

4. Others

(1) Changes in material subsidiaries during the period (changes in specified subsidiaries accompanying the change in the scope of consolidation): No

(2) Application of specific accounting methods for producing quarterly consolidated financial statements:
No

(3) Changes in the principle, procedures, and display of the accounting process

1) Changes in relation to amendments in the accounting standard: No

2) Changes other than 1): No

3) Changes in accounting estimates: No

4) Restatements: No

(4) Number of shares outstanding (common shares)

1) Number of shares outstanding at the end of the period (including treasury stock)

2) Amount of treasury stock at the end of the period

3) Average number of shares during the period (quarterly cumulative period)

1Q of FY2012	187,690 shares	FY 03/2011	187,650 shares
1Q of FY2012	120 shares	FY 03/2011	120 shares
1Q of FY2012	187,541 shares	FY 03/2011	187,009shares

1. Qualitative Information on Quarterly Financial Results

(1) Qualitative Information on Consolidated Financial Results

In its medium-term management plan, the NEXT Group sets out its aim of becoming a global company with a Database + Communication Concierge Service (DB + CCS), and toward this end, has been accumulating, sorting and integrating the flood of information circulating around the world and providing optimal information through a wealth of devices to users.

Based on this strategy, the Company, starting from April 2011, launched Japan's first, English- and Chinese-compatible, property information search service on "HOME'S," the nation's largest residential/real estate information portal site run by the Company; thus enabling multilingual searches of the approximately 2.83 million properties (average number of property information in June 2011) in Japan. In addition to this multilingualization, the Company is moving ahead with studies to launch businesses in approximately three countries in the East Asia/Southeast Asia region during the fiscal year ending March 31, 2012. As the first step, the Company, announced in the "Notice of commencement of application procedures toward the establishment of an overseas subsidiary in the Kingdom of Thailand," dated July 22, 2011, plans to establish a wholly owned subsidiary in Thailand and commence operations. Immediately upon establishment, the overseas subsidiary is scheduled to operate a portal site similar to "HOME'S," Japan's largest residential/real estate information portal site run by the Company, and provide services that will enable Thai users to browse information on properties in Thailand.

In January 2011, the pricing method for "HOME'S Rental & Real Estate Trade," the main service of the Real estate information services business, changed from the pay-per-posting-based fee structure to the pay-per-inquiry-based fee structure, which, despite precipitating a dramatic increase in the number of properties, has resulted in a year-on-year decrease in sales. In order to address the priority task of increasing the number of inquiries, the Company, during the cumulative consolidated 1st quarter of the fiscal year ending March 31, 2012 ("current 1st quarter"), engaged in a number of initiatives, including the renovation of the website and advertising activities to increase the number of customers for each device such as PCs, mobile phones and smart phones. As a result of these efforts, the number of inquiries has been increasing gradually, which, in turn, has meant a gradual increase in sales but it has nevertheless failed to lead to a dramatic increase in sales.

"Lococom," the Local information services business (Note), which was launched in October 2006, has grown to become a website with over 200,000 word-of-mouth postings. However, with only around 20 million page-views per month, it has yet to achieve prominence as an advertising medium and has been slow to record a profit. Consequently, from October 2010, President and CEO, Takashi Inoue, has taken charge of the operation in an effort to speed up the posting of profits. From April 2011, "Lococom" has incorporated "geographical x social x real time" elements and implemented functions centering around the "town," which enable mutual "person-to-person" and "shop-to-person" communications as well as the creation of "town" information. Additionally, the PC/mobile site underwent a complete renewal in April 2011, followed by the launch of a smart phone-compatible site, while at the same time Lococom's business model was changed from an advertising model to a performance-based model.

As a result, for the current 1st quarter, the Company posted consolidated sales of 2,357,490 thousand yen (decrease of 18.7% year-on-year), operating loss of 5,957 thousand yen (operating profit of 690,466 thousand yen was posted in previous 1st quarter), ordinary loss of 4,501 thousand yen (ordinary profit of 692,954 thousand yen was recorded in the previous 1st quarter) and net loss of 11,038 thousand yen (net profit of 296,623 thousand yen was recorded in the previous 1st quarter).

Note: Starting from the current 1st quarter, the "Local community services" segment changed its name to "Local information services." The change in the name of the segment has had no effect on segment information.

Consolidated sales and operating profit (loss) by reportable segment for the current 1st quarter were as follows.

(Unit: thousand yen)

Segment name	Sales		Operating profit (loss)	
	Amount	Year-on-year change(%)	Amount	Year-on-year change(%)
(1) Real estate information services	2,337,379	(10.5)	307,005	(60.1)
(2) Local information services	5,172	(46.4)	(215,821)	(Note 2) —
(3) Others	14,938	+56.5	(97,141)	(Note 3) —

Notes

1. Intersegment transactions have not been offset or eliminated.
2. Operating loss of 90,165 thousand yen was recorded for the same period of the previous fiscal year
3. Operating loss of 8,518 thousand yen was recorded for the same period of the previous fiscal year.
4. The Guarantor Operating Business, which had been a reportable segment until the previous fiscal year, has been excluded in conjunction with the sales of all shares of NFS Co., Ltd., which corresponded to said segment, on August 2, 2010, and the exclusion of said company from the scope of consolidation on July 1, 2010. The Guarantor Operating Business posted sales of 268,819 thousand yen and operating profit of 19,342 thousand yen in the same period of the previous fiscal year.

For more detailed information on the financial results, including the status of each segment and the following items, please see "Report of Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2012" and "Business Performance Highlights for the First Quarter of the Fiscal Year Ending March 31, 2012," announced on August 9, 2011, on the Company's IR website.

Reference URL: <http://www.next-group.jp/en/ir/financial.html>

<Main matters regarding account settlement explanatory information>

- Shift in operating profit and loss: Causes of increase and decrease in main expenses and the shift in ratios in sales
- Shift in sales per service: Shift in sales to a more detailed unit per segment and the causes of increases and decreases
- Status of the business performance forecast: Progress of sales per service and the main expenses for the business forecast.
- Topics: Main approaches per segment

<Main matters regarding business performance highlights>

- Status of profit and loss per segment and the main approach
- Data per quarter: Income statement (simplified version), sales per service, and profit & loss per segment
- Collection of external statistic data: Number of apartments sold, prices of apartments, number of projects commenced for New detached houses, number of people relocating throughout Japan, population and the number of households.

(2) Qualitative Information on Consolidated Financial Condition

(Assets)

Current assets declined by 248,873 thousand yen from the end of the previous consolidated fiscal year ("previous year-end") to 6,592,869 thousand yen. This was primarily due to the decrease of 121,386 thousand yen in cash and deposits and the decrease of 143,026 thousand yen in accounts receivable.

Fixed assets declined by 95,956 thousand yen from the previous year-end to 2,773,772 thousand yen. This was primarily due to the decrease of 49,423 thousand yen in property, plant and equipment through depreciation and the decrease of 43,050 thousand yen in deferred tax assets.

As a result of the above, total assets came to 9,366,641 thousand yen, representing a decrease of 344,829 thousand yen from the previous year-end.

(Liabilities)

Current liabilities declined by 224,691 thousand yen from the previous year-end to 1,130,924 thousand yen. This was primarily due to the decrease of 275,084 thousand yen in accounts payable-other, the decrease of 39,588 thousand yen in allowance for bonuses, the increase of 38,166 thousand yen in accrued expenses and the increase of 40,088 thousand yen in deposits received.

Fixed liabilities increased by 420 thousand yen from the previous year-end to 240,535 thousand yen. This was primarily due to the decrease of 554 thousand yen in deferred tax liabilities and the increase of 974 thousand yen in asset retirement obligations.

As a result of the above, total liabilities came to 1,371,459 thousand yen, representing a decrease of 224,271 thousand yen from the previous year-end.

(Net assets)

Net assets declined by 120,558 thousand yen from the previous year-end to 7,995,182 thousand yen. This was primarily due to the decrease of 11,038 thousand yen in accumulated income through the posting of net loss and the decrease of 110,642 thousand yen in accumulated income as a result of payment of dividends.

(3) Qualitative Information on Consolidated Business Forecast

Progress rates toward achieving the business forecast during the current 1st quarter are as follows.

(Unit: million yen)

	Results Current 1 st Q (3 months ended June 30, 2011)	Forecast 6 months ending September 30, 2011	Full-year forecast	Progress rate for 6 months ending September 30, 2011	Progress rate for full-year
Sales	2,357	4,966	11,739	47.5%	20.1%
Real estate information services	2,337	4,823	10,502	48.5%	22.3%
Local information services	5	69	928	7.5%	0.6%
Others	14	74	308	20.0%	4.8%
Operating profit (loss)	(5)	(153)	1,372	-	-
Ordinary profit (loss)	(4)	(142)	1,421	-	-
Net profit (loss)	(11)	(115)	773	-	-

Notes

1. Intersegment transactions have been offset and eliminated.
2. Progress rates on operating profit, ordinary profit and net profit have been omitted as losses were recorded in each item for the current 1st quarter.

Although only a 20.1% progress rate has been recorded toward achieving the full-year forecast for the core business of Real estate information services, which accounts for 89.5% of forecasted sales for the full-year, said business tends to increase its revenues toward the latter half of the fiscal year and records the greatest sales during the moving season from January through March. "Lococom," the Local information services, implemented a complete renewal of its website in April 2011, as well as changed its business model, in an effort to post profits. Under "Others," "MONEYMO," a portal site dedicated to everyday life and money, which commenced services February 2011; and "eQOL Skincare," a mobile phone site for those suffering from atopic skin conditions; have also been launched as initiatives toward profitability. Local information services and other services are also expected to increase their profits toward the latter half of the fiscal year, which has resulted in low progress toward achieving the full-year forecast.

Any revisions to the business forecasts will be disclosed as soon as they become available.

For details of the financial statements and business forecasts, see the "Report of Financial Results for the 1st Quarter of the Fiscal Year Ending March 31, 2012," announced on August 9, 2011, on the Company's IR website.

Reference URL: <http://www.next-group.jp/en/ir/financial.html>

2. Consolidated Financial Statements
(1) Consolidated Balance Sheet

(unit: thousand yen)

	As of March 31, 2011	As of June 30, 2011
Consolidated quarterly balance sheets		
Assets		
Current assets		
Cash and deposits	3,196,600	3,075,213
Accounts receivable-trade	1,123,340	980,314
Short-term investment securities	1,510,964	1,511,220
Inventories	4,191	3,660
Deferred tax assets	155,367	200,555
Accounts receivable-other	276,771	232,407
Income taxes receivable	359,364	354,856
Other	259,945	273,998
Allowance for doubtful accounts	(44,802)	(39,357)
Total current assets	6,841,742	6,592,869
Noncurrent assets		
Property, plant and equipment		
Buildings	647,016	648,488
Accumulated depreciation	(35,391)	(61,458)
Buildings, net	611,624	587,029
Tools, furniture and fixtures	657,061	663,790
Accumulated depreciation	(371,613)	(403,170)
Tools, furniture and fixtures, net	285,448	260,619
Total property, plant and equipment	897,072	847,649
Intangible assets		
Goodwill	226,738	213,401
Software	620,473	701,182
Software in progress	108,687	38,621
Other	8,608	8,390
Total intangible assets	964,507	961,595
Investments and other assets		
Investment securities	29,485	29,483
Bad debts	49,333	57,172
Deferred tax assets	95,829	52,778
Lease and guarantee deposits	854,704	853,724
Other	18,244	17,618
Allowance for doubtful accounts	(39,448)	(46,250)
Total investments and other assets	1,008,148	964,527
Total noncurrent assets	2,869,728	2,773,772
Total assets	9,711,471	9,366,641

(unit: thousand yen)

	As of March 31, 2011	As of June 30, 2011
Liabilities		
Current liabilities		
Accounts payable-trade	40,940	30,854
Accounts payable-other	816,607	541,522
Income taxes payable	18,870	7,330
Provision for bonuses	361,489	321,900
Provision for directors' bonuses		2,500
Other	117,708	226,816
Total current liabilities	1,355,616	1,130,924
Noncurrent liabilities		
Deferred tax liabilities	3,762	3,207
Asset retirement obligations	236,352	237,327
Total noncurrent liabilities	240,114	240,535
Total liabilities	1,595,730	1,371,459
Net assets		
Shareholders' equity		
Capital stock	1,992,372	1,993,037
Capital surplus	2,535,572	2,536,237
Retained earnings	3,598,678	3,476,997
Treasury stock	(7,848)	(7,848)
Total shareholders' equity	8,118,774	7,998,423
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(3,034)	(3,241)
Total accumulated other comprehensive income	(3,034)	(3,241)
Total net assets	8,115,740	7,995,182
Total liabilities and net assets	9,711,471	9,366,641

(2) Consolidated Income Statement and Consolidated Comprehensive Income Statement

(unit: thousand yen)

	Three Months Ended June 30, 2010	Three Months Ended June 30, 2011
Consolidated quarterly statements of (comprehensive) income		
Net sales	2,899,406	2,357,490
Cost of sales	46,443	58,071
Gross profit	2,852,962	2,299,419
Selling, general and administrative expenses		
Advertising expenses	454,022	567,310
Provision of allowance for doubtful accounts	42,328	2,160
Salaries and allowances	578,112	582,728
Provision for bonuses	138,476	143,468
Provision for directors' bonuses		2,500
Allowance for loss on guarantees for rent	14,251	
Depreciation	81,868	119,403
Amortization of goodwill	2,500	13,336
Other	850,935	874,468
Total selling, general and administrative expenses	2,162,495	2,305,377
Operating income (loss)	690,466	(5,957)
Non-operating income		
Interest income	457	758
Dividends income	2	4
Gain on negative goodwill	3,032	
Other	935	694
Total non-operating income	4,427	1,457
Non-operating expenses		
Other	1,939	0
Total non-operating expenses	1,939	0
Ordinary income (loss)	692,954	(4,501)
Extraordinary loss		
Loss on sales of noncurrent assets	117	
Loss on retirement of noncurrent assets	304	40
Provision for loss on head office transfer	74,546	
Loss on adjustment for changes of accounting standard for asset retirement obligations	22,223	
Total extraordinary losses	97,192	40
Income (loss) before income taxes and minority interests	595,762	(4,542)
Income taxes-current	256,473	9,041
Income taxes-deferred	38,798	(2,544)
Total income taxes	295,271	6,496
Income (loss) before minority interests	300,490	(11,038)
Minority interests in income	3,866	
Net income (loss)	296,623	(11,038)

	(unit: thousand yen)	
	Three Months Ended June 30, 2010	Three Months Ended June 30, 2011
Consolidated quarterly statements of comprehensive income		
Income (loss) before minority interests	300,490	(11,038)
Other comprehensive income		
Valuation difference on available-for-sale securities	483	(207)
Total other comprehensive income	483	(207)
Comprehensive income	300,973	(11,245)
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	297,107	(11,245)
Comprehensive income attributable to minority interests	3,866	

(3) Consolidated Cash Flow Statement

(unit: thousand yen)

	Three Months Ended June 30, 2010	Three Months Ended June 30, 2011
Consolidated quarterly statements of cash flows		
Net cash provided by (used in) operating activities		
Income (loss) before income taxes and minority interests	595,762	(4,542)
Depreciation and amortization	81,873	119,605
Amortization of goodwill	2,500	13,336
Gain on negative goodwill	(3,032)	-
Loss on adjustment for changes of accounting standard for asset retirement obligations	22,223	-
Increase (decrease) in provision for bonuses	(94,203)	(39,588)
Increase (decrease) in provision for directors' bonuses		2,500
Increase (decrease) in allowance for doubtful accounts	41,149	1,357
Increase (decrease) in allowance for loss on guarantees for rent	14,251	-
Increase (decrease) in provision for loss on head office transfer	74,546	-
Interest and dividends income	(112)	(62)
Interest income on securities	(347)	(699)
Loss (gain) on sales of noncurrent assets	117	--
Loss on retirement of noncurrent assets	304	40
Decrease (increase) in notes and accounts receivable-trade	70,135	178,188
Decrease (increase) in inventories	442	530
Decrease (increase) in advances paid	(52,576)	-
Increase (decrease) in notes and accounts payable-trade	(5,600)	(10,085)
Increase (decrease) in accounts payable-other	(133,889)	(246,608)
Other, net	9,504	104,132
Subtotal	623,048	118,103
Interest and dividends income received	467	762
Income taxes paid	(664,302)	(22,335)
Net cash provided by (used in) operating activities	(40,785)	96,531
Net cash provided by (used in) investing activities		
Purchase of investment securities	(280)	(352)
Purchase of property, plant and equipment	(85,592)	(27,041)
Proceeds from sales of property, plant and equipment	10	
Purchase of intangible assets	(77,937)	(91,418)
Purchase of investments in subsidiaries	(70,160)	-
Payments for lease and guarantee deposits	-	(169)
Proceeds from collection of lease and guarantee deposits	267	1,148
Net cash provided by (used in) investing activities	(233,692)	(117,832)
Net cash provided by (used in) financing activities		
Proceeds from issuance of common stock	1,757	1,330
Cash dividends paid	(105,321)	(101,158)
Net cash provided by (used in) financing activities	(103,563)	(99,828)
Net increase (decrease) in cash and cash equivalents	(378,042)	(121,130)
Cash and cash equivalents at beginning of period	6,488,292	4,707,564
Cash and cash equivalents at end of period	6,110,250	4,586,434