	(111,229)
Income from sale of investment securities	2,466	252,067
Proceeds from redemption of investment securities	209,827	–
Collection of investments in capital	–	150,000
Purchase of investments in subsidiaries	–	(19,000)
Income from reimbursement of investment in anonymous associations	15,166	–
Expenditure for lending	(11,663)	(29,480)
Income from recovery of loans	38,984	32,934
(Increase) decrease in guarantee and deposit for leasehold estate	50,022	45,686
Increase (decrease) in deposit guarantees received	(125,950)	(102,756)
Others	36,395	16,711
Net cash provided by (used in) investing activities	532,741	(81,149)
<b>Cash flows from financing activities</b>		
Income from short-term loans	600,000	600,000
Repayment of short-term loans	(600,000)	(600,000)
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	(13,200)	(2,011,200)
Repayments of lease obligations	(47,519)	(145,061)
Proceeds from disposal of treasury stock	131	63,052
Payments for purchase of treasury stock	(4,850,889)	(590,512)
Repayments to minority shareholders	(26,962)	–
Dividend paid	(605,016)	(545,632)
Dividend paid to minority shareholders	(55,744)	(77,548)
Net cash used in financing activities	(5,599,199)	(1,426,997)
Net increase (decrease) in cash and cash equivalents	(1,542,905)	1,522,346
Cash and cash equivalents at beginning of term	11,502,515	9,959,610
Cash and cash equivalents at end of term	9,959,610	11,481,956

(5) Notes on the Premise of a Going Concern

Year ended March 31, 2010 (April 1, 2009 - March 31, 2010)

There is nothing to report.

Year ended March 31, 2011 (April 1, 2010 - March 31, 2011)

There is nothing to report.



## (6) Notes to Consolidated Financial Statements

[Omission of disclosure]

Matters related to lease transactions, related parties, tax effect accounting, financial products, securities, derivatives transactions; retirement benefits, stock options, and business combination are omitted because their disclosure in this financial report is not considered essential.

[Segment information]

(Business segment information)

Year ended March 31, 2010 (April 1, 2009 - March 31, 2010)

(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	63,296,956	6,579,444	528,550	2,117,846	72,522,796	–	72,522,796
(2) Intersegment net sales and transfer	–	–	–	–	–	–	–
Total	63,296,956	6,579,444	528,550	2,117,846	72,522,796	–	72,522,796
Operating expenses	57,118,370	6,014,707	652,296	2,032,858	65,818,231	3,046,043	68,864,274
Operating income (loss)	6,178,585	564,737	(123,746)	84,988	6,704,565	(3,046,043)	3,658,522
Assets, depreciation and capital expenditure							
Assets	18,974,318	1,525,034	3,915,266	1,068,722	25,483,340	11,227,605	36,710,945
Depreciation	153,412	6,091	55,310	6,414	221,227	263,491	484,718
Capital expenditure	385,774	5,306	1,500	–	392,580	36,061	428,641

Notes:

## 1. Segmentation

The Group's services are divided into the categories of building management and operating, environmental facility management, real estate fund management, 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; 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. In the category of operating expenses, the amount "Elimination or Total" is the administration cost in the administration and accounting departments of the Company, and therefore cannot be distributed.

4. In the category of assets, the amount "Elimination or Total" is the asset of the Group, and consists mainly of cash, time deposits, securities, investment securities and the assets of the administration department of the Company.

## 5. Change of business segmentation

Until the end of the previous fiscal year, our business segmentation comprised the five segments: Building Management and Operating Business, Environment 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:

Year ended March 31, 2009 (April 1, 2008 - March 31, 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	63,975,353	6,259,969	557,314	599,561	71,392,197	–	71,392,197
(2) Intersegment net sales and transfer	–	–	–	–	–	–	–
Total	63,975,353	6,259,969	557,314	599,561	71,392,197	–	71,392,197
Operating expenses	57,480,666	5,642,549	1,110,182	557,572	64,790,969	3,104,015	67,894,984
Operating income (loss)	6,494,687	617,420	(552,868)	41,989	6,601,228	(3,104,015)	3,497,213
Assets, depreciation and capital expenditure							
Assets	19,722,633	1,440,304	4,382,627	919,368	26,464,932	12,876,525	39,341,457
Depreciation	104,472	4,365	35,885	1,236	145,958	99,745	245,703
Impairment losses	–	–	–	–	–	52,884	52,884
Capital expenditure	307,770	6,397	405	10,545	325,117	692,956	1,018,073

(Segment information by geographic region)

Not applicable.

(Overseas sales)

Not applicable.

[Segment information]

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 Calculation methods of sales, profits or losses, assets, liabilities, and other items for reportable segments

The accounting methods used for reportable segments are basically the same as those stated in “Basis of Presentation of Consolidated Financial Statements.”

3 Sales, profits or losses, assets, liabilities, and other items for reportable segments

Year ended March 31, 2010 (April 1, 2009 - March 31, 2010)

Information is omitted here because it is similar to the information as the segment information in the consolidated financial statements based on the hitherto adopted treatment of segment information, which is disclosed in compliance with the “Revised Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Statement No.17, March 27, 2009).

Year ended March 31, 2011 (April 1, 2010 - March 31, 2011)

(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	63,749,675	6,826,340	1,153,679	1,699,285	73,428,979	—	73,428,979
(2) Inter-segment net sales and transfer	—	—	—	—	—	—	—
Total	63,749,675	6,826,340	1,153,679	1,699,285	73,428,979	—	73,428,979
Segment income (loss)	6,294,719	472,474	(102,586)	(26,845)	6,637,762	(3,107,004)	3,530,758
Segment assets	19,799,109	1,565,946	3,064,350	801,303	25,230,709	12,002,891	37,233,600
Other items							
Depreciation and amortization	244,438	12,087	44,931	4,785	306,241	267,688	573,929
Increase in tangible fixed assets and intangible fixed assets	517,612	65,178	—	—	582,790	265,251	848,041

Notes: 1 Adjustments are as follows;

- 1) Adjustments to segment income (loss) consist of (3,107,004) thousand yen in unallocated general administrative expenses.
  - 2) Adjustment of 12,002,891 thousand yen for the segment asset is the total amount of assets not allocated to any of the reportable segments and consists mainly of cash, time deposits, investment securities and the assets of the administration department of the Company.
  - 3) Adjustment of 265,251 thousand yen as the increased amount for tangible fixed assets and intangible fixed assets represents capital expenditures for the head office building and others.
- 2 Segment income (loss) has been adjusted to consolidated operating income.

(Additional information)

Effective from the fiscal year 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).

## (Related information)

Year ended March 31, 2011 (April 1, 2010 - March 31, 2011)

## 1. Information by Product and Service

Similar information has been disclosed in the segment information, so information is omitted here.

## 2 Information by Geographic Region

## (1) Net Sales

There are no net sales to external customers, so there is no related information.

## (2) Tangible Fixed Assets

There are no tangible fixed assets outside of Japan, so there is no related information.

## 3 Information by Major Customer

Among net sales to external customers, there are no customers accounting for 10% or more of net sales reported in the consolidated statements of income, so there is nothing to report.

## (Information on impairment losses on fixed assets by reportable segment)

Year ended March 31, 2011 (April 1, 2010 - March 31, 2011)

## (Information on amortization of goodwill and unamortized outstanding balance of goodwill by reportable segment)

Year ended March 31, 2011 (April 1, 2010 - March 31, 2011)

(Thousands of yen)

	Reportable segments					Elimination or Total	Total
	Building Management and Operating Business	Environmental Facility Management Business	Real Estate Fund Management Business	Other Businesses	Total		
Amortization for the current year	148,417	—	—	—	148,417	—	148,417
Unamortized outstanding balance at the end of the current year	124,126	—	—	—	124,126	—	124,126

## (Information on gain on negative goodwill by reportable segment)

Year ended March 31, 2011 (April 1, 2010 - March 31, 2011)

There is no significant gain on negative goodwill.

## [Per share information]

Year Ended March 31, 2010 (April 1, 2009 – March 31, 2010)		Year Ended March 31, 2011 (April 1, 2010 – March 31, 2011)	
Net assets per share	¥1,296.72	Net assets per share	¥1,372.26
Net income per share	¥94.21	Net income per share	¥99.14
No diluted net income per share is presented for the fiscal year because there are no potentially dilutive securities.		No diluted net income per share is presented for the fiscal year because there are no potentially dilutive securities.	

## (Note) Basis of calculations

## 1. Net assets per share

	Year Ended March 31, 2010 (April 1, 2009 – March 31, 2010)	Year Ended March 31, 2011 (April 1, 2010 – March 31, 2011)
Total net assets, as stated on the Consolidated Balance Sheets (thousands of yen)	24,008,138	24,780,482
Net assets associated with common stock (thousands of yen)	22,383,371	23,180,226
Major components of the difference (thousands of yen):		
Minority interests	1,624,767	1,600,256
Number of shares of common stock issued and outstanding (shares)	20,590,153	20,590,153
Number of shares of common stock as treasury stock (shares)	3,328,630	3,698,202
Number of shares of common stock used in the calculation of net assets per share (shares)	17,261,523	16,891,951

## 2. Net income per share

	Year Ended March 31, 2010 (April 1, 2009 – March 31, 2010)	Year Ended March 31, 2011 (April 1, 2010 – March 31, 2011)
Net income (thousands of yen)	1,738,759	1,685,887
Amounts not attributable to owners of common stock (thousands of yen)	—	—
Net income associated with common stock (thousands of yen)	1,738,759	1,685,887
Average number of shares of common stock during fiscal year (shares)	18,455,309	17,005,804

## [Important subsequent events]

Year ended March 31, 2010 (April 1, 2009 - March 31, 2010)

Not applicable.

Year ended March 31, 2011 (April 1, 2010 - March 31, 2011)

Not applicable.

**3. Non-Consolidated Financial Statements****(1) Non-Consolidated Balance Sheets**

	(Thousands of yen)	
	Year ended March 31, 2010 (As of March 31, 2010)	Year ended March 31, 2011 (As of March 31, 2011)
<b>ASSETS</b>		
Current assets		
Cash and time deposits	2,527,710	3,596,029
Notes receivable	9,308	114,346
Accounts receivable	5,876,256	5,546,666
Supplies	8,736	8,519
Prepaid expenses	215,542	272,487
Accrued income	8,384	17,768
Short-term loans receivable	892,657	751,635
Short-term loans to employees	120	-
Advance money	112,010	75,691
Deferred income taxes	168,942	137,503
Other	4,828	16,236
Allowance for doubtful accounts	(15,900)	(31,640)
<b>Total current assets</b>	<b>9,808,598</b>	<b>10,505,245</b>
Fixed assets		
Tangible fixed assets		
Buildings	3,266,179	3,517,566
Accumulated depreciation	(1,852,193)	(1,937,244)
Buildings (net)	1,413,985	1,580,322
Structures	73,205	76,050
Accumulated depreciation	(42,455)	(45,428)
Structures (net)	30,749	30,622
Machinery	21,787	6,235
Accumulated depreciation	(19,704)	(6,170)
Machinery (net)	2,082	64
Vehicles	17,897	31,217
Accumulated depreciation	(10,908)	(15,400)
Vehicles (net)	6,989	15,817
Tools, appliance and equipment	501,049	532,595
Accumulated depreciation	(293,301)	(338,940)
Tools, appliance and equipment (net)	207,748	193,655
Land	1,165,521	1,166,606
Lease assets	198,848	344,049
Accumulated depreciation	(31,520)	(90,875)
Lease assets (net)	167,327	253,174
<b>Total tangible fixed assets</b>	<b>2,994,406</b>	<b>3,240,261</b>
Intangible fixed assets		
Telephone subscription rights	15,216	15,288
Software	676,108	524,825
Lease assets	4,751	7,976
Goodwill	4,335	2,127
<b>Total intangible fixed assets</b>	<b>700,411</b>	<b>550,217</b>

	(Thousands of yen)	
	Year ended March 31, 2010 (As of March 31, 2010)	Year ended March 31, 2011 (As of March 31, 2011)
Investments and other assets		
Investment securities	4,229,678	4,114,912
Stocks of subsidiaries and affiliates	2,471,405	2,490,405
Long-term loans	23,362	36,857
Long-term loans to subsidiaries and affiliates	527,875	522,620
Long-term prepaid expenses	223	61
Guarantee and deposit for leasehold estates	1,240,078	1,137,002
Memberships	359,313	351,862
Reserve for insurance	29,079	29,079
Claims in bankruptcy	53,490	39,427
Leasehold building	107,470	107,470
Accumulated depreciation	(27,152)	(29,196)
Leasehold building (net)	80,317	78,273
Leasehold land	53,739	53,739
Deferred income taxes	785,449	635,186
Long-term deposits	400,000	400,000
Other	41,905	68,571
Allowance for doubtful accounts	(614,471)	(653,981)
Total investments and other assets	9,681,448	9,304,020
Total fixed assets	13,376,266	13,094,499
TOTAL ASSETS	23,184,864	23,599,744



	(Thousands of yen)	
	Year ended March 31, 2010 (As of March 31, 2010)	Year ended March 31, 2011 (As of March 31, 2011)
<b>LIABILITIES</b>		
Current liabilities		
Notes payable	2,746	956
Accounts payable	3,728,196	3,574,537
Current portion of long-term loans payable	–	166,000
Lease obligations	37,735	68,513
Accrued expenses	142,200	385,108
Accrued income taxes	746,552	217,661
Accrued consumption taxes	176,388	166,125
Accrued salaries	440,966	442,420
Accrued social insurance	156,688	159,825
Deposits received	205,728	117,077
Deposits received from subsidiaries and affiliates	2,500,000	2,000,000
Advances received	35,388	27,069
Allowance for bonuses	227,383	237,504
Allowance for directors' bonuses	70,000	70,000
Other	41,364	53,860
Total current liabilities	8,511,340	7,686,659
Fixed liabilities		
Long-term loans payable	–	333,904
Lease obligations	136,363	194,922
Allowance for directors' retirement benefits	490,450	488,610
Long-term guarantee deposits received	712,103	658,407
Asset retirement obligations	–	107,488
Other	7,400	12,981
Total fixed liabilities	1,346,316	1,796,314
<b>TOTAL LIABILITIES</b>	<b>9,857,656</b>	<b>9,482,974</b>
<b>NET ASSETS</b>		
Shareholders' equity		
Common stock	3,000,000	3,000,000
Capital surplus		
Capital surplus reserve	498,800	498,800
Other capital surplus	326	–
Total capital surplus	499,126	498,800
Retained earnings		
Earned reserve	251,200	251,200
Other retained earnings		
Other reserve	12,310,000	12,310,000
Retained earnings brought forward	2,211,654	3,338,110
Total retained earnings	14,772,854	15,899,310
Treasury stock	(4,874,661)	(5,392,760)
Total shareholders' equity	13,397,320	14,005,350
Unrealized gains and adjustments		
Valuation difference on available-for-sale securities	(70,112)	111,420
Total unrealized gains and adjustments	(70,112)	111,420
<b>TOTAL NET ASSETS</b>	<b>13,327,207</b>	<b>14,116,770</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>23,184,864</b>	<b>23,599,744</b>

## (2) Non-Consolidated Statements of Income

	(Thousands of yen)	
	Year Ended March 31, 2010 (April 1, 2009 – March 31, 2010)	Year Ended March 31, 2011 (April 1, 2010 – March 31, 2011)
Net sales		
Service revenue	47,849,662	48,368,466
Sales of goods	366,350	360,095
Total net sales	48,216,012	48,728,562
Cost of sales		
Cost of service rendered	40,818,073	40,943,068
Cost of goods sold	267,280	271,884
Total cost of sales	41,085,353	41,214,952
Gross profit	7,130,659	7,513,609
Selling, general and administrative expenses		
Sales promotion expenses	11,215	11,633
Advertising expense	72,537	132,812
Directors' bonus	198,758	208,890
Salary expense	1,972,420	1,978,444
Bonus expense	275,845	292,552
Addition to allowance for bonus	90,345	98,325
Addition to allowance for directors' bonus	70,000	70,000
Directors' retirement benefits	400	1,370
Addition to allowance for directors' retirement benefits	44,910	53,000
Retirement benefits expense	55,217	63,327
Legal welfare expense	336,209	373,102
Welfare expense	23,159	20,697
Training expense	11,155	7,588
Recruiting expense	16,517	19,429
Conference expense	5,615	5,941
Entertainment expense	41,805	65,599
Transportation expense	217,847	252,440
Automotive expense	71,303	72,357
Communications expense	92,128	94,674
Utilities expense	43,727	41,459
Supplies expense	13,668	15,104
Stationery expense	298,138	230,466
Tax and public charges	50,379	50,796
Enterprise tax	58,924	57,790
Depreciation and amortization	295,903	324,151
Repairs expense	6,289	3,757
Insurance expense	137,095	147,586
Rent expense	387,168	374,762
Newspapers and library expense	7,075	7,477
Membership expense	17,138	16,981
Commission	210,986	190,949
Donations	1,111	14,125
Provision for allowance for doubtful accounts	6,279	73,173
Miscellaneous expense	133,612	143,074
Total selling, general and administrative expenses	5,274,889	5,513,844
Operating income	1,855,769	1,999,764

(Thousands of yen)

	Year Ended March 31, 2010 (April 1, 2009 – March 31, 2010)	Year Ended March 31, 2011 (April 1, 2010 – March 31, 2011)
<b>Non-operating income</b>		
Interest income	39,652	35,631
Dividend income	296,994	655,245
Gain on sale of investment securities	0	17,375
Rent earned	44,103	39,316
Insurance dividends	24,872	24,158
Management consulting fees	36,000	36,000
Investment return from anonymous associations	2,141	–
Other	24,220	24,406
Total non-operating income	467,984	832,134
<b>Non-operating expenses</b>		
Interest expense	37,508	39,370
Loss on sales of investment securities	–	18,927
Expense related to leasehold estate	40,454	42,300
Loss on sales and retirement of fixed assets	3,440	4,527
Commission for purchase of treasury stock	35,024	6,616
Other	26,816	24,564
Total non-operating expenses	143,243	136,306
<b>Ordinary income</b>	2,180,510	2,695,592
<b>Extraordinary losses</b>		
Loss on valuation of investment securities	291,166	166,434
Loss on valuation of membership	13,952	6,851
Loss on application of accounting standard for asset retirement obligations	–	87,541
Others	7,630	3,000
Total extraordinary losses	312,749	263,827
Income before income taxes	1,867,761	2,431,764
Income, inhabitant and business taxes	813,769	699,493
Income and other taxes adjustment	(137,738)	57,660
Total income and other taxes	676,030	757,154
Net income	1,191,730	1,674,610

## (3) Non-Consolidated Statements of Changes in Shareholders' Equity

(Thousands of yen)

	Year Ended March 31, 2010 (April 1, 2009 – March 31, 2010)	Year Ended March 31, 2011 (April 1, 2010 – March 31, 2011)
<b>Shareholders' equity</b>		
Common stock		
Balance at end of previous fiscal year	3,000,000	3,000,000
Change of items during the term		
Total change of items during the term	–	–
Balance at end of current fiscal year	3,000,000	3,000,000
Capital surplus		
Capital reserve		
Balance at end of previous fiscal year	498,800	498,800
Change of items during the term		
Total change of items during the term	–	–
Balance at end of current fiscal year	498,800	498,800
Other capital surplus		
Balance at end of previous fiscal year	327	326
Change of items during the term		
Disposal of treasury stock	(0)	(326)
Total change of items during the term	(0)	(326)
Balance at end of current fiscal year	326	–
Total Capital surplus		
Balance at end of previous fiscal year	499,127	499,126
Change of items during the term		
Disposal of treasury stock	(0)	(326)
Total change of items during the term	(0)	(326)
Balance at end of current fiscal year	499,126	498,800
Retained earnings		
Earned reserve		
Balance at end of previous fiscal year	251,200	251,200
Change of items during the term		
Total change of items during the term	–	–
Balance at end of current fiscal year	251,200	251,200
Other retained earnings		
General reserve		
Balance at end of previous fiscal year	12,310,000	12,310,000
Change of items during the term		
Total change of items during the term	–	–
Balance at end of current fiscal year	12,310,000	12,310,000
Retained earnings brought forward		
Balance at end of previous fiscal year	1,625,110	2,211,654
Change of items during the term		
Dividend from retained earnings (year-end)	(328,995)	(276,184)
Dividend from retained earnings (interim)	(276,190)	(269,551)
Net income	1,191,730	1,674,610
Disposal of treasury stock	–	(2,418)
Total change of items during the term	586,544	1,126,455
Balance at end of current fiscal year	2,211,654	3,338,110

(Thousands of yen)

	Year Ended March 31, 2010 (April 1, 2009 – March 31, 2010)	Year Ended March 31, 2011 (April 1, 2010 – March 31, 2011)
<b>Total retained earnings</b>		
Balance at end of previous fiscal year	14,186,310	14,772,854
<b>Change of items during the term</b>		
Dividend from retained earnings (year-end)	(328,995)	(276,184)
Dividend from retained earnings (interim)	(276,190)	(269,551)
Net income	1,191,730	1,674,610
Disposal of treasury stock	–	(2,418)
Total change of items during the term	586,544	1,126,455
Balance at end of current fiscal year	14,772,854	15,899,310
<b>Treasury stock</b>		
Balance at end of previous fiscal year	(58,928)	(4,874,661)
<b>Change of items during the term</b>		
Acquisition of treasury stock	(4,815,864)	(583,895)
Disposal of treasury stock	131	65,796
Total change of items during the term	(4,815,733)	(518,099)
Balance at end of current fiscal year	(4,874,661)	(5,392,760)
<b>Total Shareholders' equity</b>		
Balance at end of previous fiscal year	17,626,509	13,397,320
<b>Change of items during the term</b>		
Dividend from retained earnings (year-end)	(328,995)	(276,184)
Dividend from retained earnings (interim)	(276,190)	(269,551)
Net income	1,191,730	1,674,610
Acquisition of treasury stock	(4,815,864)	(583,895)
Disposal of treasury stock	131	63,051
Total change of items during the term	(4,229,189)	608,030
Balance at end of current fiscal year	13,397,320	14,005,350
<b>Unrealized gains and adjustments</b>		
<b>Valuation difference on available-for-sale securities</b>		
Balance at end of previous fiscal year	(522,597)	(70,112)
<b>Change of items during the term</b>		
Change in non-equity items during the term (net)	452,484	181,532
Total change of items during the term	452,484	181,532
Balance at end of current fiscal year	(70,112)	111,420
<b>Total Unrealized gains and adjustments</b>		
Balance at end of previous fiscal year	(522,597)	(70,112)
<b>Change of items during the term</b>		
Change in non-equity items during the term (net)	452,484	181,532
Total change of items during the term	452,484	181,532
Balance at end of current fiscal year	(70,112)	111,420
<b>Total net assets</b>		
Balance at end of previous fiscal year	17,103,911	13,327,207
<b>Change of items during the term</b>		
Dividend from retained earnings (year-end)	(328,995)	(276,184)
Dividend from retained earnings (interim)	(276,190)	(269,551)
Net income	1,191,730	1,674,610
Acquisition of treasury stock	(4,815,864)	(583,895)
Disposal of treasury stock	131	63,051
Change in non-equity items during the term (net)	452,484	181,532
Total change of items during the term	(3,776,704)	789,562
Balance at end of current fiscal year	13,327,207	14,116,770