

## Consolidated Financial Statements

### for the Second Quarter of the Fiscal Year Ending March 31, 2013 [J-GAAP]

October 31, 2012

#### NIPPON KANZAI Co., Ltd.

Listed Exchanges: Tokyo Stock Exchange and Osaka Securities Exchange, First Section  
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 Filing date of quarterly report: November 9, 2012  
 Date to start dividends distribution: December 4, 2012  
 Supplementary materials for quarterly results: No  
 Quarterly results briefing meeting held: No

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

### 1. Consolidated results for the second quarter ended September 30, 2012 (April 1, 2012 to September 30, 2012)

#### (1) Consolidated business results

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

	Net Sales		Operating Income		Ordinary Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2012	36,338	0.2	1,674	(9.8)	1,770	(10.8)
Six months ended September 30, 2011	36,256	(1.0)	1,856	5.4	1,984	9.0

Note: Comprehensive income: Six months ended September 30, 2012: ¥ 813 million (-21.2%)

Six months ended September 30, 2011: ¥ 1,033 million (28.8%)

	Net Income		Net Income per Share		Diluted Net Income per Share	
	Millions of yen	%	Yen		Yen	
Six months ended September 30, 2012	1,017	(0.5)	60.09		—	
Six months ended September 30, 2011	1,021	29.6	60.41		—	

#### (2) Consolidated financial position

	Total Assets		Net Assets		Equity Ratio	
	Millions of yen	%	Millions of yen	%		
As of September 30, 2012	38,728		26,417		64.1	
As of March 31, 2012	39,804		26,356		62.2	

Note: Shareholders' equity: As of September 30, 2012: ¥ 24,834 million

As of March 31, 2012: ¥ 24,768 million

### 2. Dividends

	Annual dividends				
	First Quarter-end	Second Quarter-end	Third Quarter-end	Year-end	Total
Fiscal year ended March 31, 2012	Yen —	Yen 20.00	Yen —	Yen 20.00	Yen 40.00
Fiscal year ending March 31, 2013	—	20.00			
Fiscal year ending March 31, 2013 (forecast)			—	20.00	40.00

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

### 3. Consolidated business forecasts for the fiscal year ending March 31, 2013 (April 1, 2012 to March 31, 2013)

(Percentage figures indicate the rate of change from the same period in the previous 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	
Full year	76,800	3.5	4,200	6.5	4,400	3.6	2,400	10.5	141.61	

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

**\* Notes**

**(1) Changes of significant subsidiaries during the term (Changes in specific subsidiaries associated with changes in scope of consolidation):** None

**(2) Adoption of specific accounting methods for preparation of the quarterly consolidated financial statements:**  
None

**(3) Changes in accounting policies, accounting estimates and restatement of revisions**

- |   |      |
|---|------|
| 1) Changes in accounting policies due to revisions of accounting standards, etc.: | Yes  |
| 2) Changes in accounting policies other than 1) above:                            | None |
| 3) Changes in accounting estimates:   | Yes  |
| 4) Restatement of revisions:  | None |

Note: These changes are those referred to in Article 10-5 of the Regulations Concerning the Terms, Forms, and Preparation Method for Quarterly Consolidated Financial Statements. For details, please refer to “(3) Changes in accounting policies, accounting estimates and restatement of revisions of 2. Matters concerning summary information (Notes)” on page 3 of the Attached Document.

**(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 September 30, 2012	20,590,153 shares	As of March 31, 2012	20,590,153 shares
2)	As of September 30, 2012	3,831,403 shares	As of March 31, 2012	3,584,059 shares
3)	First six months ended September 30, 2012	16,928,333 shares	First six months ended September 30, 2011	16,918,647 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 business forecasts and other notes**

The business forecasts 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 “(3) Qualitative information on consolidated business forecasts of 1. Qualitative information on financial statements” on page 3 of the Attached Document of this 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 six months of the fiscal year ending March 2013, the Japanese economy experienced a mild recovery underpinned by demand related to recovery from the Great East Japan Earthquake. Nevertheless, due to the impacts of economic instability in Europe and China, as well as a persistently high yen, future prospects for Japan's economy remain uncertain.

In the real estate service industry, severe business conditions continue as clients are becoming even more cost-conscious, contracted buildings have been closed or decreased their services, and no improvement is seen in the office and commercial building vacancy rate.

In such business environment, the Nippon Kanzai Group (hereinafter "the Group") continued to expand its area of businesses around the building maintenance business. The Group also made efforts in proactive business development by enhancing its property management business, private finance initiatives (PFI), and energy-saving business and making the best of the Group companies' strengths.

Consolidated net sales for the first six months rose 0.2% compared to the same period in the previous fiscal year to 36,338 million yen, as new contracts offset a decline in construction-related orders.

We continued to make efforts to improve profitability by thorough review of procurement unit prices and better time management. However, the Group's earnings fell compared to the same period of the previous fiscal year; operating income of 1,674 million yen, down 9.8%, ordinary income of 1,770 million yen, down 10.8%, and net income of 1,017 million yen, down 0.5%. The reasons include a rise in major cost items such as personnel expenses and subcontracting expenses, a decrease in highly profitable contracts, and an increase in administrative cost, part of which is related to enhancing organizational power.

The following are earnings by segment.

Segment income (loss) has been adjusted to consolidated operating income described in quarterly consolidated statements of income.

#### **(Building Management and Operation Business)**

Our core Building Management and Operation Business includes building management and security services, in which segment we experienced ongoing difficulty in securing new contracts and a decrease in construction-related orders. As a result, net sales of 31,355 million yen for the first six months down 0.6% compared to the same period of the previous fiscal year, was recorded.

Segment income was 2,968 million yen, down 2.5% year on year due to a rise in major cost items such as personnel expenses and subcontracting expenses coupled with a sluggish growth in price per contract and a decrease in construction-related orders whose profit margin was relatively high.

#### **(Environmental Facility Management Business)**

In the Environmental Facility Management Business, which mainly comprises 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 segment amounted to 3,846 million yen, up 10.3% compared to the same period of the previous fiscal year.

Although local governments – the main customers for this segment – continued to be on a tight budget, the Group has worked to reduce costs, focusing on efforts to rein in start-up costs for newly contracted facilities, re-examine procurement costs, and realign personnel assignments to better match actual needs. As a result, segment income was 353 million yen, up 17.6% year on year.

#### **(Real Estate Fund Management Business)**

In the asset management business, which comprises composition and asset management of real estate funds, and in the real estate fund management business, which mainly comprises investment in silent partnerships, a stable asset management income was recorded. However, since there was no income from the buying and selling of assets, net sales for the segment came to 228 million yen, down 8.5% compared to the same period of the previous fiscal year.

Consequently, segment income was 47 million yen, down 23.7% year on year as sales decreased.

#### **(Other Businesses)**

Other Businesses, which mainly consist of event planning and management, printing, and design, were negatively affected by a decrease in highly profitable design and real estate brokerage orders. As a result, net sales for the segment for the first six months decreased by 7.4% year on year to 908 million yen, and segment loss was 21 million yen, down 46 million yen compared to the previous fiscal year.

## **(2) Qualitative information on consolidated financial position**

### [Consolidated balance sheets]

Total assets at the end of the second quarter of the current fiscal year decreased by 1,076 million yen, or 2.7%, compared to the previous fiscal year end to 38,728 million yen.

Major causes of this decrease are a decrease in cash and deposits, due to paying accounts payable—trade, etc. and a decrease in notes and accounts receivable—trade, due to collecting accounts receivable—trade.

Liabilities decreased by 1,137 million yen, or 8.5% compared to the previous fiscal year end, to 12,310 million yen. The major causes are a decrease in notes and accounts payable – trade and a decrease in income taxes payable, both due to making payment.

Net assets rose by 60 million yen, or 0.2%, to 26,417 million yen as quarterly net income exceeded decreasing factors such as payments of cash dividends and purchase of treasury stock. As a result, equity ratio as of September 30, 2012 increased by 1.9 percentage points to 64.1% from the previous fiscal year end.

### [Consolidated statements of cash flows]

Cash and cash equivalents (hereinafter “cash”) decreased by 867 million yen from the previous fiscal year end to 12,315 million yen.

The status and main factors of cash flows for the first six months of the current fiscal year were as follows:

#### (Cash flows from operating activities)

Net cash provided by operating activities for the first six months of the current fiscal year was 571 million yen, down 610 million yen year on year.

The primary factors contributing to this result were a decrease in notes and accounts receivable—trade, amounting to a 667 million yen year-on-year increase in proceeds; a decrease in notes and accounts payable—trade, amounting to a 729 million yen year-on-year increase in outlays; and an increase in income taxes paid, amounting to a 490 million yen year-on-year increase in outlays.

#### (Cash flows from investing activities)

Net cash used in investing activities was 474 million yen, up 590 million yen year on year.

The primary factor contributing to this result was a decrease in purchase of property, plant and equipment and intangible assets, amounting to a 747 million yen year-on-year decrease in outlays.

#### (Cash flows from financing activities)

Net cash used in financing activities was 964 million yen, up 168 million yen year on year.

The primary factors contributing to this result were an increase in purchase of treasury stock, amounting to a 441 million yen year-on-year increase in outlays; and a decrease in cash dividends paid, amounting to a 233 million yen year-on-year decrease in outlays.

## **(3) Qualitative information on consolidated business forecasts**

We expect our business environment will continue to be severe.

Consolidated business results for the first six months of the fiscal year were below the forecasts announced on May 8, 2012. However, performance is expected to recover in the third and fourth quarters, therefore no revisions were made to the consolidated business forecasts for the full year.

## **2. Matters concerning summary information (Notes)**

### **(1) Changes of significant subsidiaries during the term**

Not applicable.

### **(2) Adoption of specific accounting methods for preparation of the quarterly consolidated financial statements**

Not applicable.

### **(3) Changes in accounting policies, accounting estimates and restatement of revisions**

(Changes in accounting policies that are not difficult to be distinguished from change in accounting estimates)

Starting from the first three months of the fiscal year ending March 2013, the Company and its consolidated subsidiaries applied a new depreciation method to items of property, plant and equipment acquired on or after April 1, 2012 pursuant to the amendment to the Corporation Tax Act.

As a result, operating income, ordinary income, and quarterly income before income taxes and minority interests for the first six months increased by 1,125 thousand yen as compared with the respective amounts that would have been posted under the previous method.

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

	(Thousands of yen)	
	Fiscal year ended March 31, 2012 (As of March 31, 2012)	Second quarter ended September 30, 2012 (As of September 30, 2012)
<b>ASSETS</b>		
Current assets		
Cash and deposits	13,497,900	12,630,448
Notes and accounts receivable—trade	8,898,708	8,288,897
Investments in silent partnership for business purposes	193,550	308,036
Supplies	68,617	65,081
Real estate for sale	1,975,059	1,920,937
Income taxes receivable	9,524	—
Deferred tax assets	373,191	342,729
Other	1,011,921	1,398,281
Allowance for doubtful accounts	(12,679)	(11,474)
Total current assets	26,015,791	24,942,935
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	1,945,206	1,890,760
Machinery, equipment and vehicles, net	16,288	50,744
Tools, furniture and fixtures, net	248,627	244,576
Land	1,693,312	1,693,312
Lease assets, net	595,789	569,525
Total property, plant and equipment	4,499,222	4,448,917
Intangible assets		
Telephone subscription right	34,935	34,935
Software	405,374	381,902
Goodwill	38,744	27,617
Lease assets	17,585	32,119
Total intangible assets	496,638	476,573
Investments and other assets		
Investment securities	5,498,630	4,611,084
Long-term loans receivable	502,534	477,336
Long-term prepaid expenses	7,481	18,380
Lease and guarantee deposits	1,471,314	1,748,592
Membership	380,259	410,158
Deferred tax assets	635,816	806,777
Other	937,191	1,425,424
Allowance for doubtful accounts	(640,404)	(637,931)
Total investments and other assets	8,792,821	8,859,820
Total noncurrent assets	13,788,681	13,785,310
<b>TOTAL ASSETS</b>	<b>39,804,472</b>	<b>38,728,245</b>

\*English translation of some items has been changed to correspond with EDINET taxonomy published by FSA.

(Thousands of yen)

	Fiscal year ended March 31, 2012 (As of March 31, 2012)	Second quarter ended September 30, 2012 (As of September 30, 2012)
<b>LIABILITIES</b>		
Current liabilities		
Notes and accounts payable—trade	4,982,556	3,978,065
Current portion of long-term loans payable	166,000	166,000
Current portion of long-term non-recourse loans payable	19,600	21,200
Lease obligations	165,697	183,431
Accrued expenses	1,992,654	2,045,376
Income taxes payable	1,070,229	650,259
Accrued consumption taxes	301,725	308,516
Deposits received	429,762	458,004
Advances received	46,729	306,299
Provision for bonuses	596,883	548,158
Provision for directors' bonuses	78,479	41,783
Other	62,916	146,839
<b>Total current liabilities</b>	<b>9,913,230</b>	<b>8,853,930</b>
Noncurrent liabilities		
Long-term loans payable	167,904	84,904
Long-term non-recourse loans payable	1,235,200	1,194,900
Lease obligations	453,255	429,415
Deferred tax liabilities	18,055	21,349
Provision for retirement benefits	200,202	265,745
Provision for directors' retirement benefits	432,572	468,636
Long-term guarantee deposited	762,104	715,846
Asset retirement obligations	206,260	202,407
Liabilities from application of equity method	21,535	30,802
Other	37,645	42,935
<b>Total noncurrent liabilities</b>	<b>3,534,732</b>	<b>3,456,939</b>
<b>TOTAL LIABILITIES</b>	<b>13,447,962</b>	<b>12,310,869</b>
<b>NET ASSETS</b>		
Shareholders' equity		
Capital stock	3,000,000	3,000,000
Capital surplus	498,800	498,800
Retained earnings	26,238,534	26,916,109
Treasury stock	(5,226,262)	(5,589,581)
<b>Total shareholders' equity</b>	<b>24,511,072</b>	<b>24,825,328</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	257,239	9,108
<b>Total accumulated other comprehensive income</b>	<b>257,239</b>	<b>9,108</b>
Minority interests	1,588,199	1,582,940
<b>TOTAL NET ASSETS</b>	<b>26,356,510</b>	<b>26,417,376</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>39,804,472</b>	<b>38,728,245</b>

\*English translation of some items has been changed to correspond with EDINET taxonomy published by FSA.

**(2) Quarterly consolidated statements of income and quarterly consolidated statements of comprehensive income****Quarterly consolidated statements of income**

(Thousands of yen)

	Six months ended September 30, 2011 (April 1, 2011 to September 30, 2011)	Six months ended September 30, 2012 (April 1, 2012 to September 30, 2012)
Net sales	36,256,353	36,338,524
Cost of sales	29,402,167	29,517,960
Gross profit	6,854,186	6,820,564
Selling, general and administrative expenses		
Selling expenses	66,378	83,696
Personnel expenses	2,732,701	2,787,908
Provision for bonuses	229,462	220,310
Provision for directors' bonuses	41,779	41,783
Provision for directors' retirement benefits	15,787	46,914
Retirement benefit expenses	63,940	100,034
Transportation and communication expenses	400,373	427,783
Supplies expenses	180,898	166,916
Rent expenses	389,793	376,319
Insurance expenses	87,385	90,574
Depreciation	191,685	212,638
Taxes and dues	60,023	64,270
Enterprise tax	38,718	40,868
Provision of allowance for doubtful accounts	1,363	(2,415)
Amortization of goodwill	74,111	11,127
Other	422,996	477,098
Total selling, general and administrative expenses	4,997,392	5,145,823
Operating income	1,856,794	1,674,741
Non-operating income		
Interest and dividends income	89,667	91,219
Rent income	19,355	20,369
Equity in earnings of affiliates	15,659	—
Other	61,938	54,250
Total non-operating income	186,619	165,838
Non-operating expenses		
Interest expenses	20,307	17,302
Rent expenses	24,971	24,683
Equity in losses of affiliates	—	6,223
Loss on sales and retirement of noncurrent assets	1,894	3,336
Other	11,409	19,000
Total non-operating expenses	58,581	70,544
Ordinary income	1,984,832	1,770,035

\*English translation of some items has been changed to correspond with EDINET taxonomy published by FSA.



(Thousands of yen)

	Six months ended September 30, 2011 (April 1, 2011 to September 30, 2011)	Six months ended September 30, 2012 (April 1, 2012 to September 30, 2012)
Extraordinary loss		
Loss on valuation of investment securities	46,616	650
Loss on valuation of membership	14,760	—
Provision of allowance for doubtful accounts	—	220
Total extraordinary loss	61,376	870
Quarterly income before income taxes and minority interests	1,923,456	1,769,165
Income taxes – current	811,170	715,010
Income taxes – deferred	37,395	(7,968)
Total income taxes	848,565	707,042
Quarterly income before minority interests	1,074,891	1,062,123
Minority interests in income	52,900	44,885
Quarterly net income	1,021,991	1,017,238

\*English translation of some items has been changed to correspond with EDINET taxonomy published by FSA.

**Quarterly consolidated statements of comprehensive income**

(Thousands of yen)

	Six months ended September 30, 2011 (April 1, 2011 to September 30, 2011)	Six months ended September 30, 2012 (April 1, 2012 to September 30, 2012)
Quarterly income before minority interests	1,074,891	1,062,123
Other comprehensive income		
Valuation difference on available-for-sale securities	(41,520)	(248,274)
Total other comprehensive income	(41,520)	(248,274)
Quarterly comprehensive income	1,033,371	813,849
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	978,902	769,108
Comprehensive income attributable to minority interests	54,469	44,741

\*English translation of some items has been changed to correspond with EDINET taxonomy published by FSA.

**(3) Quarterly consolidated statements of cash flows**

(Thousands of yen)

	Six months ended September 30, 2011 (April 1, 2011 to September 30, 2011)	Six months ended September 30, 2012 (April 1, 2012 to September 30, 2012)
<b>Cash flows from operating activities</b>		
Quarterly income before income taxes and minority interests	1,923,456	1,769,165
Depreciation and amortization	268,236	305,392
Amortization of goodwill	74,111	11,127
Increase (decrease) in provision for bonuses	(21,532)	(48,725)
Increase (decrease) in provision for directors' bonuses	(37,641)	(36,696)
Increase (decrease) in provision for retirement benefits	21,568	65,543
Increase (decrease) in provision for directors' retirement benefits	(86,796)	36,064
Increase (decrease) in allowance for doubtful accounts	(18,007)	(3,677)
Equity in (earnings) losses of affiliates	(15,659)	6,223
Interest and dividends income	(89,667)	(91,219)
Interest expenses	20,307	17,302
Loss (gain) on sales and retirement of noncurrent assets	1,894	3,336
Loss (gain) on sales of short-term and long-term investment securities	(961)	—
Loss (gain) on valuation of investment securities	46,616	650
Decrease (increase) in notes and accounts receivable—trade	199,996	867,221
(Increase) decrease in investments in silent partnership for business purposes	(34,449)	(109,748)
Decrease (increase) in inventories	34,385	57,659
Decrease (increase) in other assets	(111,967)	(109,830)
Increase (decrease) in notes and accounts payable—trade	(547,286)	(1,276,724)
Increase (decrease) in accrued consumption taxes	(12,394)	6,791
Increase (decrease) in other liabilities	104,255	149,491
Loss on valuation of membership	14,760	—
Other, net	10,592	443
<b>Subtotal</b>	<b>1,743,817</b>	<b>1,619,788</b>
Interest and dividends income received	93,232	94,339
Interest expenses paid	(20,307)	(17,302)
Income taxes paid	(634,551)	(1,125,456)
<b>Net cash provided by operating activities</b>	<b>1,182,191</b>	<b>571,369</b>

\*English translation of some items has been changed to correspond with EDINET taxonomy published by FSA.

(Thousands of yen)

	Six months ended September 30, 2011 (April 1, 2011 to September 30, 2011)	Six months ended September 30, 2012 (April 1, 2012 to September 30, 2012)
<b>Cash flows from investing activities</b>		
Payments into time deposits	(300,000)	(300,000)
Proceeds from withdrawal of time deposits	305,000	300,000
Purchase of property, plant and equipment and intangible assets	(932,013)	(184,651)
Proceeds from sales of property, plant and equipment and intangible assets	22,334	39,974
Purchase of investment securities	(267,901)	(637)
Proceeds from sales of investment securities	100,960	—
Payments of loans receivable	(1,252)	(4,503)
Collection of loans receivable	15,061	28,109
Decrease (increase) in lease and guarantee deposits of leasehold estate	388,223	(277,278)
Increase (decrease) in guarantee deposits received	(390,204)	(46,258)
Other, net	(5,297)	(28,979)
Net cash used in investing activities	(1,065,089)	(474,223)
<b>Cash flows from financing activities</b>		
Increase in short-term loans payable	300,000	300,000
Decrease in short-term loans payable	(300,000)	(300,000)
Repayment of long-term loans payable	(83,000)	(83,000)
Repayments of long-term non-recourse loans payable	(38,700)	(38,700)
Repayments of lease obligations	(78,784)	(90,174)
Proceeds from disposal of treasury stock	87,528	78,395
Purchase of treasury stock	(40)	(441,386)
Repayments to minority shareholders	(59,796)	—
Cash dividends paid	(572,863)	(339,733)
Cash dividends paid to minority shareholders	(50,000)	(50,000)
Net cash used in financing activities	(795,655)	(964,598)
Net increase (decrease) in cash and cash equivalents	(678,553)	(867,452)
Cash and cash equivalents at beginning of period	11,481,956	13,182,900
Cash and cash equivalents at end of period	10,803,403	12,315,448

\*English translation of some items has been changed to correspond with EDINET taxonomy published by FSA.

**(4) Notes on a going concern assumption**

Six months ended September 30, 2012 (April 1, 2012 to September 30, 2012)

Not applicable.

**(5) Segment information**

I Six months ended September 30, 2011 (April 1, 2011 to September 30, 2011)

1. Information about net sales, and income or losses for each reportable segment

(Thousands of yen)

	Reportable segment					Adjustments (Note 1)	Amount recorded on quarterly consolidated statements of income (Note 2)
	Building Management and Operation Business	Environmental Facility Management Business	Real Estate Fund Management Business	Other Businesses	Total		
Net sales							
Net sales to external customers	31,539,996	3,485,602	249,208	981,547	36,256,353	—	36,256,353
Inter-segment net sales and transfer	—	—	—	—	—	—	—
Total	31,539,996	3,485,602	249,208	981,547	36,256,353	—	36,256,353
Segment income	3,043,628	300,292	62,916	24,910	3,431,746	(1,574,952)	1,856,794

Notes: 1. Adjustments to segment income consist of (1,574,952) thousand yen in unallocated general administrative expenses.

2. Segment income has been adjusted to operating income described in quarterly consolidated statements of income.

2. Impairment of noncurrent assets and goodwill by reportable segments

Not applicable.

II Six months ended September 30, 2012 (April 1, 2012 to September 30, 2012)

1. Information about net sales, and income or losses for each reportable segment

(Thousands of yen)

	Reportable segment					Adjustments (Note 1)	Amount recorded on quarterly consolidated statements of income (Note 2)
	Building Management and Operation Business	Environmental Facility Management Business	Real Estate Fund Management Business	Other Businesses	Total		
Net sales							
Net sales to external customers	31,355,316	3,846,289	228,121	908,798	36,338,524	—	36,338,524
Inter-segment net sales and transfer	—	—	—	—	—	—	—
Total	31,355,316	3,846,289	228,121	908,798	36,338,524	—	36,338,524
Segment income (loss)	2,968,638	353,208	47,974	(21,722)	3,348,098	(1,673,357)	1,674,741

Notes: 1. Adjustments to segment income consist of (1,673,357) thousand yen in unallocated general administrative expenses.

2. Segment income (loss) has been adjusted to operating income described in quarterly consolidated statements of income.

2. Impairment of noncurrent assets and goodwill by reportable segments

Not applicable.

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

Not applicable.