

# Consolidated Financial Statements for the Fiscal Year Ended March 31, 2013 [J-GAAP]

May 9, 2013

## NIPPON KANZAI Co., Ltd.

Listed Exchanges: Tokyo Stock Exchange and Osaka Securities Exchange, First Section  
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 Supplementary materials for results: No  
 Results briefing meeting held: No

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

## 1. Consolidated results for the fiscal year ended March 31, 2013 (April 1, 2012 to March 31, 2013)

### (1) Consolidated business results

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

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2013	75,065	1.1	4,014	1.8	4,379	3.1	2,392	10.2
Fiscal year ended March 31, 2012	74,228	1.1	3,945	11.7	4,248	13.7	2,172	28.8

(Note) Comprehensive income: Fiscal year ended March 31, 2013: ¥ 2,967 million (21.7%); Fiscal year ended March 31, 2012: ¥ 2,437 million (25.7%)

	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	%	%	%
Fiscal year ended March 31, 2013	141.97	–	9.3	10.3	5.3
Fiscal year ended March 31, 2012	128.17	–	9.1	11.0	5.3

(Reference) Equity in earnings (losses) of affiliates: Fiscal year ended March 31, 2013: ¥ 35 million; Fiscal year ended March 31, 2012: ¥ 50 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, 2013	45,330	28,313	58.8	1,586.72
As of March 31, 2012	39,804	26,356	62.2	1,456.44

(Reference) Shareholders' equity: As of March 31, 2013: ¥ 26,671 million; As of March 31, 2012: ¥ 24,768 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
Fiscal year ended March 31, 2013	3,205	(5,108)	3,192	14,472
Fiscal year ended March 31, 2012	4,093	(1,128)	(1,263)	13,182

## 2. Dividends

	Annual Dividends					Total Dividends Paid (annual)	Dividend Payout Ratio (consolidated)	Dividends to Net Assets (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2012	–	20.00	–	20.00	40.00	678	31.2	2.8
Fiscal year ended March 31, 2013	–	20.00	–	20.00	40.00	671	28.2	2.6
Fiscal year ending March 31, 2014 (forecast)	–	20.00	–	20.00	40.00		25.9	

### 3. Consolidated business forecasts for the fiscal year ending March 31, 2014 (April 1, 2013 to March 31, 2014)

(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
First half	37,600	3.5	1,800	7.5	2,000	13.0	1,100	8.1	65.26
Full year	78,300	4.3	4,100	2.1	4,700	7.3	2,600	8.7	154.26

#### Notes

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

(2) 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

(3) 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 March 31, 2013	20,590,153 shares	As of March 31, 2012	20,590,153 shares
2)	As of March 31, 2013	3,780,794 shares	As of March 31, 2012	3,584,059 shares
3)	Fiscal year ended March 31, 2013	16,855,142 shares	Fiscal year ended March 31, 2012	16,948,259 shares

(Reference) Summary of non-consolidated financial results

## 1. Non-consolidated results for the fiscal year ended March 31, 2013 (April 1, 2012 to March 31, 2013)

### (1) Non-consolidated business results

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

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2013	50,006	1.3	1,956	2.3	2,702	4.6	1,618	2.2
Fiscal year ended March 31, 2012	49,359	1.3	1,912	(4.4)	2,582	(4.2)	1,583	(5.4)

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
Fiscal year ended March 31, 2013	96.04	–
Fiscal year ended March 31, 2012	93.46	–

### (2) Non-consolidated financial position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2013	29,739	16,216	54.5	964.72
As of March 31, 2012	24,424	15,103	61.8	888.12

(Reference) Shareholders' equity: As of March 31, 2013: ¥ 16,216 million; As of March 31, 2012: ¥ 15,103 million

## 2. Non-consolidated business forecasts for the fiscal year ending March 31, 2014 (April 1, 2013 to March 31, 2014)

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

	Net Sales		Ordinary Income		Net Income		Net Income per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	25,450	4.9	1,800	37.4	1,280	35.2	75.94
Full year	52,200	4.4	3,270	21.0	2,030	25.4	120.44

### \* Presentation of implementation status for audit procedures

This financial report is not covered by the Financial Instruments and Exchange Act and the financial statements audit procedures called for by the Financial Instruments and Exchange Act have not been completed as of the release of this 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 “(1) Analysis of business results” of “1. Analyses of business results and financial position” on page 2 of the Attached Document of this financial report, regarding assumptions upon which forecasts are based and the use of forecasts.

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## 1. Analyses of business results and financial position

### (1) Analysis of business results

#### 1) Business results for the fiscal year ended March 31, 2013

During the fiscal year ended March 31, 2013, the Japanese economy showed some positive signs such as a sharp rise in stock prices and the sharp depreciation of the Japanese yen backed by public expectations towards drastic monetary easing policies and other large-scale economic stimulus packages compiled by the new administration since December last year. However, the economic outlook still remains uncertain due to some concerns such as the need of new responsive measures for the fluctuation in foreign currency exchange rates.

In the real estate service industry, severe business conditions continued in line with increasingly cost-conscious clients, more closures and downsizing of contracted buildings, and no comprehensive improvement in vacancy rates of office and commercial buildings except some areas.

In such business environment, NIPPON KANZAI Group (hereinafter “the Group”) continued to work on expanding 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.

As a result, net sales for the current fiscal year rose by 1.1% year on year to 75,065 million yen supported by steady receipt of new contracts and construction-related orders.

Although there were increased major costs such as personnel and subcontracting consignment expenses as well as higher administrative costs in order to enhance organizational power, besides a decrease in highly profitable contracts, we continued to make efforts to improve profitability by conducting a thorough review of procurement unit prices and better time management. As a result, the Group achieved increases in incomes year-on-year and recorded operating income of 4,014 million yen, up 1.8% year on year, ordinary income of 4,379 million yen, up 3.1%, and net income of 2,392 million yen, up 10.2%, for the current fiscal year.

#### 2) Business by segment

The following are earnings by segment.

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

##### [Building Management and Operation Business]

In our core Building Management and Operation Business, including building management and security services, net sales for the current fiscal year rose by 0.1% year on year, to 64,736 million yen, mainly due to steady receipt of orders for construction-related operations which more than offset the impact of difficult conditions for the renewal of existing contracts and winning of new contracts.

Segment income was 6,479 million yen, up 2.6% year on year, due to tighter cost management overcoming a sluggish growth in price per contract and other factors.

##### [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 a firm number of new contracts, particularly for the management of incinerators and recycling facilities. As a result, net sales for the segment amounted to 7,853 million yen, up 10.9% compared to the previous fiscal year.

Although local governments – the main customers for this segment – continued to be on a tight budget, the Group worked to rigorously manage 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 705 million yen, up 14.1% year on year.

##### [Real Estate Fund Management Business]

In the Real Estate Fund Management Business, which mainly comprises asset management business (i.e. composition and asset management of real estate funds) and handling investments in silent partnership, a stable asset management income was recorded, and proceeds from sales of assets were increased. As a result, net sales for the segment were 846 million yen, up 63.7% compared to the previous fiscal year.

While expenses related to sales of assets increased, with the help of our efforts in expense reductions and improvements in operational efficiency, segment income was 108 million yen, up 74.1% year on year.

##### [Other Businesses]

Other Businesses, which consist mainly of event planning and management, printing and design, saw a decrease in orders for temporary event operations due to a downsizing of events, and impacts from cost-cutting measures by clients. For the current fiscal year, therefore, net sales decreased by 15.5% year on year, to 1,629 million yen, and segment loss

was 15 million yen, a decrease of 30 million yen compared to the previous fiscal year.

### 3) Outlook for the next fiscal year

On the front of the outlook for the next fiscal year, although the business performance of Japanese companies is on an upward trend due to the weaker yen and higher stock prices, the precise picture of the Japan's real economy is not yet seen and thus the uncertainty is expected to remain for the time being.

In the building maintenance industry, a severe market environment including competition continues as corporate clients are still fairly conscious on management costs, more stagnant office rent is observed and vacancy rates increase due to the oversupply of office space.

Under such environment, the Group will continue proactive marketing mainly by presenting project proposals in the areas of designated administrator for public facilities and PFI Projects. At the same time, the Group will proactively cultivate energy-saving business, as well as parking management and operation and event planning and management. In addition, through the capital participation in PICA (\*), an Australian company, the Group will take a first step towards expanding its operations abroad, thus capturing new markets and enhancing its services.

The Group will make efforts to raise profitability by enhancing quality control based on ISO standard to provide even better service and to raise customer satisfaction level, by expanding business areas and by further tighten thorough cost control.

For the fiscal year ending March 31, 2014, we estimate that consolidated net sales will total 78.3 billion yen, an increase of 4.3% year on year. Consolidated operating income is expected to reach 4.1 billion yen, up 2.1% year on year, consolidated ordinary income to amount to 4.7 billion yen, an increase of 7.3% year on year and consolidated net income to come in at 2.6 billion yen, 8.7% higher than the fiscal year ended March 31, 2013.

\*PICA: Prudential Investment Company of Australia Pty Ltd., a strata management company whose head office is located in Sydney, Australia

## (2) Analysis of financial position

### [Analysis of financial position]

Total assets at the end of the current fiscal year increased by 5,526 million yen (up 13.9%) year on year to 45,330 million yen.

Current assets increased by 807 million yen (up 3.1%) year on year to 26,823 million yen, and noncurrent assets increased by 4,718 million yen (up 34.2%) year on year to 18,507 million yen.

The main reasons for these increases were an increase in cash and deposits (1,289 million yen increase year on year) attributable to collections of trading receivables; sales of real estates and investment securities; and an increase in investment securities (5,216 million yen increase year on year) due to purchase of stocks of an affiliated company.

Total liabilities at the end of the current fiscal year increased by 3,569 million yen (up 26.5%) year on year to 17,017 million yen.

The main reasons for these increases were an increase in long-term loans payable (4,778 million yen increase year on year) due to purchase of stocks of an affiliated company.

Net assets at the end of the current fiscal year increased by 1,957 million yen (up 7.4%) year on year to 28,313 million yen.

The main reason of this increase was an increase in retained earnings (1,721 million yen increase year on year).

As a result, equity ratio at the end of the current fiscal year decreased by 3.4 percentage points to 58.8% from the end of the previous fiscal year's 62.2%.

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

### [Conditions of cash flows]

Cash and cash equivalents (hereinafter "cash") at the end of the current fiscal year on a consolidated basis increased by 1,289 million yen (up 9.8%) from the previous fiscal year to 14,472 million yen.

The conditions and main factors of cash flows for the fiscal year ended March 31, 2013 were as follows:

#### (Cash flows from operating activities)

Net cash provided by operating activities for the current fiscal year was 3,205 million yen, decreased by 887 million yen from the previous fiscal year.

This resulted mainly from a decrease in notes and accounts payable – trade (1,282 million yen decrease year on year), and an increase in income taxes paid (648 million yen increase year on year).

#### (Cash flows from investing activities)

Net cash used in investing activities for the current fiscal year was 5,108 million yen, increased by 3,979 million yen from the previous fiscal year.

This resulted mainly from an increase in purchase of investment securities (4,762 million yen increase year on year).

## (Cash flows from financing activities)

Net cash provided by financing activities for the current fiscal year was 3,192 million yen, increased by 4,455 million yen from the previous fiscal year.

This resulted mainly from proceeds from long-term loans payable (7,421 million yen increase year on year).

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

Years ended March 31,	2009	2010	2011	2012	2013
Equity ratio	65.1	61.0	62.3	62.2	58.8
Equity ratio based on the current values	65.1	71.0	65.2	63.9	55.6
Debt to cash flows ratio	0.9	0.7	0.8	0.5	2.0
Interest coverage ratio	449.7	242.0	90.8	104.5	99.2

Equity ratio: shareholders' equity / total assets

Equity ratio based on the current values: market capitalization / total assets

Debt to cash flows ratio: interest-bearing debt / operating cash flows

Interest coverage ratio: operating cash flows / interest payment

\* Each index was calculated using consolidated financial figures.

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

\* The interest-bearing debt covered all liabilities bearing interest to pay among ones recorded on the balance sheet.

\* Cash flows from operating activities and interest expenses 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, 2013 and the fiscal year ending March 31, 2014

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

Turning to the payment of dividends for the fiscal year ended March 31, 2013, the Company plans to pay year-end dividends of 20 yen per share. Together with interim dividends of 20 yen per share, NIPPON KANZAI is projecting annual dividends of 40 yen per share.

For the fiscal year ending March 31, 2014, the Company is again forecasting the payment of annual dividends of 40 yen per share comprising interim dividends of 20 yen per share and year-end dividends of 20 yen per share.

## (4) Business and other risks

With regard to business and other risks of the Group, major factors, which may significantly influence on the judgment of investors, are described below.

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

Recognizing that these risks may realize, we make efforts to avoid them and to respond them in conducting business activities.

Future possibilities included in this section were judged as of the date of submission.

## 1) Regulations of the law

The security business of the Group is regulated 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. Permission by the Prefectural Public Safety Commission, which has the jurisdiction over the main office, is required to operate the security business. There is a possibility 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 handles with personal information and makes efforts to comply with the applicable laws and to execute proper management.

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

3) Investments in silent partnership

To engage in the Real Estate Fund Management Business, the Group invested in silent partnership. This investment amounts to 301 million yen as of March 31, 2013.

There is a possibility of influencing the business results and financial position of the Group if the principal investment is partially impaired or the yield rate of the investment is lowered by factors of the real estate market and others.

4) Transaction with the related parties

The Company has transacted with the related parties, such as Nippon Service Master Ltd., a controlling company and 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 operation service

As the types of contracts diversify, some of the contracts include operation of facilities in addition to conventional work of building maintenance and management.

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

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.

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

There is a possibility that the Group's business results and financial position may be significantly influenced if future changes in accounting standards or practical guidance result in establishing a materially different new accounting practice of determining a scope of consolidation of funds, etc.



**2. Consolidated financial statements****(1) Consolidated balance sheets**

	(Thousands of yen)	
	Fiscal year ended March 31, 2012 (As of March 31, 2012)	Fiscal year ended March 31, 2013 (As of March 31, 2013)
<b>ASSETS</b>		
Current assets		
Cash and deposits	13,497,900	14,787,733
Notes and accounts receivable – trade	8,898,708	8,864,470
Investments in silent partnership for business purposes	193,550	301,440
Supplies	68,617	79,076
Real estate for sale	1,975,059	1,582,211
Income taxes receivable	9,524	1,719
Deferred tax assets	373,191	362,963
Other	1,011,921	856,627
Allowance for doubtful accounts	(12,679)	(12,783)
<b>Total current assets</b>	<b>26,015,791</b>	<b>26,823,456</b>
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	4,286,713	4,327,279
Accumulated depreciation	(2,341,507)	(2,484,047)
Buildings and structures, net	1,945,206	1,843,232
Machinery, equipment and vehicles	87,216	107,237
Accumulated depreciation	(70,928)	(61,502)
Machinery, equipment and vehicles, net	16,288	45,735
Tools, furniture and fixtures	749,534	778,659
Accumulated depreciation	(500,907)	(524,434)
Tools, furniture and fixtures, net	248,627	254,225
Land	1,693,312	1,086,763
Lease assets	947,621	1,082,204
Accumulated depreciation	(351,832)	(528,675)
Lease assets, net	595,789	553,529
Construction in progress	–	267,266
<b>Total property, plant and equipment</b>	<b>4,499,222</b>	<b>4,050,750</b>
Intangible assets		
Telephone subscription right	34,935	34,790
Software	405,374	310,202
Goodwill	38,744	16,490
Lease assets	17,585	28,753
<b>Total intangible assets</b>	<b>496,638</b>	<b>390,235</b>
Investments and other assets		
Investment securities	5,498,630	10,714,843
Long-term loans receivable	502,534	530,108
Long-term prepaid expenses	7,481	10,052
Lease and guarantee deposits	1,471,314	1,462,445
Membership	380,259	410,108
Deferred tax assets	635,816	183,193
Other	937,191	886,967
Allowance for doubtful accounts	(640,404)	(131,237)
<b>Total investments and other assets</b>	<b>8,792,821</b>	<b>14,066,479</b>
<b>Total noncurrent assets</b>	<b>13,788,681</b>	<b>18,507,464</b>
<b>TOTAL ASSETS</b>	<b>39,804,472</b>	<b>45,330,920</b>

	(Thousands of yen)	
	Fiscal year ended March 31, 2012 (As of March 31, 2012)	Fiscal year ended March 31, 2013 (As of March 31, 2013)
<b>LIABILITIES</b>		
Current liabilities		
Notes and accounts payable – trade	4,982,556	4,630,458
Current portion of long-term loans payable	166,000	167,904
Current portion of long-term non-recourse loans payable	19,600	855,600
Lease obligations	165,697	199,519
Accrued expenses	1,992,654	2,054,411
Income taxes payable	1,070,229	665,746
Accrued consumption taxes	301,725	326,478
Deposits received	429,762	468,042
Advances received	46,729	48,440
Provision for bonuses	596,883	595,336
Provision for directors' bonuses	78,479	75,795
Other	62,916	81,828
<b>Total current liabilities</b>	<b>9,913,230</b>	<b>10,169,557</b>
Noncurrent liabilities		
Long-term loans payable	167,904	4,946,500
Long-term non-recourse loans payable	1,235,200	–
Lease obligations	453,255	392,973
Deferred tax liability	18,055	50,850
Provision for retirement benefits	200,202	324,346
Provision for directors' retirement benefits	432,572	481,849
Long-term guarantee deposited	762,104	372,162
Asset retirement obligations	206,260	225,570
Liabilities from application of equity method	21,535	30,992
Other	37,645	22,336
<b>Total noncurrent liabilities</b>	<b>3,534,732</b>	<b>6,847,578</b>
<b>TOTAL LIABILITIES</b>	<b>13,447,962</b>	<b>17,017,135</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	27,960,384
Treasury stock	(5,226,262)	(5,515,802)
<b>Total shareholders' equity</b>	<b>24,511,072</b>	<b>25,943,382</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	257,239	728,296
<b>Total accumulated other comprehensive income</b>	<b>257,239</b>	<b>728,296</b>
Minority interests	1,588,199	1,642,107
<b>TOTAL NET ASSETS</b>	<b>26,356,510</b>	<b>28,313,785</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>39,804,472</b>	<b>45,330,920</b>

## (2) Consolidated statements of income and consolidated statements of comprehensive income

## Consolidated statements of income

(Thousands of yen)

	Fiscal year ended March 31, 2012 (April 1, 2011 to March 31, 2012)	Fiscal year ended March 31, 2013 (April 1, 2012 to March 31, 2013)
Net sales	74,228,739	75,065,523
Cost of sales	60,320,962	60,997,194
Gross profit	13,907,777	14,068,329
Selling, general and administrative expenses		
Selling expenses	144,341	166,493
Personnel expenses	5,757,863	5,686,233
Provision for bonuses	238,718	245,441
Provision for directors' bonuses	78,479	76,845
Provision for directors' retirement benefits	29,160	60,127
Retirement benefits expenses	136,965	170,114
Transportation and communication expenses	825,970	827,617
Supplies expenses	367,228	321,474
Rent expenses	779,309	744,358
Insurance expenses	182,083	200,012
Depreciation	399,742	434,634
Taxes and dues	77,857	76,843
Enterprise tax	78,673	79,511
Provision of allowance for doubtful accounts	(76,364)	5,943
Amortization of goodwill	85,382	22,254
Other	857,088	935,550
Total selling, general and administrative expenses	9,962,494	10,053,449
Operating income	3,945,283	4,014,880
Non-operating income		
Interest and dividends income	146,392	148,581
Gain on sales of investment securities	3,420	137,699
Rent income	39,500	40,459
Equity in earnings of affiliates	50,192	35,855
Dividends income of insurance	35,580	34,359
Other	146,208	152,195
Total non-operating income	421,292	549,148
Non-operating expenses		
Interest expenses	39,171	32,329
Rent expenses	42,506	42,354
Loss on sales and retirement of noncurrent assets	5,950	27,962
Financing expenses	–	48,000
Other	30,918	34,339
Total non-operating expenses	118,545	184,984
Ordinary income	4,248,030	4,379,044
Extraordinary loss		
Loss on valuation of investment securities	48,054	37,369
Loss on valuation of membership	16,960	–
Provision of allowance for doubtful accounts	–	500
Labor compensation costs	18,880	–
Total extraordinary loss	83,894	37,869
Income before income taxes and minority interests	4,164,136	4,341,175
Income taxes – current	1,776,948	1,550,432
Income taxes – deferred	118,688	295,935
Total income taxes	1,895,636	1,846,367
Income before minority interests	2,268,500	2,494,808
Minority interests in income	96,265	101,919
Net income	2,172,235	2,392,889

## Consolidated statements of comprehensive income

	(Thousands of yen)	
	Fiscal year ended March 31, 2012 (April 1, 2011 to March 31, 2012)	Fiscal year ended March 31, 2013 (April 1, 2012 to March 31, 2013)
Income before minority interests	2,268,500	2,494,808
Other comprehensive income		
Valuation difference on available-for-sale securities	169,376	473,047
Total other comprehensive income	169,376	473,047
Comprehensive income	2,437,876	2,967,855
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	2,340,137	2,863,947
Comprehensive income attributable to minority interests	97,739	103,908

## (3) Consolidated statements of changes in net assets

(Thousands of yen)

	Fiscal year ended March 31, 2012 (April 1, 2011 to March 31, 2012)	Fiscal year ended March 31, 2013 (April 1, 2012 to March 31, 2013)
<b>Shareholders' equity</b>		
<b>Capital stock</b>		
Balance at the beginning of current period	3,000,000	3,000,000
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	3,000,000	3,000,000
<b>Capital surplus</b>		
Balance at the beginning of current period	498,800	498,800
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	498,800	498,800
<b>Retained earnings</b>		
Balance at the beginning of current period	24,984,851	26,238,534
Changes of items during the period		
Dividends from surplus (year-end)	(574,326)	(339,991)
Dividends from surplus (interim)	(338,958)	(335,051)
Net income	2,172,235	2,392,889
Disposal of treasury stock	(5,268)	4,003
Total changes of items during the period	1,253,683	1,721,850
Balance at the end of current period	26,238,534	27,960,384
<b>Treasury stock</b>		
Balance at the beginning of current period	(5,392,761)	(5,226,262)
Changes of items during the period		
Purchase of treasury stock	(9,646)	(441,527)
Disposal of treasury stock	176,145	151,987
Total changes of items during the period	166,499	(289,540)
Balance at the end of current period	(5,226,262)	(5,515,802)
<b>Total shareholders' equity</b>		
Balance at the beginning of current period	23,090,890	24,511,072
Changes of items during the period		
Dividends from surplus (year-end)	(574,326)	(339,991)
Dividends from surplus (interim)	(338,958)	(335,051)
Net income	2,172,235	2,392,889
Purchase of treasury stock	(9,646)	(441,527)
Disposal of treasury stock	170,877	155,990
Total changes of items during the period	1,420,182	1,432,310
Balance at the end of current period	24,511,072	25,943,382

(Thousands of yen)

	Fiscal year ended March 31, 2012 (April 1, 2011 to March 31, 2012)	Fiscal year ended March 31, 2013 (April 1, 2012 to March 31, 2013)
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities		
Balance at the beginning of current period	89,336	257,239
Changes of items during the period		
Net changes of items other than shareholders' equity	167,903	471,057
Total changes of items during the period	167,903	471,057
Balance at the end of current period	257,239	728,296
<b>Total accumulated other comprehensive income</b>		
Balance at the beginning of current period	89,336	257,239
Changes of items during the period		
Net changes of items other than shareholders' equity	167,903	471,057
Total changes of items during the period	167,903	471,057
Balance at the end of current period	257,239	728,296
<b>Minority interests</b>		
Balance at the beginning of current period	1,600,256	1,588,199
Changes of items during the period		
Net changes of items other than shareholders' equity	(12,057)	53,908
Total changes of items during the period	(12,057)	53,908
Balance at the end of current period	1,588,199	1,642,107
<b>Total net assets</b>		
Balance at the beginning of current period	24,780,482	26,356,510
Changes of items during the period		
Dividends from surplus (year-end)	(574,326)	(339,991)
Dividends from surplus (interim)	(338,958)	(335,051)
Net income	2,172,235	2,392,889
Purchase of treasury stock	(9,646)	(441,527)
Disposal of treasury stock	170,877	155,990
Net changes of items other than shareholders' equity	155,846	524,965
Total changes of items during the period	1,576,028	1,957,275
Balance at the end of current period	26,356,510	28,313,785

## (4) Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2012 (April 1, 2011 to March 31, 2012)	Fiscal year ended March 31, 2013 (April 1, 2012 to March 31, 2013)
<b>Cash flows from operating activities</b>		
Income before income taxes and minority interests	4,164,136	4,341,175
Depreciation and amortization	572,815	629,486
Amortization of goodwill	85,382	22,254
Increase (decrease) in provision for bonuses	(20,727)	(1,547)
Increase (decrease) in provision for directors' bonuses	(941)	(2,684)
Increase (decrease) in provision for retirement benefits	59,565	124,144
Increase (decrease) in provision for directors' retirement benefits	(73,422)	49,277
Increase (decrease) in allowance for doubtful accounts	(189,208)	(9,062)
Equity in (earnings) losses of affiliates	(50,192)	(35,855)
Interest and dividends income	(146,392)	(148,581)
Interest expenses	39,171	32,329
Loss (gain) on sales and retirement of noncurrent assets	5,950	27,962
Loss (gain) on sales of short-term and long-term investment securities	(3,420)	(137,699)
Loss (gain) on valuation of investment securities	48,054	37,369
Decrease (increase) in notes and accounts receivable – trade	(658,967)	44,565
Decrease (increase) in investments in silent partnership for business purposes	76,088	(103,131)
Decrease (increase) in inventories	91,881	382,388
Decrease (increase) in other assets	(162,843)	170,705
Increase (decrease) in notes and accounts payable – trade	944,678	(338,180)
Increase (decrease) in accrued consumption taxes	(20,261)	24,753
Increase (decrease) in other liabilities	536,830	(10,622)
Loss on valuation of membership	16,960	–
Other, net	(31,652)	(61,519)
Subtotal	5,283,485	5,037,527
Interest and dividends income received	147,107	147,649
Interest expenses paid	(39,171)	(32,329)
Income taxes paid	(1,298,120)	(1,947,109)
Net cash provided by operating activities	4,093,301	3,205,738

	(Thousands of yen)	
	Fiscal year ended March 31, 2012 (April 1, 2011 to March 31, 2012)	Fiscal year ended March 31, 2013 (April 1, 2012 to March 31, 2013)
Cash flows from investing activities		
Payments into time deposits	(315,000)	(315,000)
Proceeds from withdrawal of time deposits	320,000	315,000
Purchase of property, plant and equipment and intangible assets	(1,101,389)	(535,494)
Proceeds from sales of property, plant and equipment and intangible assets	22,335	607,701
Purchase of investment securities	(364,088)	(5,127,012)
Proceeds from sales of investment securities	208,233	333,349
Payments of loans receivable	(1,252)	(63,003)
Collection of loans receivable	36,435	46,890
Decrease (increase) in lease and guarantee deposits of leasehold estate	372,301	8,869
Increase (decrease) in guarantee deposits received	(411,663)	(389,942)
Other, net	105,292	10,631
Net cash used in investing activities	(1,128,796)	(5,108,011)
Cash flows from financing activities		
Increase in short-term loans payable	600,000	600,000
Decrease in short-term loans payable	(600,000)	(600,000)
Proceeds from long-term loans payable	-	7,421,000
Repayment of long-term loans payable	(166,000)	(2,626,500)
Repayments of long-term non-recourse loans payable	(78,300)	(399,200)
Repayments of lease obligations	(159,415)	(191,974)
Proceeds from disposal of treasury stock	170,877	155,990
Purchase of treasury stock	(9,646)	(441,527)
Repayments to minority shareholders	(59,796)	-
Cash dividends paid	(911,281)	(675,683)
Cash dividends paid to minority shareholders	(50,000)	(50,000)
Net cash provided by (used in) financing activities	(1,263,561)	3,192,106
Net increase (decrease) in cash and cash equivalents	1,700,944	1,289,833
Cash and cash equivalents at the beginning of current period	11,481,956	13,182,900
Cash and cash equivalents at the end of current period	13,182,900	14,472,733



## (5) Notes on a going concern assumption

Not applicable.

[Segment information, etc.]

(Segment information)

## 1. Overview of reportable segments

The Company's reportable segments are organizational units for which separate financial information can be gathered. These reportable segments are subject to the Board of Directors' periodical review to make decisions of business resource allocation and to evaluate performance.

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

Building Management and Operation Business includes building management and security services. Environmental Facility Management Business mainly comprises the management of water treatment, sewage disposal, and other public facilities. Real Estate Fund Management Business mainly comprises composition and asset management of real estate funds and investments in silent partnership. Other Businesses include mainly event planning and management, printing, and design.

## 2. Calculation methods of sales, income or losses, assets, liabilities, and other items for each reportable segment

The accounting methods used for reportable segments are basically the same as those used for consolidated financial statements.

## 3. Information about sales, income or losses, assets, liabilities, and other items for each reportable segment

Fiscal year ended March 31, 2012 (April 1, 2011 to March 31, 2012)

(Thousands of yen)

	Reportable segment					Adjustments (note)	Amount recorded on consolidated statements of income
	Building Management and Operation Business	Environmental Facility Management Business	Real Estate Fund Management Business	Other Businesses	Total		
Net sales							
Net sales to external customers	64,702,686	7,080,609	517,150	1,928,294	74,228,739	–	74,228,739
Inter-segment net sales and transfer	–	–	–	–	–	–	–
Total	64,702,686	7,080,609	517,150	1,928,294	74,228,739	–	74,228,739
Segment income	6,313,161	618,336	62,375	14,620	7,008,492	(3,063,209)	3,945,283
Segment assets	21,072,787	1,943,570	2,978,486	910,520	26,905,363	12,899,109	39,804,472
Other items							
Depreciation and amortization	241,672	12,154	44,584	3,579	301,989	311,337	613,326
Increase in property, plant and equipment and intangible assets	209,620	22,629	18,394	–	250,643	757,899	1,008,542

Notes: 1. Adjustments are as follows:

- (1) Adjustments to segment income consist of (3,063,209) thousand yen in unallocated general administrative expenses.
  - (2) Adjustments of 12,899,109 thousand yen for the segment assets are the total amount of assets not allocated to any of the reportable segments and consist mainly of cash, time deposits, investment securities and the assets of the administration departments of the Company.
  - (3) Adjustments of 757,899 thousand yen as the increased amount for property, plant and equipment and intangible assets represent acquisition of training facilities.
2. Segment income has been adjusted to operating income described in consolidated statements of income.

Fiscal year ended March 31, 2013 (April 1, 2012 to March 31, 2013)

(Thousands of yen)

	Reportable segment					Adjustments (note)	Amount recorded on consolidated statements of income
	Building Management and Operation Business	Environmental Facility Management Business	Real Estate Fund Management Business	Other Businesses	Total		
Net sales							
Net sales to external customers	64,736,360	7,853,132	846,396	1,629,635	75,065,523	–	75,065,523
Inter-segment net sales and transfer	–	–	–	–	–	–	–
Total	64,736,360	7,853,132	846,396	1,629,635	75,065,523	–	75,065,523
Segment income (loss)	6,479,675	705,336	108,602	(15,775)	7,277,838	(3,262,958)	4,014,880
Segment assets	26,913,784	2,290,150	2,498,184	630,624	32,332,742	12,998,178	45,330,920
Other items							
Depreciation and amortization	283,634	13,745	44,871	3,463	345,713	323,293	669,006
Increase in property, plant and equipment and intangible assets	279,172	3,874	1,160	–	284,206	446,277	730,483

Notes: 1. Adjustments are as follows:

- (1) Adjustments to segment income (loss) consist of (3,262,958) thousand yen in unallocated general administrative expenses.
  - (2) Adjustments of 12,998,178 thousand yen for the segment assets are the total amount of assets not allocated to any of the reportable segments and consist mainly of cash, time deposits, investment securities and the assets of the administration departments of the Company.
  - (3) Adjustments of 446,277 thousand yen as the increased amount for property, plant and equipment and intangible assets represent acquisition of training facilities.
2. Segment income has been adjusted to operating income described in consolidated statements of income.

(Related information)

Fiscal year ended March 31, 2012 (April 1, 2011 to March 31, 2012)

## 1. Information related to product and service

Please refer to “Segment information.”

## 2. Information related to geographic region

## (1) Net sales

Not applicable since the Group does not have external customers outside of Japan.

## (2) Property, plant and equipment

Not applicable since there is no property, plant and equipment outside of Japan.

## 3. Information related to major customer

There is nothing to report since there is no external customer accounting for 10% or more of net sales reported in the consolidated statements of income.

Fiscal year ended March 31, 2013 (April 1, 2012 to March 31, 2013)

## 1. Information related to product and service

Please refer to “Segment information.”

## 2. Information related to geographic region

## (1) Net sales

Not applicable since the Group does not have external customers outside of Japan.

## (2) Property, plant and equipment

Not applicable since there is no property, plant and equipment outside of Japan.

## 3. Information related to major customer

There is nothing to report since there is no external customer accounting for 10% or more of net sales reported in the consolidated statements of income.

(Impairment losses on noncurrent assets by reportable segment)

Fiscal year ended March 31, 2012 (April 1, 2011 to March 31, 2012)

Not applicable.

Fiscal year ended March 31, 2013 (April 1, 2012 to March 31, 2013)

Not applicable.

(Amortization of goodwill and unamortized outstanding balance of goodwill by reportable segment)

Fiscal year ended March 31, 2012 (April 1, 2011 to March 31, 2012)

(Thousands of yen)

	Reportable segment					Elimination or Total (unallocated)	Total
	Building Management and Operation Business	Environmental Facility Management Business	Real Estate Fund Management Business	Other Businesses	Subtotal		
Amortization for the current year	85,382	–	–	–	85,382	–	85,382
Unamortized outstanding balance at the end of the current year	38,744	–	–	–	38,744	–	38,744

Fiscal year ended March 31, 2013 (April 1, 2012 to March 31, 2013)

(Thousands of yen)

	Reportable segment					Elimination or Total (unallocated)	Total
	Building Management and Operation Business	Environmental Facility Management Business	Real Estate Fund Management Business	Other Businesses	Subtotal		
Amortization for the current year	22,254	–	–	–	22,254	–	22,254
Unamortized outstanding balance at the end of the current year	16,490	–	–	–	16,490	–	16,490

(Gain on negative goodwill by reportable segment)

Fiscal year ended March 31, 2012 (April 1, 2011 to March 31, 2012)

Not applicable.

Fiscal year ended March 31, 2013 (April 1, 2012 to March 31, 2013)

Not applicable.

## [Per share information]

Fiscal year ended March 31, 2012 (April 1, 2011 to March 31, 2012)		Fiscal year ended March 31, 2013 (April 1, 2012 to March 31, 2013)	
Net assets per share	1,456.44 yen	Net assets per share	1,586.72 yen
Net income per share	128.17 yen	Net income per share	141.97 yen
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

	Fiscal year ended March 31, 2012 (As of March 31, 2012)	Fiscal year ended March 31, 2013 (As of March 31, 2013)
Total net assets, as stated on the consolidated balance sheets (thousands of yen)	26,356,510	28,313,785
Net assets associated with common stock (thousands of yen)	24,768,311	26,671,678
Major components of the difference (thousands of yen): Minority interests	1,588,199	1,642,107
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)	3,584,059	3,780,794
Number of shares of common stock used in the calculation of net assets per share (shares)	17,006,094	16,809,359

## 2. Net income per share

	Fiscal year ended March 31, 2012 (April 1, 2011 to March 31, 2012)	Fiscal year ended March 31, 2013 (April 1, 2012 to March 31, 2013)
Net income (thousands of yen)	2,172,235	2,392,889
Amounts not attributable to owners of common stock (thousands of yen)	–	–
Net income associated with common stock (thousands of yen)	2,172,235	2,392,889
Average number of shares of common stock during the year (shares)	16,948,259	16,855,142

3. Regarding the “number of shares of common stock used in the calculation of net assets per share” and the “average number of shares of common stock during the year,” shares that ESOP trust accounts hold in the company filing consolidated financial statements have been deducted in the calculation mentioned above since they are considered as treasury stock.

[Important subsequent events]

Fiscal year ended March 31, 2012 (April 1, 2011 to March 31, 2012)

Not applicable.

Fiscal year ended March 31, 2013 (April 1, 2012 to March 31, 2013)

Share acquisition

The Company acquired 50% of shares in NJK Holding K.K. on April 2, 2013.

1. Purpose of the acquisition

The acquisition aims to integrate the condominium management business of the NJK Group, the core business of the group based in the Kansai area, and the residential property business of the Company, thereby enhancing the sharing of management resources; providing high quality services and increasing service options that can meet diversified client needs; improving the brand image as a condominium management company by increasing contracted units; strengthening the competitive edge in exploring new clients; and enhancing the scale and efficiency of businesses by sharing service tools and infrastructures.

2. The name of the seller

Masaaki Terai

3. The name, business lines and financial conditions of the company acquired

- (1) Company name: NJK Holding K.K.
- (2) Representatives: Masaaki Terai, Chairman, Norio Ueno, President
- (3) Address: 3-1-5, Awaji-machi, Chuo-ku, Osaka City
- (4) Establishment: March 6, 2003
- (5) Business lines: Management consulting of the NJK Group
- (6) Closing date: September 30
- (7) Share capital: 30 million yen
- (8) Number of shares issued: 3,000 shares
- (9) Shareholding ratios: Masaaki Terai (50.0%); Norio Ueno (50.0%)

4. Date of share acquisition

April 2, 2013

5. Number of shares acquired and the Company's ownership ratio after the acquisition

Number of shares acquired: 1,500 shares

Ownership ratio after the acquisition: 50.0%

6. Method of financing the acquisition

Own fund

**3. Non-consolidated financial statements****(1) Non-consolidated balance sheets**

(Thousands of yen)

	Fiscal year ended March 31, 2012 (As of March 31, 2012)	Fiscal year ended March 31, 2013 (As of March 31, 2013)
<b>ASSETS</b>		
Current assets		
Cash and deposits	3,813,278	4,471,682
Notes receivable – trade	22,224	32,743
Accounts receivable – trade	5,854,196	6,089,406
Supplies	10,509	14,368
Prepaid expenses	300,943	295,021
Accounts receivable – other	19,299	18,970
Short-term loans receivable	779,820	539,684
Short-term loans receivable from employees	105	49
Advances paid	130,004	142,118
Deferred tax assets	143,233	133,515
Other	2,191	18,950
Allowance for doubtful accounts	(3,560)	(3,770)
<b>Total current assets</b>	<b>11,072,246</b>	<b>11,752,741</b>
Noncurrent assets		
Property, plant and equipment		
Buildings	3,807,206	3,825,968
Accumulated depreciation	(2,062,361)	(2,197,126)
Buildings, net	1,744,845	1,628,841
Structures	76,050	77,730
Accumulated depreciation	(48,106)	(50,618)
Structures, net	27,944	27,112
Machinery and equipment	6,235	6,235
Accumulated depreciation	(6,232)	(6,233)
Machinery and equipment, net	2	1
Vehicles	31,217	32,221
Accumulated depreciation	(22,150)	(19,698)
Vehicles, net	9,067	12,522
Tools, furniture and fixtures	544,088	538,466
Accumulated depreciation	(358,841)	(367,133)
Tools, furniture and fixtures, net	185,246	171,332
Land	1,604,824	996,526
Lease assets	388,553	497,061
Accumulated depreciation	(163,395)	(245,316)
Lease assets, net	225,157	251,745
Construction in progress	–	267,266
<b>Total property, plant and equipment</b>	<b>3,797,088</b>	<b>3,355,349</b>
Intangible assets		
Telephone subscription right	15,288	15,288
Software	366,319	261,723
Lease assets	12,951	27,891
Goodwill	640	160
<b>Total intangible assets</b>	<b>395,199</b>	<b>305,064</b>

	(Thousands of yen)	
	Fiscal year ended March 31, 2012 (As of March 31, 2012)	Fiscal year ended March 31, 2013 (As of March 31, 2013)
<b>Investments and other assets</b>		
Investment securities	4,452,697	4,562,083
Stocks of subsidiaries and affiliates	2,552,453	7,586,535
Long-term loans receivable	24,386	23,417
Long-term loans receivable from subsidiaries and affiliates	501,493	523,323
Long-term prepaid expenses	677	497
Lease and guarantee deposits	753,767	738,315
Membership	334,902	364,851
Insurance funds	14,400	14,400
Claims provable in bankruptcy, claims provable in rehabilitation and other	34,914	24,677
Building for rent	107,470	107,470
Accumulated depreciation	(31,240)	(33,284)
Building for rent, net	76,229	74,185
Land for rent	53,739	53,739
Deferred tax assets	479,784	-
Long-term time deposits	400,000	400,000
Other	81,889	51,031
Allowance for doubtful accounts	(601,021)	(90,676)
<b>Total investments and other assets</b>	<b>9,160,316</b>	<b>14,326,382</b>
Total noncurrent assets	13,352,604	17,986,796
<b>TOTAL ASSETS</b>	<b>24,424,851</b>	<b>29,739,538</b>

(Thousands of yen)

	Fiscal year ended March 31, 2012 (As of March 31, 2012)	Fiscal year ended March 31, 2013 (As of March 31, 2013)
<b>LIABILITIES</b>		
Current liabilities		
Notes payable – trade	12,658	23,751
Accounts payable – trade	4,097,619	3,986,965
Current portion of long-term loans payable	166,000	167,904
Lease obligations	77,241	103,641
Accounts payable – other	149,966	241,379
Income taxes payable	522,775	249,372
Accrued consumption taxes	129,240	145,808
Accrued salaries	450,611	447,656
Accrued social insurance	293,397	300,356
Deposits received	231,082	270,358
Deposits received from subsidiaries and affiliates	1,700,000	1,200,000
Advances received	18,864	14,965
Provision for bonuses	225,714	234,662
Provision for directors' bonuses	70,000	70,000
Other	16,818	32,225
Total current liabilities	8,161,988	7,489,048
Noncurrent liabilities		
Long-term loans payable	167,904	4,946,500
Lease obligations	165,006	180,987
Deferred tax liabilities	–	28,246
Provision for retirement benefits	–	19,803
Provision for directors' retirement benefits	424,230	471,280
Long-term guarantee deposited	269,111	264,727
Asset retirement obligations	112,648	113,063
Other	20,583	9,476
Total noncurrent liabilities	1,159,484	6,034,085
<b>TOTAL LIABILITIES</b>	<b>9,321,473</b>	<b>13,523,133</b>
<b>NET ASSETS</b>		
Shareholders' equity		
Capital stock	3,000,000	3,000,000
Capital surplus		
Legal capital surplus	498,800	498,800
Total capital surplus	498,800	498,800
Retained earnings		
Legal retained earnings	251,200	251,200
Other retained earnings		
General reserve	12,310,000	12,310,000
Retained earnings brought forward	4,003,547	4,951,313
Total retained earnings	16,564,747	17,512,513
Treasury stock	(5,226,262)	(5,515,802)
Total shareholders' equity	14,837,285	15,495,510
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	266,092	720,894
Total valuation and translation adjustments	266,092	720,894
<b>TOTAL NET ASSETS</b>	<b>15,103,378</b>	<b>16,216,404</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>24,424,851</b>	<b>29,739,538</b>



## (2) Non-consolidated statements of income

(Thousands of yen)

	Fiscal year ended March 31, 2012 (April 1, 2011 to March 31, 2012)	Fiscal year ended March 31, 2013 (April 1, 2012 to March 31, 2013)
Net sales		
Service revenue	49,005,950	49,629,862
Net sales of goods	353,324	377,075
Total net sales	49,359,275	50,006,937
Cost of sales		
Cost of service sales	41,615,685	42,076,435
Cost of goods sold	271,929	291,453
Total cost of sales	41,887,615	42,367,889
Gross profit	7,471,659	7,639,048
Selling, general and administrative expenses		
Promotion expenses	11,334	13,475
Advertising expenses	157,736	135,969
Directors' compensations	213,861	211,519
Salaries and allowances	2,071,541	2,052,844
Bonuses	288,682	271,326
Provision for bonuses	98,355	98,892
Provision for directors' bonuses	70,000	70,000
Provision for directors' retirement benefits	26,530	57,900
Retirement benefit expenses	63,528	79,051
Legal welfare expenses	394,864	387,620
Welfare expenses	21,536	20,005
Training expenses	7,546	9,238
Offering expenses	18,035	11,458
Conference expenses	5,401	4,476
Entertainment expenses	73,426	86,521
Traveling and transportation expenses	293,169	286,733
Vehicle expenses	75,355	79,791
Communication expenses	96,276	98,397
Utilities expenses	38,597	37,629
Supplies expenses	21,214	21,773
Stationery expenses	214,547	205,170
Taxes and dues	65,935	63,671
Enterprise tax	59,318	60,062
Depreciation	346,031	359,562
Repair expenses	6,669	9,025
Insurance expenses	145,985	165,396
Rent expenses	390,257	383,616
Book expenses	7,228	7,246
Membership fee	16,231	15,933
Commission fee	198,003	211,352
Contribution	3,721	13,491
Provision of allowance for doubtful accounts	(76,299)	2,937
Miscellaneous expenses	134,983	150,383
Total selling, general and administrative expenses	5,559,605	5,682,477
Operating income	1,912,054	1,956,570

(Thousands of yen)

	Fiscal year ended March 31, 2012 (April 1, 2011 to March 31, 2012)	Fiscal year ended March 31, 2013 (April 1, 2012 to March 31, 2013)
<b>Non-operating income</b>		
Interest income	36,420	37,257
Dividends income	542,782	547,331
Gain on sales of investment securities	2,459	137,699
Rent income	39,500	40,459
Dividends income of insurance	25,960	25,057
Consulting fee income	36,000	36,000
Miscellaneous income	74,082	63,186
<b>Total non-operating income</b>	<b>757,205</b>	<b>886,991</b>
<b>Non-operating expenses</b>		
Interest expenses	31,882	29,900
Rent expenses	42,506	42,353
Loss on sales and retirement of noncurrent assets	701	8,094
Financing expenses	–	48,000
Miscellaneous loss	11,310	12,350
<b>Total non-operating expenses</b>	<b>86,400</b>	<b>140,699</b>
<b>Ordinary income</b>	<b>2,582,859</b>	<b>2,702,862</b>
<b>Extraordinary loss</b>		
Loss on valuation of investment securities	2,995	37,369
Loss on valuation of membership	16,960	–
Labor compensation costs	18,880	–
<b>Total extraordinary loss</b>	<b>38,835</b>	<b>37,369</b>
<b>Income before income taxes</b>	<b>2,544,024</b>	<b>2,665,492</b>
Income taxes – current	880,048	717,844
Income taxes – deferred	79,988	328,843
<b>Total income taxes</b>	<b>960,037</b>	<b>1,046,688</b>
<b>Net income</b>	<b>1,583,987</b>	<b>1,618,804</b>

## (3) Non-consolidated statements of changes in net assets

(Thousands of yen)

	Fiscal year ended March 31, 2012 (April 1, 2011 to March 31, 2012)	Fiscal year ended March 31, 2013 (April 1, 2012 to March 31, 2013)
<b>Shareholders' equity</b>		
Capital stock		
Balance at the beginning of current period	3,000,000	3,000,000
Changes of items during the period		
Total Changes of items during the period	–	–
Balance at the end of current period	3,000,000	3,000,000
Capital surplus		
Legal capital surplus		
Balance at the beginning of current period	498,800	498,800
Changes of items during the period		
Total changes of items during the period	–	–
Balance at the end of current period	498,800	498,800
Total Capital surplus		
Balance at the beginning of current period	498,800	498,800
Changes of items during the period		
Total changes of items during the period	–	–
Balance at the end of current period	498,800	498,800
Retained earnings		
Legal retained earnings		
Balance at the beginning of current period	251,200	251,200
Changes of items during the period		
Total changes of items during the period	–	–
Balance at the end of current period	251,200	251,200
Other retained earnings		
General reserve		
Balance at the beginning of current period	12,310,000	12,310,000
Changes of items during the period		
Total changes of items during the period	–	–
Balance at the end of current period	12,310,000	12,310,000
Retained earnings brought forward		
Balance at the beginning of current period	3,338,110	4,003,547
Changes of items during the period		
Dividends from surplus (year-end)	(574,326)	(339,991)
Dividends from surplus (interim)	(338,958)	(335,051)
Net income	1,583,987	1,618,804
Disposal of treasury stock	(5,268)	4,003
Total changes of items during the period	665,436	947,765
Balance at the end of current period	4,003,547	4,951,313
Total retained earnings		
Balance at the beginning of current period	15,899,310	16,564,747
Changes of items during the period		
Dividends from surplus (year-end)	(574,326)	(339,991)
Dividends from surplus (interim)	(338,958)	(335,051)
Net income	1,583,987	1,618,804
Disposal of treasury stock	(5,268)	4,003
Total changes of items during the period	665,436	947,765
Balance at the end of current period	16,564,747	17,512,513

	(Thousands of yen)	
	Fiscal year ended March 31, 2012 (April 1, 2011 to March 31, 2012)	Fiscal year ended March 31, 2013 (April 1, 2012 to March 31, 2013)
<b>Treasury stock</b>		
Balance at the beginning of current period	(5,392,760)	(5,226,262)
<b>Changes of items during the period</b>		
Purchase of treasury stock	(9,646)	(441,527)
Disposal of treasury stock	176,145	151,987
Total changes of items during the period	166,499	(289,540)
Balance at the end of current period	(5,226,262)	(5,515,802)
<b>Total Shareholders' equity</b>		
Balance at the beginning of current period	14,005,350	14,837,285
<b>Changes of items during the period</b>		
Dividends from surplus (year-end)	(574,326)	(339,991)
Dividends from surplus (interim)	(338,958)	(335,051)
Net income	1,583,987	1,618,804
Purchase of treasury stock	(9,646)	(441,527)
Disposal of treasury stock	170,877	155,990
Total changes of items during the period	831,935	658,224
Balance at the end of current period	14,837,285	15,495,510
<b>Valuation and translation adjustments</b>		
<b>Valuation difference on available-for-sale securities</b>		
Balance at the beginning of current period	111,420	266,092
<b>Changes of items during the period</b>		
Net changes of items other than shareholders' equity	154,672	454,801
Total changes of items during the period	154,672	454,801
Balance at the end of current period	266,092	720,894
<b>Total valuation and translation adjustments</b>		
Balance at the beginning of current period	111,420	266,092
<b>Changes of items during the period</b>		
Net changes of items other than shareholders' equity	154,672	454,801
Total changes of items during the period	154,672	454,801
Balance at the end of current period	266,092	720,894
<b>Total net assets</b>		
Balance at the beginning of current period	14,116,770	15,103,378
<b>Changes of items during the period</b>		
Dividends from surplus (year-end)	(574,326)	(339,991)
Dividends from surplus (interim)	(338,958)	(335,051)
Net income	1,583,987	1,618,804
Purchase of treasury stock	(9,646)	(441,527)
Disposal of treasury stock	170,877	155,990
Net changes of items other than shareholders' equity	154,672	454,801
Total changes of items during the period	986,607	1,113,026
Balance at the end of current period	15,103,378	16,216,404