

Consolidated Financial Statements for the Fiscal Year Ended March 31, 2015 [J-GAAP]

May 8, 2015

NIPPON KANZAI Co., Ltd.

Listed exchanges: Tokyo Stock Exchange, First Section
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 Date of annual general meeting of shareholders: June 26, 2015
 Filing date of annual report: June 26, 2015
 Date to start dividends distribution: June 29, 2015
 Supplementary materials for results: None
 Results briefing meeting held: None

*Amounts under one million yen have been rounded down.

1. Consolidated results for the fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)

(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, 2015	87,379	2.3	5,423	5.6	6,037	8.2	3,892	20.7
Fiscal year ended March 31, 2014	85,413	13.8	5,138	28.0	5,577	27.4	3,225	34.8

(Note) Comprehensive income: Fiscal year ended March 31, 2015: ¥ 5,791 million (46.9%); Fiscal year ended March 31, 2014: ¥ 3,943 million (32.9%)

	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, 2015	229.19	–	12.0	11.2	6.2
Fiscal year ended March 31, 2014	191.28	–	11.4	11.5	6.0

(Reference) Equity in earnings of affiliates: Fiscal year ended March 31, 2015: ¥ 471 million; Fiscal year ended March 31, 2014: ¥ 222 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, 2015	56,205	36,262	62.2	2,054.66
As of March 31, 2014	51,448	31,634	58.0	1,761.91

(Reference) Shareholders' equity: As of March 31, 2015: ¥ 34,964 million; As of March 31, 2014: ¥ 29,862 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, 2015	4,538	(945)	(2,893)	16,331
Fiscal year ended March 31, 2014	5,149	(754)	(3,235)	15,631

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, 2014	–	20.00	–	22.00	42.00	715	22.0	2.5
Fiscal year ended March 31, 2015	–	22.00	–	28.00	50.00	859	21.8	2.6
Fiscal year ending March 31, 2016 (forecast)	–	25.00	–	25.00	50.00		20.8	

3. Consolidated business forecasts for the fiscal year ending March 31, 2016 (April 1, 2015 to March 31, 2016)

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

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Owners of Parent		Net Income per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	43,000	1.1	2,650	1.1	3,000	2.0	2,000	2.9	117.53
Full year	89,000	1.9	5,500	1.4	6,200	2.7	4,100	5.3	240.93

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: None

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, 2015	20,590,153 shares	As of March 31, 2014	20,590,153 shares
2)	As of March 31, 2015	3,572,800 shares	As of March 31, 2014	3,641,383 shares
3)	Fiscal year ended March 31, 2015	16,981,926 shares	Fiscal year ended March 31, 2014	16,863,848 shares

(Reference) Summary of non-consolidated financial results

1. Non-consolidated results for the fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)

(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, 2015	52,252	1.3	2,466	4.1	3,687	1.6	2,663	6.5
Fiscal year ended March 31, 2014	51,584	3.2	2,369	21.1	3,628	34.2	2,501	54.5

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
Fiscal year ended March 31, 2015	156.83	—
Fiscal year ended March 31, 2014	148.31	—

(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, 2015	37,741	22,288	59.1	1,309.75
As of March 31, 2014	35,172	19,029	54.1	1,122.76

(Reference) Shareholders' equity: As of March 31, 2015: ¥ 22,288 million; As of March 31, 2014: ¥ 19,029 million

2. Non-consolidated business forecasts for the fiscal year ending March 31, 2016 (April 1, 2015 to March 31, 2016)

(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	26,500	5.5	2,400	23.1	1,800	18.0	105.77
Full year	55,000	5.3	4,200	13.9	3,000	12.6	176.29

* 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, 2015

During the fiscal year ended March 31, 2015, although some improvements in corporate earnings, employment and income supported by the government's economic and financial policies led to a modest economic recovery, the Japanese economy remained uncertain due to protracted weakness in consumption triggered by an increase in consumption tax rate, as well as higher prices for imported raw materials following the yen's sharp depreciation. Concerns are cast particularly on companies focusing on domestic markets due to possible adverse effects on their revenues.

In the real estate service industry, severe business conditions continued with increasingly cost-conscious clients and closures and downsizing of contracted buildings, although a slight improvement is seen in the office and commercial buildings vacancy rate in 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 in the areas of property management business, private finance initiatives (PFI), and energy-saving business, as well as enhancing Group companies' businesses.

Consolidated net sales for the current fiscal year rose by 2.3% year on year to 87,379 million yen. While construction-related orders struggled as a reversal of much demands being responded prior to Japan's consumption tax raise, sales were lifted by sustaining existing contracts and firmly winning new contracts. Other factors in sales growth included contributions by NJK Holding K.K. (including its three subsidiaries), which became a new consolidated subsidiary at the end of the first quarter of the previous fiscal year, as well as one-off revenue posted from the disposition of real estate for sale.

As per earnings, operating income climbed 5.6% year on year to 5,423 million yen, by a review of procurement terms and conditions and thorough working time management, coupled with a one-off contribution from the disposition of highly profitable real estate for sale despite the fact that sluggish growth in contract prices exerted downward pressure on revenues.

In other earnings, ordinary income increased by 8.2% year on year to 6,037 million yen, while net income rose by 20.7% year on year to 3,892 million yen. This substantial growth was attributable to the improvement in non-operating profit and loss due to contribution by PICA*, an Australian company that became an equity-method affiliate at the end of the fiscal year ended March 31, 2013, as well as cutting down the interest expenses.

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

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, which includes building management and security services, while construction-related orders struggled, we enjoyed steady growth in new contracts for real estate services, in addition to the contribution of the new consolidated subsidiary mentioned above. As a result, net sales for the current fiscal year increased by 3.4% year on year to 75,806 million yen.

Segment income was 7,894 million yen, up 4.7% year on year, due to tighter cost management overcoming a sluggish growth in price per contract.

[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. However, construction-related works declined. As a result, net sales for the segment amounted to 8,826 million yen, down 1.7% compared to the previous fiscal year.

Since local governments – the main customers for this segment – continued to be on a tight budget, the Group worked to rigorously manage costs by focusing on efforts to rein in start-up costs, by re-examining procurement costs, and by realigning personnel assignments to better match actual needs. However, facility-related problems that arose at an existing client led to temporary costs. As a result, segment income was 753 million yen, down 5.9% 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 a silent partnership, the business posted stable asset management income and recorded profits due to the disposition of real estate for sale other than those under management. However, income from the disposition of assets under management was lower. As a result, net sales for the segment for the current fiscal year was 938 million yen, down 39.4% compared to the previous fiscal year.

Turning to profits, segment income was 368 million yen, up 118.4% year on year. In addition to high profit margins associated with the disposition of real estate for sale, this dramatic income growth reflected our ongoing efforts in expense reductions and improvements on operational efficiency.

[Other Businesses]

Other Businesses, which consist mainly of event planning and management, printing and design, saw steady growth in orders for all types of events and occasional services, lifting segment net sales by 13.0% year on year to 1,807 million yen. Segment income was 110 million yen, an increase by 154 million yen from the previous fiscal year.

3) Outlook for the next fiscal year

With regards to the outlook for the next fiscal year, although the business performance of some Japanese companies is on an upward trend due to the weaker yen and higher stock prices, Japan's real economy has not been unfolded with uncertainty expected to linger for the time being.

In the real estate service industry, although there have been improvements in office rent and vacancy rates, severe business conditions continue as clients remain highly conscious of management cost reduction, as well as intense competition with other companies.

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, parking management and operation, as well as event planning and management. In addition, the Group will take advantage of expertise accumulated in PICA, the aforementioned Australian company, to develop new markets and enhance our 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 cost control.

For the fiscal year ending March 31, 2016, we estimate that consolidated net sales to be 89 billion yen, up 1.9% year on year. In addition, our forecast for consolidated operating income is 5.5 billion yen, up 1.4% year on year; the same for consolidated ordinary income is 6.2 billion yen, up 2.7% year on year; and the one for consolidated net income attributable to owners of parent is 4.1 billion yen, up 5.3% year on year.

(2) Analysis of financial position

[Analysis of financial position]

Total assets at the end of the current fiscal year increased by 4,756 million yen (up 9.2%) year on year to 56,205 million yen.

Current assets increased by 1,891 million yen (up 6.6%) year on year to 30,394 million yen, and non-current assets increased by 2,865 million yen (up 12.5%) year on year to 25,810 million yen.

The main reasons for these rises were an increase in cash and deposits (680 million yen increase year on year) by satisfactory collection of accounts receivable; an increase in accounts receivable (1,434 million yen increase year on year) due to the growth in net sales; and an increase in investment securities (2,392 million yen increase year on year) due to a rise in stock prices.

Total liabilities at the end of the current fiscal year increased by 129 million yen (up 0.7%) year on year to 19,942 million yen. The main factors for this rise were an increase in accrued consumption taxes (1,201 million yen increase year on year) accompanying the hike in Japan's consumption tax rate, and a decrease in short-term loans payable (down 1,100 million yen year on year) due to repayment.

Net assets at the end of the current fiscal year increased by 4,627 million yen (up 14.6%) year on year to 36,262 million yen.

The main reasons for this rise were increases in retained earnings (3,199 million yen increase year on year) and valuation difference on available-for-sale securities (1,229 million yen increase year on year).

As a result, equity ratio at the end of the current fiscal year increased by 4.2 percentage points to 62.2% from the end of the previous fiscal year's 58.0%.

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 700 million yen (up 4.5%) from the previous fiscal year to 16,331 million yen.

The main factors of cash flows for the fiscal year ended March 31, 2015 were as follows:

(Cash flows from operating activities)

Net cash provided by operating activities for the current fiscal year was 4,538 million yen, decreased by 610 million yen from the previous fiscal year.

This was mainly due to an increase in income taxes paid (an increase by 928 million yen year on year).

(Cash flows from investing activities)

Net cash used in investing activities for the current fiscal year was 945 million yen, a larger outflow by 191 million yen from the previous fiscal year.

This was mainly due to an increase in payments into time deposits (a larger outflow by 480 million yen year on year).

(Cash flows from financing activities)

Net cash used in financing activities for the current fiscal year was 2,893 million yen, a smaller outflow by 342 million yen from the previous fiscal year.

This was mainly due to a decrease in net repayment of loans (a smaller outflow by 1,085 million yen year on year).

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

Years ended March 31,	2011	2012	2013	2014	2015
Equity ratio	62.3	62.2	58.8	58.0	62.2
Equity ratio based on the current values	65.2	63.9	55.6	68.3	86.6
Debt to cash flows ratio	0.8	0.5	2.0	1.3	1.2
Interest coverage ratio	90.8	104.5	99.2	39.1	74.6

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: closing stock price at the end of fiscal year × number of shares issued after deducting treasury stock.

* Interest-bearing debt covers all liabilities bearing interest 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, 2015 and the fiscal year ending March 31, 2016

As for the distribution of earnings, our basic policy is to continuously provide stable dividends through a strengthened management base from not only a short-term view point but also a medium to long-term view point. Based on this policy, we aim at increasing the dividend payout ratio and make efforts to raise shareholder value in the future.

For the dividends for the fiscal year ended March 31, 2015, as announced today in "Notice Regarding Dividends of Surplus (Dividend Increase)", the Company plans to pay year-end ordinary dividends of 28 yen per share, which is 6 yen higher than its original projection. Together with interim dividends of 22 yen per share, the Company is projecting annual dividends of 50 yen per share.

For the fiscal year ending March 31, 2016, the Company is again forecasting the payment of annual dividends of 50 yen per share comprising interim dividends of 25 yen per share and year-end dividends of 25 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 the Group are also described from view point of active disclosures to investors.

Recognizing that these risks may realize, we conduct our business while making efforts to avoid them and to respond them in case they occur.

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

1) Regulations of the law

The security service 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 service and aim to ensure proper practice of it. Permission by the Prefectural Public Safety Commission, which has the jurisdiction over the main service office, is required to operate the security business. There is a possibility to have the operation 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 conduct the condominium management and other businesses, the Group handles personal information and makes efforts to comply with the applicable laws and to execute proper management.

However, there is a possibility of influencing the Group's reputation and the business results, in case an accident concerning personal information occurs.

3) Investments in silent partnership

In the Real Estate Fund Management Business, the Group has been investing in silent partnerships. This investment amounts to 285 million yen as of March 31, 2015.

There is a possibility of influencing the Group's business results and the financial position if a situation occurs whereby the principal investment needs to be partially impaired or the yield rate of the investment deteriorates due to factors of the real estate market and others.

4) Transaction with the related parties

The Company has transactions with related parties including Nippon Service Master Ltd. that is a major corporate shareholder and also an affiliated company. The transactions are 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 there is increasingly a wide variety of forms of outsourcing, our contracts include not only conventional work of building maintenance and management, but also operation of facilities.

Although the internal risk management consideration committee considers all possible risks prior to entering into contracts for management and operation services, there is a possibility that such contracts could have an impact on the business results of the Group due to rising prices and changes in business circumstances.

2. Consolidated financial statements

(1) Consolidated balance sheets

	(Thousands of yen)	
	Fiscal year ended March 31, 2014 (As of March 31, 2014)	Fiscal year ended March 31, 2015 (As of March 31, 2015)
ASSETS		
Current assets		
Cash and deposits	16,046,897	16,726,902
Notes and accounts receivable – trade	9,896,868	11,331,252
Securities	–	10,042
Investments in silent partnership for business purposes	288,029	285,058
Supplies	87,351	72,955
Real estate for sale	715,898	567,641
Income taxes receivable	2,367	60,697
Deferred tax assets	464,877	385,265
Other	1,016,014	966,356
Allowance for doubtful accounts	(15,756)	(12,081)
Total current assets	28,502,545	30,394,087
Non-current assets		
Property, plant and equipment		
Buildings and structures	5,982,800	5,816,114
Accumulated depreciation	(3,174,960)	(3,076,931)
Buildings and structures, net	2,807,840	2,739,183
Machinery, equipment and vehicles	140,836	162,237
Accumulated depreciation	(92,475)	(96,607)
Machinery, equipment and vehicles, net	48,361	65,630
Tools, furniture and fixtures	1,028,458	1,129,914
Accumulated depreciation	(650,488)	(707,257)
Tools, furniture and fixtures, net	377,970	422,657
Land	1,798,571	1,672,757
Lease assets	1,297,270	1,413,559
Accumulated depreciation	(739,409)	(938,553)
Lease assets, net	557,861	475,006
Construction in progress	81,285	156,342
Total property, plant and equipment	5,671,888	5,531,575
Intangible assets		
Telephone subscription right	45,467	45,435
Software	143,074	185,016
Goodwill	2,296,596	2,203,290
Lease assets	26,855	23,837
Software in progress	–	100,015
Other	13,809	–
Total intangible assets	2,525,801	2,557,593
Investments and other assets		
Investment securities	11,654,748	14,047,667
Long-term loans receivable	538,721	504,013
Long-term prepaid expenses	8,545	26,478
Lease and guarantee deposits	1,467,119	1,441,509
Membership	413,965	425,754
Net defined benefit asset	44,828	591,912
Deferred tax assets	272,583	16,962
Other	520,279	848,501
Allowance for doubtful accounts	(172,915)	(180,978)
Total investments and other assets	14,747,873	17,721,818
Total non-current assets	22,945,562	25,810,986
TOTAL ASSETS	51,448,107	56,205,073

	(Thousands of yen)	
	Fiscal year ended March 31, 2014 (As of March 31, 2014)	Fiscal year ended March 31, 2015 (As of March 31, 2015)
LIABILITIES		
Current liabilities		
Notes and accounts payable – trade	5,554,935	5,814,957
Short-term loans payable	1,100,000	–
Current portion of long-term loans payable	741,000	741,000
Current portion of long-term non-recourse loans payable	–	10,000
Lease obligations	222,499	191,857
Accrued expenses	2,210,788	2,556,003
Income taxes payable	1,359,010	703,309
Accrued consumption taxes	376,611	1,577,934
Deposits received	431,307	434,300
Advances received	45,709	140,950
Provision for bonuses	675,040	673,763
Provision for directors' bonuses	75,093	6,047
Asset retirement obligations	5,290	–
Other	41,772	216,119
Total current liabilities	12,839,054	13,066,239
Non-current liabilities		
Long-term loans payable	4,408,870	3,667,870
Long-term non-recourse loans payable	–	385,000
Lease obligations	380,415	321,284
Deferred tax liabilities	368,653	907,882
Provision for directors' retirement benefits	564,855	562,223
Net defined benefit liability	593,475	319,161
Long-term guarantee deposited	368,394	340,875
Asset retirement obligations	214,321	229,356
Liabilities from application of equity method	50,821	68,383
Other	24,550	74,617
Total non-current liabilities	6,974,354	6,876,651
TOTAL LIABILITIES	19,813,408	19,942,890
NET ASSETS		
Shareholders' equity		
Capital stock	3,000,000	3,000,000
Capital surplus	617,972	617,972
Retained earnings	30,516,725	33,716,122
Treasury stock	(5,390,831)	(5,270,659)
Total shareholders' equity	28,743,866	32,063,435
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,490,447	2,719,708
Foreign currency translation adjustment	(233,942)	4,735
Remeasurements of defined benefit plans	(138,106)	176,955
Total accumulated other comprehensive income	1,118,399	2,901,398
Minority interests	1,772,434	1,297,350
TOTAL NET ASSETS	31,634,699	36,262,183
TOTAL LIABILITIES AND NET ASSETS	51,448,107	56,205,073

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

Consolidated statements of income

	(Thousands of yen)	
	Fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)	Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)
Net sales	85,413,163	87,379,782
Cost of sales	68,993,051	69,972,234
Gross profit	16,420,112	17,407,548
Selling, general and administrative expenses		
Selling expenses	197,546	212,931
Personnel expenses	6,418,979	6,989,344
Provision for bonuses	301,033	341,664
Provision for directors' bonuses	76,143	6,047
Provision for directors' retirement benefits	71,512	70,487
Retirement benefits expenses	179,253	104,184
Transportation and communication expenses	903,772	987,861
Supplies expenses	420,542	402,554
Rent expenses	719,992	828,201
Insurance expenses	258,951	294,154
Depreciation	475,441	370,445
Taxes and dues	71,665	96,659
Enterprise tax	86,250	88,456
Provision of allowance for doubtful accounts	(1,869)	6,863
Amortization of goodwill	105,968	122,423
Other	996,626	1,061,552
Total selling, general and administrative expenses	11,281,804	11,983,825
Operating income	5,138,308	5,423,723
Non-operating income		
Interest and dividends income	169,370	171,387
Gain on sales of investment securities	-	23,329
Rent income	39,243	37,928
Share of profit of entities accounted for using equity method	222,804	471,748
Dividends income of insurance	30,169	41,811
Foreign exchange gains	74,250	-
Other	190,771	103,949
Total non-operating income	726,607	850,152
Non-operating expenses		
Interest expenses	131,805	60,840
Loss on sales of investment securities	20,169	-
Rent expenses	43,419	43,999
Loss on sales and retirement of non-current assets	37,833	53,450
Other	53,933	78,551
Total non-operating expenses	287,159	236,840
Ordinary income	5,577,756	6,037,035
Extraordinary loss		
Loss on valuation of shares of subsidiaries	35,969	31,364
Loss on valuation of membership	1,640	-
Provision of allowance for doubtful accounts	454	-
Total extraordinary loss	38,063	31,364
Income before income taxes and minority interests	5,539,693	6,005,671
Income taxes – current	2,228,764	1,782,857
Income taxes – deferred	(103,647)	230,042
Total income taxes	2,125,117	2,012,899
Income before minority interests	3,414,576	3,992,772
Minority interests in income	188,781	100,721
Net income	3,225,795	3,892,051

Consolidated statements of comprehensive income

	(Thousands of yen)	
	Fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)	Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)
Income before minority interests	3,414,576	3,992,772
Other comprehensive income		
Valuation difference on available-for-sale securities	763,052	1,232,637
Remeasurements of defined benefit plans, net of tax	-	327,685
Share of other comprehensive income of entities accounted for using equity method	(233,942)	238,677
Total other comprehensive income	529,110	1,798,999
Comprehensive income	3,943,686	5,791,771
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,754,003	5,675,050
Comprehensive income attributable to minority interests	189,683	116,721

(3) Consolidated statements of changes in net assets

Fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	3,000,000	498,800	27,960,384	(5,515,802)	25,943,382
Changes of items during period					
Dividends of surplus (year-end)			(336,055)		(336,055)
Dividends of surplus (interim)			(337,080)		(337,080)
Net income			3,225,795		3,225,795
Purchase of treasury shares				(89,915)	(89,915)
Disposal of treasury shares		119,172	3,681	214,886	337,739
Net changes of items other than shareholders' equity					
Total changes of items during period	-	119,172	2,556,341	124,971	2,800,484
Balance at the end of current period	3,000,000	617,972	30,516,725	(5,390,831)	28,743,866

	Accumulated other comprehensive income				Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of current period	728,296	-	-	728,296	1,642,107	28,313,785
Changes of items during period						
Dividends of surplus (year-end)						(336,055)
Dividends of surplus (interim)						(337,080)
Net income						3,225,795
Purchase of treasury shares						(89,915)
Disposal of treasury shares						337,739
Net changes of items other than shareholders' equity	762,151	(233,942)	(138,106)	390,103	130,327	520,430
Total changes of items during period	762,151	(233,942)	(138,106)	390,103	130,327	3,320,914
Balance at the end of current period	1,490,447	(233,942)	(138,106)	1,118,399	1,772,434	31,634,699

Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	3,000,000	617,972	30,516,725	(5,390,831)	28,743,866
Cumulative effect of accounting change			63,908		63,908
Balance at the beginning of current period reflecting accounting change	3,000,000	617,972	3,580,633	(5,390,831)	28,807,774
Changes of items during period					
Dividends of surplus (year-end)			(378,284)		(378,284)
Dividends of surplus (interim)			(378,278)		(378,278)
Net income			3,892,051		3,892,051
Purchase of treasury shares				(4,929)	(4,929)
Disposal of treasury shares				125,101	125,101
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	3,135,489	120,172	3,255,661
Balance at the end of current period	3,000,000	617,972	33,716,122	(5,270,659)	32,063,435

	Accumulated other comprehensive income				Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of current period	1,490,447	(233,942)	(138,106)	1,118,399	1,772,434	31,634,699
Cumulative effect of accounting change						63,908
Balance at the beginning of current period reflecting accounting change	1,490,447	(233,942)	(138,106)	1,118,399	1,772,434	31,698,607
Changes of items during period						
Dividends of surplus (year-end)						(378,284)
Dividends of surplus (interim)						(378,278)
Net income						3,892,051
Purchase of treasury shares						(4,929)
Disposal of treasury shares						125,101
Net changes of items other than shareholders' equity	1,229,261	238,677	315,061	1,782,999	(475,084)	1,307,915
Total changes of items during period	1,229,261	238,677	315,061	1,782,999	(475,084)	4,563,576
Balance at the end of current period	2,719,708	4,735	176,955	2,901,398	1,297,350	36,262,183

(4) Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)	Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)
Cash flows from operating activities		
Income before income taxes	5,539,693	6,005,671
Depreciation	710,264	615,624
Amortization of goodwill	105,968	122,423
Increase (decrease) in provision for bonuses	25,875	(1,277)
Increase (decrease) in provision for directors' bonuses	(3,352)	(69,046)
Increase (decrease) in provision for retirement benefits	(378,440)	–
Increase (decrease) in defined benefit (asset) liability	316,436	(226,365)
Increase (decrease) in provision for directors' retirement benefits	14,276	(2,632)
Increase (decrease) in allowance for doubtful accounts	(17,861)	4,389
Shares of (profit) loss of entities accounted for using equity method	(222,804)	(471,748)
Interest and dividends income	(169,370)	(171,387)
Interest expenses	131,805	60,840
Foreign exchange losses (gains)	(74,250)	–
Loss (gain) on sales and retirement of non-current assets	35,259	53,450
Loss (gain) on sales of short-term and long-term investment securities	20,169	(23,329)
Decrease (increase) in notes and accounts receivable – trade	(756,964)	(1,348,875)
Decrease (increase) in investments in silent partnership for business purposes	11,229	3,637
Decrease (increase) in inventories	870,327	162,653
Decrease (increase) in other assets	296,941	27,682
Increase (decrease) in notes and accounts payable – trade	935,179	236,703
Increase (decrease) in accrued consumption taxes	16,785	1,201,323
Increase (decrease) in other liabilities	(839,992)	572,015
Loss on valuation of membership	1,640	–
Other, net	112,754	170,701
Subtotal	6,681,567	6,922,452
Interest and dividends income received	168,245	174,046
Interest expenses paid	(131,805)	(60,840)
Income taxes paid	(1,568,849)	(2,496,888)
Net cash provided by operating activities	5,149,158	4,538,770

	(Thousands of yen)	
	Fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)	Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)
Cash flows from investing activities		
Payments into time deposits	(315,000)	(795,000)
Proceeds from withdrawal of time deposits	615,000	615,000
Purchase of property, plant and equipment and intangible assets	(609,640)	(704,128)
Proceeds from sales of property, plant and equipment and intangible assets	54,868	200,872
Purchase of investment securities	(268,390)	(381,995)
Proceeds from sales of investment securities	261,709	153,557
Proceeds from redemption of investment securities	100,000	-
Purchase of shares of subsidiaries	-	(20,000)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(307,922)	-
Payments of loans receivable	(310,400)	(8,814)
Collection of loans receivable	40,603	67,894
Decrease (increase) in lease and guarantee deposits of leasehold estate	24,234	38,525
Increase (decrease) in guarantee deposits received	(25,926)	(27,519)
Other, net	(13,538)	(84,039)
Net cash used in investing activities	(754,402)	(945,647)
Cash flows from financing activities		
Increase in short-term loans payable	1,600,000	300,000
Decrease in short-term loans payable	(1,080,000)	(1,400,000)
Proceeds from long-term loans payable	3,849,870	-
Repayment of long-term loans payable	(6,045,822)	(741,000)
Proceeds from long-term non-recourse loans payable	-	400,000
Repayments of long-term non-recourse loans payable	(855,600)	(5,000)
Repayments of lease obligations	(228,781)	(235,444)
Proceeds from disposal of treasury stock	248,287	125,101
Purchase of treasury stock	(462)	(4,929)
Repayment to minority shareholders	-	(524,889)
Cash dividends paid	(673,084)	(756,957)
Cash dividends paid to minority shareholders	(50,000)	(50,000)
Net cash provided by (used in) financing activities	(3,235,592)	(2,893,118)
Net increase (decrease) in cash and cash equivalents	1,159,164	700,005
Cash and cash equivalents at the beginning of current period	14,472,733	15,631,897
Cash and cash equivalents at the end of current period	15,631,897	16,331,902

(5) Notes to consolidated financial statements

[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, 2014 (April 1, 2013 to March 31, 2014)

(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	73,289,125	8,976,586	1,548,247	1,599,205	85,413,163	–	85,413,163
Inter-segment net sales and transfer	–	–	–	–	–	–	–
Total	73,289,125	8,976,586	1,548,247	1,599,205	85,413,163	–	85,413,163
Segment income (loss)	7,542,565	800,933	168,826	(43,814)	8,468,510	(3,330,202)	5,138,308
Segment assets	32,342,731	2,312,678	2,014,653	634,937	37,304,999	14,143,108	51,448,107
Other items							
Depreciation and amortization	345,132	13,760	30,940	4,065	393,897	342,452	736,349
Investment for equity method affiliates	5,260,889	44,814	203,048	–	5,508,751	–	5,508,751
Increase in property, plant and equipment and intangible assets	317,085	24,633	–	–	341,718	581,796	923,514

Notes: 1. Adjustments are as follows:

- (1) Adjustments of (3,330,202) thousand yen for segment income (loss) are unallocated general administrative expenses.
 - (2) Adjustments of 14,143,108 thousand yen for the segment assets are corporate assets which are not allocated to any of the reportable segments. They are mainly cash, time deposits, investment securities and the assets of the administration departments of the Company.
 - (3) Adjustments of 581,796 thousand yen of the increased amount in property, plant and equipment and intangible assets were due to capital investments associated with renovations of training facilities.
2. Segment income has been adjusted to operating income described in consolidated statements of income.

Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)

(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	75,806,620	8,826,846	938,658	1,807,658	87,379,782	–	87,379,782
Inter-segment net sales and transfer	–	–	–	–	–	–	–
Total	75,806,620	8,826,846	938,658	1,807,658	87,379,782	–	87,379,782
Segment income	7,894,373	753,512	368,763	110,333	9,126,981	(3,703,258)	5,423,723
Segment assets	34,231,871	2,334,200	1,594,834	791,266	38,952,171	17,252,902	56,205,073
Other items							
Depreciation and amortization	364,825	16,238	15,415	5,216	401,694	238,772	640,466
Investment for equity method affiliates	5,788,982	46,810	200,803	–	6,036,595	–	6,036,595
Increase in property, plant and equipment and intangible assets	279,535	30,336	–	17,531	327,402	529,704	857,106

Notes: 1. Adjustments are as follows:

- (1) Adjustments of (3,703,258) thousand yen for segment income were unallocated general administrative expenses.
 - (2) Adjustments of 17,252,902 thousand yen for the segment assets are corporate assets which are not allocated to any of the reportable segments. They are mainly cash, time deposits, investment securities and the assets of the administration departments of the Company.
 - (3) Adjustments of 529,704 thousand yen of the increased amount in property, plant and equipment and intangible assets were due to capital investments associated with the renovations of the registered office building.
2. Segment income has been adjusted to operating income described in consolidated statements of income.

(Related information)

Fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)

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, 2015 (April 1, 2014 to March 31, 2015)

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 non-current assets by reportable segment)

Fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)

Not applicable.

Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)

Not applicable.

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

Fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)

(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	105,968	–	–	–	105,968	–	105,968
Unamortized outstanding balance at the end of the current year	2,296,596	–	–	–	2,296,596	–	2,296,596

Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)

(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	119,304	–	3,119	–	122,423	–	122,423
Unamortized outstanding balance at the end of the current year	2,177,292	–	25,998	–	2,203,290	–	2,203,290

(Gain on negative goodwill by reportable segment)

Fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)

Not applicable.

Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)

Not applicable.

[Per share information]

Fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)		Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)	
Net assets per share	1,761.91 yen	Net assets per share	2,054.66 yen
Net income per share	191.28 yen	Net income per share	229.19 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, 2014 (As of March 31, 2014)	Fiscal year ended March 31, 2015 (As of March 31, 2015)
Total net assets, as stated on the consolidated balance sheets (thousands of yen)	31,634,699	36,262,183
Net assets associated with common stock (thousands of yen)	29,862,265	34,964,833
Major components of the difference (thousands of yen): Minority interests	1,772,434	1,297,350
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)	3,641,383	3,572,800
Number of shares of common stock used in the calculation of net assets per share (shares)	16,948,770	17,017,353

2. Net income per share

	Fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)	Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)
Net income (thousands of yen)	3,225,795	3,892,051
Amounts not attributable to owners of common stock (thousands of yen)	–	–
Net income associated with common stock (thousands of yen)	3,225,795	3,892,051
Average number of shares of common stock during the year (shares)	16,863,848	16,981,926

3. The Company's shares in the employees' ESOP trust accounts were recorded as treasury stock under shareholders' equity. In calculation of the average number of shares for determining net income per share and in calculation of the number of shares issued and outstanding for determining net assets per share, they were counted as treasury stock, an item to be excluded.

In calculating net income per share for the term, the average number of shares of the excluded treasury stock was 129,112 for the previous fiscal year, and 212,020 for the current fiscal year. In calculating net assets per share, the number of shares of the excluded treasury stock at the end of the term was 246,000 for the previous fiscal year, and 175,600 for the current fiscal year.

[Important subsequent events]

Not applicable.

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

	(Thousands of yen)	
	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
	(As of March 31, 2014)	(As of March 31, 2015)
ASSETS		
Current assets		
Cash and deposits	4,472,823	5,082,208
Notes receivable – trade	48,145	55,394
Accounts receivable – trade	6,445,622	7,167,385
Supplies	11,680	12,451
Prepaid expenses	248,598	358,141
Accounts receivable – other	189,886	19,228
Short-term loans receivable	3,345,293	2,055,104
Advances paid	91,865	171,122
Deferred tax assets	165,416	138,617
Other	25,284	34,258
Allowance for doubtful accounts	(4,360)	(3,180)
Total current assets	15,040,256	15,090,734
Non-current assets		
Property, plant and equipment		
Buildings	4,344,583	4,524,976
Accumulated depreciation	(2,280,432)	(2,429,990)
Buildings, net	2,064,151	2,094,985
Structures	76,559	83,942
Accumulated depreciation	(44,729)	(48,713)
Structures, net	31,830	35,229
Machinery and equipment	6,235	6,130
Accumulated depreciation	(6,234)	(6,129)
Machinery and equipment, net	0	0
Vehicles	52,313	64,863
Accumulated depreciation	(29,457)	(41,105)
Vehicles, net	22,856	23,757
Tools, furniture and fixtures	626,421	723,364
Accumulated depreciation	(368,883)	(401,796)
Tools, furniture and fixtures, net	257,538	321,568
Land	988,496	988,496
Lease assets	554,912	581,773
Accumulated depreciation	(340,044)	(408,458)
Lease assets, net	214,867	173,314
Construction in progress	81,285	156,341
Total property, plant and equipment	3,661,024	3,793,693
Intangible assets		
Telephone subscription right	15,330	15,330
Software	91,205	136,854
Lease assets	26,805	21,123
Software in progress	–	100,015
Total intangible assets	133,341	273,323

	(Thousands of yen)	
	Fiscal year ended March 31, 2014 (As of March 31, 2014)	Fiscal year ended March 31, 2015 (As of March 31, 2015)
Investments and other assets		
Investment securities	5,534,469	7,519,174
Stocks of subsidiaries and affiliates	8,821,201	8,842,642
Long-term loans receivable	22,486	27,724
Long-term loans receivable from subsidiaries and affiliates	471,056	446,164
Long-term prepaid expenses	388	230
Prepaid pension cost	-	134,426
Lease and guarantee deposits	758,509	789,363
Membership	370,182	383,542
Insurance funds	14,400	14,400
Claims provable in bankruptcy, claims provable in rehabilitation and other	22,937	23,124
Building for rent	107,470	107,470
Accumulated depreciation	(35,328)	(37,372)
Building for rent, net	72,142	70,098
Land for rent	53,739	53,739
Long-term time deposits	200,000	300,000
Other	84,985	68,374
Allowance for doubtful accounts	(88,936)	(89,122)
Total investments and other assets	16,337,562	18,583,884
Total non-current assets	20,131,929	22,650,901
TOTAL ASSETS	35,172,185	37,741,635

	(Thousands of yen)	
	Fiscal year ended March 31, 2014 (As of March 31, 2014)	Fiscal year ended March 31, 2015 (As of March 31, 2015)
LIABILITIES		
Current liabilities		
Notes payable – trade	18,928	28,022
Accounts payable – trade	4,625,590	4,651,362
Short-term loans payable	1,100,000	–
Current portion of long-term loans payable	741,000	741,000
Lease obligations	98,107	69,714
Accounts payable – other	132,117	447,432
Income taxes payable	737,650	337,661
Accrued consumption taxes	162,649	744,865
Accrued salaries	456,439	479,766
Accrued social insurance	173,213	181,195
Deposits received	114,624	152,794
Deposits received from subsidiaries and affiliates	1,600,000	1,600,000
Advances received	15,048	88,155
Provision for bonuses	246,364	259,800
Provision for directors' bonuses	70,000	–
Other	23,483	85,692
Total current liabilities	10,315,217	9,867,464
Non-current liabilities		
Long-term loans payable	4,408,870	3,667,870
Lease obligations	148,417	127,944
Deferred tax liabilities	330,645	794,456
Provision for retirement benefits	43,494	–
Provision for directors' retirement benefits	509,970	559,740
Long-term guarantee deposited	266,265	265,796
Asset retirement obligations	107,722	107,432
Other	12,100	62,489
Total non-current liabilities	5,827,485	5,585,729
TOTAL LIABILITIES	16,142,703	15,453,194
NET ASSETS		
Shareholders' equity		
Capital stock	3,000,000	3,000,000
Capital surplus		
Legal capital surplus	498,800	498,800
Other capital surplus	119,172	119,172
Total capital surplus	617,972	617,972
Retained earnings		
Legal retained earnings	251,200	251,200
Other retained earnings		
General reserve	12,310,000	12,310,000
Retained earnings brought forward	6,782,986	8,709,745
Total retained earnings	19,344,186	21,270,945
Treasury stock	(5,390,831)	(5,270,659)
Total shareholders' equity	17,571,327	19,618,258
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	1,458,154	2,670,182
Total valuation and translation adjustments	1,458,154	2,670,182
TOTAL NET ASSETS	19,029,482	22,288,441
TOTAL LIABILITIES AND NET ASSETS	35,172,185	37,741,635

(2) Non-consolidated statements of income

(Thousands of yen)

	Fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)	Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)
Net sales		
Service revenue	51,199,329	51,899,450
Net sales of goods	385,268	353,363
Total net sales	51,584,598	52,252,813
Cost of sales		
Cost of service sales	43,192,975	43,430,928
Cost of goods sold	301,794	275,633
Total cost of sales	43,494,769	43,706,561
Gross profit	8,089,829	8,546,251
Selling, general and administrative expenses		
Promotion expenses	14,284	11,967
Advertising expenses	175,672	184,793
Directors' compensations	210,269	281,738
Salaries and allowances	1,966,289	2,179,131
Bonuses	302,709	362,416
Provision for bonuses	112,946	121,369
Provision for directors' bonuses	70,000	–
Directors' retirement benefits	–	2,590
Provision for directors' retirement benefits	61,690	67,060
Retirement benefit expenses	74,120	49,833
Legal welfare expenses	380,513	416,897
Welfare expenses	20,493	28,487
Training expenses	8,873	12,766
Offering expenses	15,385	21,427
Conference expenses	4,117	3,912
Entertainment expenses	108,301	122,296
Traveling and transportation expenses	271,594	313,364
Vehicle expenses	84,204	86,088
Communication expenses	95,231	96,621
Utilities expenses	43,299	45,312
Supplies expenses	23,253	21,956
Stationery expenses	211,704	219,631
Taxes and dues	49,527	53,483
Enterprise tax	66,922	68,980
Depreciation	362,654	258,955
Repair expenses	2,784	7,615
Insurance expenses	206,176	236,084
Rent expenses	355,277	406,567
Book expenses	7,125	7,143
Membership fee	16,440	13,919
Commission fee	229,162	251,111
Contribution	19,760	16,385
Provision of allowance for doubtful accounts	(885)	(235)
Miscellaneous expenses	150,192	110,011
Total selling, general and administrative expenses	5,720,093	6,079,686
Operating income	2,369,735	2,466,565

	(Thousands of yen)	
	Fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)	Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)
Non-operating income		
Interest income	59,958	62,993
Dividends income	1,124,506	1,153,262
Rent income	39,243	37,927
Dividends income of insurance	21,707	30,417
Consulting fee income	36,000	36,000
Miscellaneous income	145,730	22,322
Total non-operating income	1,427,145	1,342,923
Non-operating expenses		
Interest expenses	79,158	55,794
Rent expenses	43,419	43,998
Loss on sales and retirement of non-current assets	29,334	2,906
Miscellaneous loss	16,563	19,297
Total non-operating expenses	168,475	121,997
Ordinary income	3,628,405	3,687,491
Extraordinary loss		
Loss on valuation of subsidiaries' stocks	35,969	29,269
Total extraordinary loss	35,969	29,269
Income before income taxes	3,592,436	3,658,222
Income taxes – current	1,168,015	946,662
Income taxes – deferred	(76,705)	48,227
Total income taxes	1,091,309	994,890
Net income	2,501,127	2,663,331

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

Fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)

(Thousands of yen)

	Shareholders' equity							
	Capital stock	Capital surplus			Legal retained earnings	Retained earnings		
		Legal capital surplus	Other capital surplus	Total capital surplus		Other retained earnings		Total retained earnings
					General reserve	Retained earnings brought forward		
Balance at the beginning of current period	3,000,000	498,800	–	498,800	251,200	12,310,000	4,951,313	17,512,513
Changes of items during period								
Dividends from surplus (year-end)							(336,055)	(336,055)
Dividends from surplus (interim)							(337,080)	(337,080)
Net income							2,501,127	2,501,127
Purchase of treasury stock								
Disposal of treasury stock			119,172	119,172			3,681	3,681
Net changes of items other than shareholders' equity								
Total changes of items during period	–	–	119,172	119,172	–	–	1,831,673	1,831,673
Balance at the end of current period	3,000,000	498,800	119,172	617,972	251,200	12,310,000	6,782,986	19,344,186

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at the beginning of current period	(5,515,802)	15,495,510	720,894	720,894	16,216,404
Changes of items during period					
Dividends from surplus (year-end)		(336,055)			(336,055)
Dividends from surplus (interim)		(337,080)			(337,080)
Net income		2,501,127			2,501,127
Purchase of treasury stock	(89,915)	(89,915)			(89,915)
Disposal of treasury stock	214,886	337,740			337,740
Net changes of items other than shareholders' equity			737,260	737,260	737,260
Total changes of items during period	124,971	2,075,816	737,260	737,260	2,813,077
Balance at the end of current period	(5,390,831)	17,571,327	1,458,154	1,458,154	19,029,482

Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)

(Thousands of yen)

	Shareholders' equity							
	Capital stock	Capital surplus			Retained earnings			
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings
					General reserve	Retained earnings brought forward		
Balance at the beginning of current period	3,000,000	498,800	119,172	617,972	251,200	12,310,000	6,782,986	19,344,186
Cumulative effect of accounting change							19,991	19,991
Balance at the beginning of current period reflecting accounting change	3,000,000	498,800	119,172	617,972	251,200	12,310,000	6,802,977	19,364,177
Changes of items during period								
Dividends from surplus (year-end)							(378,284)	(378,284)
Dividends from surplus (interim)							(378,278)	(378,278)
Net income							2,663,331	2,663,331
Purchase of treasury stock								
Disposal of treasury stock								
Net changes of items other than shareholders' equity								
Total changes of items during period	-	-	-	-	-	-	1,906,767	1,906,767
Balance at the end of current period	3,000,000	498,800	119,172	617,972	251,200	12,310,000	8,709,745	21,270,945

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at the beginning of current period	(5,390,831)	17,571,327	1,458,154	1,458,154	19,029,482
Cumulative effect of accounting change		19,991			19,991
Balance at the beginning of current period reflecting accounting change	(5,390,831)	17,591,318	1,458,154	1,458,154	19,049,473
Changes of items during period					
Dividends from surplus (year-end)		(378,284)			(378,284)
Dividends from surplus (interim)		(378,278)			(378,278)
Net income		2,663,331			2,663,331
Purchase of treasury stock	(4,929)	(4,929)			(4,929)
Disposal of treasury stock	125,100	125,100			125,100
Net changes of items other than shareholders' equity			1,212,027	1,212,027	1,212,027
Total changes of items during period	120,171	2,026,939	1,212,027	1,212,027	3,238,967
Balance at the end of current period	5,270,659	19,618,258	2,670,182	2,670,182	22,288,441