

Brief Report of the Settlement of Accounts (Consolidated, Japanese Standard) for March 2011

May 12, 2011

Listed company name: NEXT Co., Ltd. Listed exchange market: Tokyo Stock Exchange
Code Number: 2120 URL: <http://www.next-group.jp/>

Representative: (Position) President and CEO
(Name) Takashi Inoue

Contact person: (Position) Director and General Manager of administration
(Name) Kokichi Hamaya TEL: (03) 5783-3603

Scheduled annual meeting of shareholders: June 23, 2011

Scheduled dividends payout date: June 24, 2011

Scheduled securities report submission date: June 24, 2011

Preparation of support documentations for the settlement of accounts: Yes

Meetings for the settlement of accounts: Yes (For institutional investors and analysts)

(Amounts are rounded down to the nearest million yen.)

1. Consolidated financial results for the period ended March, 2011 (From April 1, 2010 to 31 March, 2011)

(1) Consolidated results of operations

(Percentages indicate an increase or decrease in ratio from the previous financial year.)

	Sales		Operating profit		Current profit		Net profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY 03/2011	10,738	(0.4)	1,749	(11.6)	1,758	(11.7)	1,107	7.9
FY 03/2010	10,779	20.7	1,979	98.2	1,991	104.9	1,026	173.1

(Note) Comprehensive income:

FY 03/2011 1,111 million yen (8.5%) FY 03/2010 1,024 million yen (_%)

	Net profit per share	Diluted net income per share	Return on equity	Return on assets	Operating margin
	Yen	Yen	%	%	%
FY 03/2011	5,908.12	5,883.00	14.5	18.0	16.3
FY 03/2010	5,731.97	5,672.84	16.1	22.9	18.4

(Reference) Equity in earnings of affiliates:

FY 03/2011 __ million yen FY 03/2010 __ million yen

(2) Consolidated financial position

	Total assets	Net assets	Shareholder equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY 03/2011	9,711	8,115	83.6	43,277.03
FY 03/2010	9,870	7,203	72.3	38,175.21

(Reference) Shareholder equity:

FY 03/2011 8,115 million yen FY 03/2010 7,133 million yen

(3) Consolidated cash flow status

	Cash flow from operating activities	Cash flow from investment activities	Cash flow from financing activities	Cash and cash equivalent at period end
	Million yen	Million yen	Million yen	Million yen
FY 03/2011	660	(2,317)	(124)	4,707
FY 03/2010	2,033	(455)	490	6,488

2. Dividends

	Annual dividends					Total dividends (Total)	Payout ratio (Consolidated)	Dividend on equity (Consolidated)
	End of first quarter	End of second quarter	End of third quarter	End of quarter	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY 03/2010	—	0.00	—	650.00	650.00	121	11.3	2.4
FY 03/2011	—	0.00	—	590.00	590.00	110	10.0	1.9
FY 03/2012 (Forecast)	—	0.00	—	620.00	620.00		15.0	

3. Forecast of consolidated performance for FY 03/2012 (From April 1, 2011 to 31 March, 2012)

(For the full-year, the percentage indicates an increase or decrease in the ratio from the previous financial year and for the second quarter [accumulated total], from the second quarter of the previous year.)

	Sales		Operating profit		Current profit		Net profit		Net profit per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
(accumulated total) Second quarter	4,966	(9.9)	(153)	—	(142)	—	(115)	—	(618.30)
Full-year	11,739	9.3	1,372	(21.6)	1,421	(19.2)	773	(30.1)	4,126.56

4. Others

(1) Changes in material subsidiaries during the period (changes in specified subsidiaries accompanying the change in the scope of consolidation): Yes

Eliminated one company (Company name: NEXT Financial Service Co., Ltd.)

Note: Please refer to Page 18 of the attachment "Basic Significant Matters for Consolidated Statement Preparation" for details.

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

1) Changes in relation to amendments in the accounting standard: Yes

2) Changes other than 1): No

Note: Please refer to Page 21 of the attachment "Changes in Basic Significant Matters for Consolidated Statement Preparation" for details.

(3) 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

FY 03/2011	187,650 shares	FY 03/2010	186,875 shares
FY 03/2011	120 shares	FY 03/2010	— shares
FY 03/2011	187,385 shares	FY 03/2010	179,001 shares

Note: Please refer to Page 38 of the attachment "Per-share Information" for details.

Reference: Brief summary of individual results**1. Individual results of FY 03/2011 (From April 1, 2010 to 31 March, 2011)****(1) Individual business performance**

(Percentages indicate an increase or decrease in the ratio from the previous financial year.)

	Sales		Operating profit		Current profit		Net profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY 03/2011	10,005	7.9	1,622	(21.3)	1,641	(21.5)	506	(42.7)
FY 03/2010	9,276	15.9	2,060	62.7	2,090	61.9	883	(3.5)

	Net profit per share	Diluted net income per share
	Yen	Yen
FY 03/2011	2,703.10	2,691.61
FY 03/2010	4,937.71	4,886.77

(2) Individual financial position

	Total assets	Net assets	Shareholder equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY 03/2011	9,729	8,190	84.2	43,676.97
FY 03/2010	9,586	7,809	81.5	41,790.53

(Reference) Shareholder equity:

FY 03/2011 8,190 million yen FY 03/2010 7,809 million yen

2. Forecast of individual performance for FY 03/2012 (From April 1, 2011 to 31 March, 2012)

(For the full-year, the percentage indicates an increase or decrease in the ratio from the previous financial year and for the second quarter [accumulated total], from the second quarter of the previous year.)

	Sales		Current profit		Net profit		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Yen
(accumulated total) Second quarter	4,784	(3.3)	(165)	—	(127)	—	(677.80)
Full year	11,348	13.4	1,350	(17.7)	738	45.7	3,935.83

* Indication regarding the performance of audit procedures

- This "Brief Report of the Settlement of Accounts" is not subject to audit procedures in accordance with the Financial Instruments and Exchange Law, and as such, the audit procedures for the financial statements in accordance with the Financial Instruments and Exchange Law have not been completed when this "Brief Report of the Settlement of Accounts" was disclosed.

* Description of the appropriate usage of the business performance forecast and other special matters

- Any descriptions regarding future matters such as a business performance forecast, etc., as stated in this material, are based on the information we currently have and the certain assumptions that are considered to be reasonable. However, the actual business performance may be significantly different due to various causes. Please refer to Page 2 of the attachment "Analysis of Operation Results" for precautions when considering the conditions that are assumed to consist of business performance and when reading the business performance forecast.
- Our company plans to hold a results briefing for institutional investors and analysts on May 13, 2011. This briefing and its descriptions (in movie format) will be listed on our website shortly after being held, together with the account settlement information used on the day.

1. Operation results

(1) Analysis of operation results

□ Operation results for FY 03/2011

From the FY 03/2011 consolidated fiscal year (hereinafter, "FY 03/2011"), 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 we have advanced such business expansion, focusing on our main business, through a real estate information service, by improving property comprehensiveness and enhancing information regarding housing, as well as by providing services that have allowed more people to be able to obtain appropriate information anytime and anywhere.

On the other hand, as it is stated in the "Notice of the Share Acquisition of Littel Co., Ltd.; Share Assignment Agreement," (hereinafter, Littel Co., Ltd., shall be referred to as "Littel"), announced on January 19, 2011, we have acquired all the shares of Littel, and we have gained complete ownership (to be merged with us in April 2011). Littel has a university-industry relation, collaborating with Tokyo University, and has excellent natural language analysis techniques. We will provide our values to the world as a research development base for element technology, which will support our future growth through the development of "techniques to provide appropriate information gained from mass information" and through a "recommendation engine that sends out information for potential need," which Littel already have, as well as by enhancing our services.

In addition to this, in January 2011, our headquarters have moved to an office that is more than twice the size of the past office, for the purposes of expanding business size and improving operational efficiency.

As such, our consolidated business performance in FY 03/2011 has resulted in the following: Sales of 10,738,452 thousand yen (a decrease of 0.4%, compared with the previous consolidated fiscal year (hereinafter, "FY 03/2010"); operating profit of 1,749,898 thousand yen (a decrease of 11.6%); current profit of 1,758,102 thousand yen (a decrease of 11.7%); and net profit of 1,107,095 thousand yen (an increase of 7.9%).

FY 03/2011 saw special losses caused by the sales of shares for NEXT Financial Service Co., Ltd. (hereinafter, "NFS"), along with losses of 229,956 thousand yen and 125,137 thousand yen due to headquarter relocation in January 2011. Expenses from previous years for 22,223 thousand yen have also been recorded in FY 03/2011 for the application of the "Accounting Standard for Asset Retirement Obligation."

The following is the sales and operating profit and loss per segment for FY 03/2011.

(Unit: thousand yen)

Segment name	Sales	Period over period (%)	Operating profit and loss	Period over period (%)
(1) Real estate information service	10,407,598	+ 4.5	2,173,492	(11.6)
(2) Local community	36,298	+ 29.4	(314,522)	(Note 2) —
(3) Guarantor operating ^{*5}	268,819	(65.7)	19,342	(Note 3) —
(4) Others	26,837	+ 450.7	(128,648)	(Note 4) —

Notes

1. Intersegment transactions have not been offset or eliminated.
2. Operating loss of 323,188 thousand yen was recorded for the same period of the previous fiscal year.
3. Operating loss of 123,015 thousand yen was recorded for the same period of the previous fiscal year.
4. Operating loss of 34,547 thousand was recorded for the same period of the previous fiscal year.
5. The performance figures for guarantor operating consist of those up to June 30, 2010, as the entire shares of NFS applicable to the segments were assigned on August 2, 2010 and as the company has been excluded from consolidation since July 1, 2010.

1) Real estate information service

The real estate information service consists of real estate portal services, such as "Rental & Real Estate Trade," "New Condominiums," "New Houses," and "Custom Built House and Renovation," etc., branded with the name "HOME'S," along with business support ASP services for real estate companies provided by Renters Co., which is our consolidated subsidiary.

The market for "New Condominiums" saw a long-term slump, with a fall in income in the previous consolidated fiscal year, but the market has shown some signs of recovery, and our income has, in turn, increased. However, our business's main service of "Rental & Real Estate Trade" has continued to see a small increase regarding income. We have thus focused on maximizing the number of properties for this service, considering the number of properties listed as the most important key indicator from FY 03/2011. As part of this, we have actively advanced to transfer the pricing method of charging the number of properties listed (pay-per-property list) to a fee structure that varies depending upon the "rental fee and the price of property" and on the "number of inquiries" (pay per inquiry), and this new fee structure has been introduced from January 2011, as stated in the "Notice for the New Fee Structure of 'HOME'S," announced on September 2, 2010. This has resulted in the listing of 2.65 million properties at the end of March 2011, increasing dramatically by 94.5% compared with FY 03/2010. However, the number of inquiries has gone below our estimate from January 2011, with the result that sales have gone below those for the same month of FY 03/2010.

As such, the sales of the real estate information service are 10,407,598 thousand yen (an increase of 4.5%, compared with FY 03/2010), with operating profit at 2,173,492 thousand yen (a decrease of 11.6%).

2) Local community

This business consists of the local community website, "Lococom." "Lococom" commenced services in October 2006 and has since then grown into a website with over 200,000 word-of-mouth recommendations. However, its value as an advertising medium is still low, with monthly page view counts of 20 million views, and it has been delaying its profitability. In an effort to accelerate the website's profitability, the company President and CEO, Mr. Inoue, added to his post by also assuming the position of director in October 2010. Since then he has been focusing on making changes to the business models by doing a full renewal of the services and developing support for smartphones.

This has resulted in sales of local community to be 36,298 thousand yen (an increase of 29.4%, compared with FY 03/2010), with operating profit at -314,522 thousand yen (FY 03/2010 was -323,188 thousand yen).

Overall renewal has been completed, and smartphone compatibility has been achieved since April 2011. Due to this, the name of the segment is planned to be amended to the "Regional Information Services" from FY 03/2012.

3) Guarantor operating

This business operates as a service to act as a guarantor for tenants of rental properties, and it was operated in the past by NFS, which is our subsidiary.

In order for us to focus our management resources on our strength, which is the Internet services area, we sold all the shares of NFS to Home Net Co., Ltd. on August 2, 2010, and we have withdrawn from this business upon this share transfer.

This has resulted in the sales of guarantor operating to be 268,819 thousand yen (a decrease of 65.7%, compared with FY 03/2010), with operating profit at 19,342 thousand yen (FY 03/2010 was -123,015 thousand yen).

4) Others

This business consists of non-life insurance agents and a portal website for lifestyle and money, known as "MONEYMO," along with a mobile phone website for atopic people, known as "eQOL Skin care," and the business commenced services from February 2011 to establish a second and third revenue base.

The sales of other businesses are 26,837 thousand yen (an increase of 450.7%, compared with FY 03/2010), with operating profit at -128,648 thousand yen (FY 03/2010 was -34,547 thousand yen).

Please refer to “Account Settlement Explanatory Information for the Period Ended March 2011” and “Business Performance Highlights for the Period Ended March 2011,” announced on May 12, 2011 on our IR website, for the status of per segment, the matters below, and for a more detailed account settlement.

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 number of affiliated stores and the number of properties: Status of the number of “HOME’S Rental & Real Estate Trade”-affiliated stores per region and the number of properties throughout Japan
- Status of the business performance forecast: Progress of sales per service and the main expenses for the business forecast.
- Dividend forecast: Basic policy regarding the forecast for dividends and the dividend allocation for the next year
- 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.

□ **Forecast for the Next Year**

The below is the forecast of consolidated business performance for FY 03/2012.

(Unit: million yen)

	Current performance (FY 03/2011)	Performance forecast for next year (FY 03/2012)	Increase or decrease in amount	Increase or decrease in ratio (%)
Sales	10,738	11,739	+1,001	+9.3
Real estate information service	10,407	10,502	+94	+0.9
Local community	35	928	+893	+2,539.2
Guarantor operating	268	—	(268)	—
Others	26	308	+281	+1,048.7
Operating profit	1,749	1,372	(377)	(21.6)
Current profit	1,758	1,421	(336)	(19.2)
Net profit	1,107	773	(333)	(30.1)

Notes: 1. Transactions between segments are allocated to offset.

2. The Guarantor Operating Business has been withdrawn in the period ended March 2011.

In FY 03/2012, we intend to actively establish a second and third revenue base focusing on the real estate information service, as well as to advance our business expansion abroad (particularly to China and ASEAN countries), continuing to have the slogan of “Aiming to Become a Global Company with DB+CCS (Database + a Communication & Concierge Service)” as an important base for our medium-term business strategies.

As for sales, out of our real estate information services, an increase in income is estimated as in FY 03/2011 for “HOME’S New Condominiums” and “HOME’S New Houses,” the market for which is recovering. On the other hand, as for “HOME’S Rental & Real Estate Trade,” in which revenue has gone below the previous year’s due to the new charge structure, we will make an effort to take measures for various websites and to expand the sales of optional products in order to recover revenue as soon as possible. In addition, as for “Lococom,” the “local community,” not only have its PC and mobile phone websites been entirely renewed in April 2011 but also they have become compatible with smartphones, and the business model was changed from an advertising model to a performance-based model. We will aim to achieve dramatic revenue increase based on this situation. As for others, we will aim to achieve revenue increase focusing on the lifestyle and money portal website, “MONEYMO,” and “eQOL Skincare,” the mobile phone website for atopic people, which commenced in February 2011.

As for profit, our guideline is to adjust the labor cost and advertising cost to 30% and 20% of sales, respectively, but we estimate them to be 30.0% and 21.9%, respectively, in FY 03/2011. The fixed cost (office rental fees) has increased due to headquarter relocation in January 2011.

The effects caused by the Great East Japan Earthquake have been taken into consideration for the FY 03/2012 forecast, based on the movements in business performance after the earthquake. However, uncertainties, such as planned power cuts and aftershocks, are not taken into consideration.

Based on these, the consolidated business performance for the full year has been forecast to be the following: Sales at 11,739 million yen (an increase of 9.3%, compared with FY 03/2011), operating profit at 1,372 million yen (a decrease of 21.6%), current profit at 1,421 million yen (a decrease of 19.2%), and net profit at 773 million yen (a decrease of 30.1%).

Please refer to “Account Settlement Explanatory Information for the Period Ended March 2011,” announced on May 12, 2011 on our IR website, for a detailed business performance forecast including business performance forecast per service and a forecast for main sales management expenses.

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

The above business forecasts are based on information currently available and on assumptions for uncertainties that have an impact on future business performance. Actual business performance may be different from the above forecasts due to various causes in the future.

(2) Analysis of the Financial Position

1) Status of assets, liabilities, and net assets

(Assets)

The balance of current assets is 6,841,742 thousand yen, and it has decreased by 1,344,001 thousand yen compared with the end of the previous consolidated fiscal year. The main causes for this are the elimination of NFS from the consolidation and the headquarters relocation, reducing cash and deposits by 1,781,818 thousand yen, along with: an increase in account receivables by 330,430 thousand yen, an increase due to a decrease in allowance for doubtful debts by 134,593 thousand yen, an increase in accrued income tax refunds by 359,364 thousand yen, a decrease in advances by 278,777 thousand yen, and a decrease in deferred tax assets by 147,440 thousand yen.

The balance of fixed assets is 2,869,728 thousand yen, and it has increased by 1,184,974 thousand yen compared with the end of the previous consolidated fiscal year. The main causes for this are the headquarters relocation and adding Littel to the consolidation, increasing the buildings by 540,233 thousand yen, along with: an increase in goodwill by 206,738 thousand yen, an increase in the software suspense account by 103,929 thousand yen, an increase in security deposits and guarantee money by 405,041 thousand yen, an increase due to a decrease in allowance for doubtful debts by 105,472 thousand yen, and a decrease due to software amortization by 90,132 thousand yen.

As a result of the above, the assets total is 9,711,471 thousand yen, and it has decreased by 159,026 thousand yen compared with the end of the previous consolidated fiscal year.

(Liabilities)

The balance of current liabilities is 1,355,616 thousand yen, and it has decreased by 1,306,122 thousand yen compared with the end of the previous consolidated fiscal year. The main causes for this are an decrease in accrued income tax by 671,295 thousand yen due to NFS being eliminated from the consolidation, a decrease in advance receipts by 510,887 thousand yen, and a decrease in performance guarantee allowance by 141,024 thousand yen.

The balance of fixed liabilities is 240,114 thousand yen, and it has increased by 234,674 thousand yen compared with the end of the previous consolidated fiscal year. This is due to another increase in asset retirement obligations by 236,352 thousand yen in relation to the headquarters relocation.

As a result of the above, the total liabilities is 1,595,730 thousand yen, and it has decreased by 1,071,448 thousand yen compared with the end of the previous consolidated fiscal year.

(Net assets)

The balance of net assets is 8,115,740 thousand yen, and it has increased by 912,421 thousand yen compared with the end of the previous consolidated fiscal year. The main causes for this are: an increase in accumulated income from net profit by 1,107,095 thousand yen, a decrease in accumulated income from dividend payouts by 121,468 thousand yen, and a decrease in minority shareholder interest from the additional acquisition of shares in a subsidiary by 69,325 thousand yen.

2) Status of cash flow

(Unit: thousand yen)

Category	Previous consolidated fiscal year From: April 1, 2009 To: March 31, 2010	Current consolidated fiscal year From: April 1, 2010 To: March 31, 2011	Increase or decrease
Cash flow from operating activities	2,033,349	660,729	(1,372,620)
Cash flow from investment activities	(455,438)	(2,317,018)	(1,861,580)
Cash flow from financing activities	490,372	(124,438)	(614,811)
Increase in cash and cash equivalents	2,068,284	(1,780,728)	(3,849,012)

The cash and cash equivalents (hereinafter, the "Capital") in FY 03/2011 is 4,707,564 thousand yen, a decrease of 1,780,728 thousand yen.

The following is the status of each cash flow in FY 03/2011.

(Cash flow from operating activities)

As a result of operating activities, Capital increased by 660,729 thousand yen, and, compared with the increased Capital of 2,033,349 thousand yen from the results in FY 03/2010, it has decreased by 1,372,620 thousand yen. The main causes for this are: a decrease in net profit before tax by 442,265 thousand yen, compared with the FY 03/2010, resulting 1,365,146 thousand yen; a decrease caused by an increase in accounts receivable of 296,372 thousand yen, an increase of 124,622 thousand yen, compared with the FY 03/2010 (the increase amount of accounts receivable in FY 03/2010 was 171,749 thousand yen); and another decrease caused by the payment amount for the income tax of 1,139,686 thousand yen, an increase of 608,160 thousand yen compared with FY 03/2010.

(Cash flow from investment activities)

As a result of investment activities, Capital decreased by 2,317,018 thousand yen, and, compared with the decreased Capital of 455,438 thousand yen from the results in FY 03/2010, it has decreased by 1,861,580 thousand yen. The main causes for this are: payments of 509,722 thousand yen made due to the acquisition of tangible fixed assets for the headquarters relocation, payments of 755,245 thousand yen made due to the sales of NFS, payments of 227,461 thousand yen made due to the acquisition of Littel, and as the deposit of security deposit and guarantee money caused by payments of 654,745 thousand yen.

(Cash flow from financing activities)

As a result of financing activities, Capital decreased by 124,438 thousand yen, and, compared with the increased Capital of 490,372 thousand yen from the results in FY 03/2010, it has decreased by 614,811 thousand yen. The main causes for this are: no cash flows existed from the sale of treasury stock (FY 03/2010 was 514,527 thousand yen), a decreased income from issuing shares at 3,533 thousand yen, which has decreased by 9,447 thousand yen compared with FY 03/2010, and a decrease of 120,123 thousand yen due to dividends payout.

Reference: Shifts in the cash flow index

Category	FY 03/2007	FY 03/2008	FY 03/2009	FY 03/2010	FY 03/2011
Equity capital ratio (%)	83.3	76.8	74.9	72.3	83.6
Equity capital ratio on a market value basis (%)	466.3	142.6	153.7	133.7	111.2
Cash flow against interest-bearing debt ratio (%)	—	—	—	—	—
Interest coverage ratio (factor)	176.7	—	—	—	—

Notes: Equity capital ratio: equity capital/net assets

Equity capital ratios on market value basis: Market capitalization / net assets

Interest coverage ratio: Operating cash flow/interest payments

Notes 1. Each has been calculated on the basis of consolidated financial figures.

2. "Cash flow from operating activities" as recorded in the consolidated cash flow calculation is used for the operating cash flow.

3. No cash flows against interest-bearing debt ratios are stated due to no interest-bearing debts existing.

4. No interest coverage ratios are stated due to no interest payments existing.

(3) Basic Policy for Profit Allocation and Dividends of FY 03/2011 and FY 03/2012

1) Basic policy for profit allocation

We strive to develop our business aggressively and to grow profit continuously. At the same time, we identify the return of profits to shareholders as one of the important corporate management policies, while focusing on "retained earnings" and "investment for future growth," which are aimed at enhancing and strengthening the company's financial structure.

With respect to dividends, it is our basic policy to flexibly allocate the fruit of our endeavors according to the results of each accounting period in consideration of our medium- to long-term business plan.

2) FY03/2011 profit allocation

The dividend ratio for FY03/2011 profit allocation is to be 10% based on the above basic policy with a payment of 590 yen per share in the dividend. This will be discussed at the 16th annual meeting of shareholders to be held on June 23, 2011.

3) FY03/2012 profit allocation

We expect the FY03/2012 dividend ratio to rise to 15.0%, a gain of 50 percentage points from FY03/2011, as we will further strive to return profits to shareholders in light of the increasing stability of our financial position.

That will constitute the payment of 620 yen per share for FY03/2012 dividends.

(4) Significant Events Regarding Ongoing Concern

No relevant matters exist.

2. Business Policy

(1) Company's Business Basic Policy

Our management principle is to “create a society where everyone can obtain ‘comfort’ and ‘happiness’ through continuing innovations.” Since our establishment in 1995, we have eliminated “negatives” such as “worry,” “dissatisfaction,” and “inconvenience” from property searching and from asymmetrical situations between property buyers or tenants and real estate companies. We have also been making housing and property information available while providing housing and local information, in order to achieve the “best matching of people and their housing” focusing on the real estate information service operated by “HOME'S”—the largest housing and real estate information portal website. We intend to help people achieve better lives by providing not only housing information but also information closely related to life.

(2) Target Corporate Management Metrics

We value our corporate management metrics, such as “Sales” and “Operating margin.” In order to support these, the number of properties listed, inquiries (inquiries from users to real estate companies by e-mail or telephone), and affiliated stores, as well as “Sales per affiliated store” (the value of affiliated store) in the real estate information service are operating indicators. We aim to achieve the ratio of approximately 25% for operating profit in the medium-term. We do not disclose other indicators but we intend to aim for further improvement.

(3) Company's Medium- to Long-term Business Strategies

Our group has been accumulating, organizing, and integrating mass information from all over the world while providing appropriate information to its users who require information through various devices with the slogan of “Aiming to Become a Global Company with DB+CCS (Database + a Communication & Concierge Service)” as an important base for medium-term business strategies. We will aim for an absolute No. 1 for “HOME'S”—the housing and real estate information portal website out of our real estate information services, and will improve its media value as well as maximize the business synergy effect among the group companies, all the while growing new businesses and expanding our businesses overseas.

(4) Challenges to be Dealt With

Our group has been accumulating, organizing, and integrating mass information from all over the world while providing appropriate information to its users who need information through various devices, all with the slogan of “Aiming to Become a Global Company with DB+CCS (Database + a Communication & Concierge Service)” as an important base for medium-term business strategies. We will aim for an absolute No. 1 for “HOME'S”—the housing and real estate information portal website out of our real estate information services, and will improve its media value as well as advance the following approaches with a view toward our significant immediate challenges, such as: maximizing the business synergy effect among the group companies, growing new businesses, and expanding our businesses overseas.

1) Real Estate Information Service

With respect to “HOME'S Rental & Real Estate Trade,” which has seen a change in the pricing method from that based on the number of properties listed to the number of inquiries in January 2011 out of the same business focusing on “HOME'S”—the housing and real estate information portal website—sales have gone below that of the same month in the previous year since the change in the pricing method, and it is imperative to increase the number of inquiries. To be specific, we will attempt to improve the comprehensiveness of the number of properties listed and to increase the number of users by taking the following measures, in order to lead to an increase in inquiries and thus, to expand our business.

(a) Improvement on property comprehensiveness

We will improve the comprehensiveness of property information by expanding our sales activities throughout Japan focusing on Tokyo and large city areas from the four bases of the Tokyo Headquarters, the Osaka and Fukuoka Branches, and the Nagoya Office.

(b) Improvement on attracting customers to the website

We will attempt to increase the number of users and page view counts by improving the ways we attract more customers such as enhancing SEM¹ and SEO² and establishing the “HOME'S” brand as well as by collaborating with the portal websites of other companies and specialized websites.

(c) Compatibility with various devices

We will attempt to increase the number of users and page view counts by being compatible with various terminal devices provided by PCs, mobile phones, and smartphones such as the iPhone³ as well as Android⁴, as well as those using future technical innovations, in addition to providing information that matches various user movements.

(d) Improvement on website content

We will attempt to further improve the content that we believe users require, including real estate related information.

(e) Enhancement of website functions

We will attempt to be different from other websites of the same business by developing new functions and by enhancing the search function.

^{*1} "SEM" is an abbreviation for "Search Engine Marketing." It is a marketing method used to increase visitors to a website from a search engine.

^{*2} "SEO" is an abbreviation for "Search Engine Optimization." It optimizes a web page to display a website on top areas of a search engine.

^{*3} iPhone is a trademark of Apple Inc.

We use iPhone trademarks according to their licenses.

^{*4} Android is a trademark or a registered trademark of Google Inc.

2) Growth and enhancement of businesses other than the real estate portal

(a) Local community

"Lococom", the "local community" website, has been entirely renewed in April 2011, and its business model has been changed, as it has been delaying its profitability. To be specific, the pricing method has been changed to a usage-based charging format that depends upon the number of coupons used for store members.

In order to make profits from the business as soon as possible, we will obtain more salespersons and develop more store members, as well as increase the number of users, by enhancing SEO and by being compatible with smartphones, along with increasing the number of coupons used and promoting word-of-mouth advertising.

(b) Other businesses

We will aim to make profit as soon as possible from a portal website for lifestyle and money, "MONEYMO," along with a mobile phone website for atopic people, "eQOL Skincare," which commenced the services from February 2011.

(c) Starting new businesses and overseas expansion

We will advance our services that could become the NEXT Group's second and third bases by expanding various businesses, including by entering new markets for new areas. We will attempt to expand our business not only in Japan but also to Asian regions, such as China and ASEAN countries, where rapid economic growth has been continuing, all the while aiming for further growth for our group.

3) Enhancement of information management

We have also set up and operated the Confidential Information Control Committee since obtaining ISO27001, which is an information security ISO, in March 2007. We will further enhance our information control by improving our security system, performing regular security checks, as well as educating our employees thoroughly and continuously.

4) Maintaining and training human resources

We will recruit mainly new graduates and focus on recruiting and training human resources who can support our potential business expansion and growth. Not only we will train them in professional skills, but we will also educate candidates for managerial positions by improving our in-house and outside training programs for each job type and each level and by enhancing and educating our human assets—which are expanding.

5) Intellectual property control

Our group believes that it is important to develop our businesses by paying attention to our intellectual properties, such as trademarks, copyrighted works, and patented inventions. In order to achieve such business development, we have a professional section regarding intellectual properties to prevent issues from arising concerning intellectual aspects, including maintenance for such properties, all by obtaining cooperation from external professionals such as lawyers and patent attorneys.

(5) Other Significant Matters Regarding Company's Business

No relevant matters exist.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(unit: thousand yen)

	As of March 31, 2010	As of March 31, 2011
Consolidated balance sheets		
Assets		
Current assets		
Cash and deposits	4,978,419	3,196,600
Accounts receivable-trade	792,909	1,123,340
Short-term investment securities	1,509,873	1,510,964
Inventories	5,619	4,191
Deferred tax assets	302,808	155,367
Accounts receivable-other	340,984	276,771
Advances paid	278,777	-
Income taxes receivable	-	359,364
Other	155,747	259,945
Allowance for doubtful accounts	(179,396)	(44,802)
Total current assets	8,185,743	6,841,742
Noncurrent assets		
Property, plant and equipment		
Buildings	115,208	647,016
Accumulated depreciation	(43,816)	(35,391)
Buildings, net	71,391	611,624
Tools, furniture and fixtures	502,116	657,061
Accumulated depreciation	(349,837)	(371,613)
Tools, furniture and fixtures, net	152,278	285,448
Construction in progress	118,965	-
Total property, plant and equipment	342,635	897,072
Intangible assets		
Goodwill	20,000	226,738
Software	710,605	620,473
Software in progress	4,758	108,687
Other	2,691	8,608
Total intangible assets	738,055	964,507
Investments and other assets		
Investment securities	18,350	29,485
Bad debts	154,599	49,333
Deferred tax assets	71,864	95,829
Lease and guarantee deposits	449,662	854,704
Other	54,508	18,244
Allowance for doubtful accounts	(144,921)	(39,448)
Total investments and other assets	604,063	1,008,148
Total noncurrent assets	1,684,754	2,869,728
Total assets	9,870,498	9,711,471

(unit: thousand yen)

	As of March 31, 2010	As of March 31, 2011
Liabilities		
Current liabilities		
Accounts payable-trade	24,211	40,940
Accounts payable-other	622,882	816,607
Income taxes payable	690,165	18,870
Advances received	519,795	-
Provision for bonuses	420,770	361,489
Provision for directors' bonuses	3,600	-
Allowance for loss on guarantees for rent	141,024	-
Other	239,288	117,708
Total current liabilities	<u>2,661,738</u>	<u>1,355,616</u>
Noncurrent liabilities		
Deferred tax liabilities	5,439	3,762
Asset retirement obligations		236,352
Total noncurrent liabilities	<u>5,439</u>	<u>240,114</u>
Total liabilities	<u>2,667,178</u>	<u>1,595,730</u>
Net assets		
Shareholders' equity		
Capital stock	1,990,605	1,992,372
Capital surplus	2,533,806	2,535,572
Retained earnings	2,613,051	3,598,678
Treasury stock		(7,848)
Total shareholders' equity	<u>7,137,462</u>	<u>8,118,774</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(3,469)	(3,034)
Total accumulated other comprehensive income	<u>(3,469)</u>	<u>(3,034)</u>
Minority interests	69,325	-
Total net assets	<u>7,203,319</u>	<u>8,115,740</u>
Total liabilities and net assets	<u>9,870,498</u>	<u>9,711,471</u>

(2) Consolidated Income Statement and Consolidated Comprehensive Income Statement

	(unit: thousand yen)	
	Year Ended March. 31, 2010	Year Ended March. 31, 2011
Consolidated statements of (comprehensive) income		
Net sales	10,779,618	10,738,452
Cost of sales	243,808	229,055
Gross profit	<u>10,535,809</u>	<u>10,509,397</u>
Selling, general and administrative expenses		
Advertising expenses	1,926,265	2,460,926
Provision of allowance for doubtful accounts	152,222	67,484
Salaries and allowances	2,146,883	2,152,928
Provision for bonuses	407,148	357,507
Provision for directors' bonuses	3,600	-
Allowance for loss on guarantees for rent	36,361	14,251
Commission fee	919,886	925,741
Depreciation	364,055	367,364
Amortization of goodwill	50,682	10,000
Other	2,549,665	2,403,293
Total selling, general and administrative expenses	<u>8,556,769</u>	<u>8,759,499</u>
Operating income	<u>1,979,040</u>	<u>1,749,898</u>
Non-operating income		
Interest income	2,111	1,818
Dividends income	778	967
Rent income	142	-
Subsidy income	-	2,640
Consumption tax difference	12,466	1,220
Gain on negative goodwill	-	3,032
Other	2,263	1,738
Total non-operating income	<u>17,762</u>	<u>11,417</u>
Non-operating expenses		
Stock issuance cost	3,627	-
Handicapped person employment payment	1,200	-
Loss on abandonment of inventories	-	1,271
Other	225	1,942
Total non-operating expenses	<u>5,052</u>	<u>3,213</u>
Ordinary income	<u>1,991,750</u>	<u>1,758,102</u>
Extraordinary income		
Gain on sales of investment securities	188	-
Total extraordinary income	<u>188</u>	<u>-</u>

	(unit: thousand yen)	
	Year Ended March. 31, 2010	Year Ended March. 31, 2011
Extraordinary loss		
Loss on sales of noncurrent assets	74	117
Loss on retirement of noncurrent assets	42,787	15,521
Impairment loss	141,666	-
Loss on sales of stocks of subsidiaries and affiliates	-	229,956
Head office transfer cost	-	125,137
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	22,223
Total extraordinary losses	184,528	392,956
Income before income taxes and minority interests	1,807,411	1,365,146
Income taxes-current	957,057	187,289
Income taxes-deferred	(177,190)	66,894
Total income taxes	779,866	254,183
Income before minority interests	-	1,110,962
Minority interests in income	1,510	3,866
Net income	1,026,033	1,107,095

	(unit: thousand yen)	
	Year Ended March. 31, 2010	Year Ended March. 31, 2011
Consolidated statements of comprehensive income		
Income before minority interests	-	1,110,962
Other comprehensive income		
Valuation difference on available-for-sale securities	-	435
Total other comprehensive income	-	435
Comprehensive income	-	1,111,397
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	-	1,107,531
Comprehensive income attributable to minority interests	-	3,866

(3) Consolidated Statement of Changes in Shareholder Equity, etc.

	(unit: thousand yen)	
	Year Ended March. 31, 2010	Year Ended March. 31, 2011
Consolidated statements of changes in net assets		
Shareholders' equity		
Capital stock		
Balance at the end of previous period	1,984,114	1,990,605
Changes of items during the period		
Issuance of new shares	6,490	1,766
Total changes of items during the period	<u>6,490</u>	<u>1,766</u>
Balance at the end of current period	<u>1,990,605</u>	<u>1,992,372</u>
Capital surplus		
Balance at the end of previous period	2,249,789	2,533,806
Changes of items during the period		
Issuance of new shares	6,489	1,766
Disposal of treasury stock	277,527	-
Total changes of items during the period	<u>284,017</u>	<u>1,766</u>
Balance at the end of current period	<u>2,533,806</u>	<u>2,535,572</u>
Retained earnings		
Balance at the end of previous period	1,624,404	2,613,051
Changes of items during the period		
Dividends from surplus	(37,386)	(121,468)
Net income	1,026,033	1,107,095
Total changes of items during the period	<u>988,646</u>	<u>985,626</u>
Balance at the end of current period	<u>2,613,051</u>	<u>3,598,678</u>
Treasury stock		
Balance at the end of previous period	(240,626)	
Changes of items during the period		
Purchase of treasury stock	-	(7,848)
Disposal of treasury stock	240,626	
Total changes of items during the period	<u>240,626</u>	<u>(7,848)</u>
Balance at the end of current period	<u>-</u>	<u>(7,848)</u>
Total shareholders' equity		
Balance at the end of previous period	5,617,681	7,137,462
Changes of items during the period		
Issuance of new shares	12,980	3,533
Dividends from surplus	(37,386)	(121,468)
Net income	1,026,033	1,107,095
Purchase of treasury stock	-	(7,848)
Disposal of treasury stock	518,154	-
Total changes of items during the period	<u>1,519,780</u>	<u>981,311</u>
Balance at the end of current period	<u>7,137,462</u>	<u>8,118,774</u>

(unit: thousand yen)

	Year Ended March. 31, 2010	Year Ended March. 31, 2011
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	-	(3,469)
Changes of items during the period		
Net changes of items other than shareholders' equity	(3,469)	435
Total changes of items during the period	(3,469)	435
Balance at the end of current period	(3,469)	(3,034)
Total accumulated other comprehensive income		
Balance at the end of previous period	-	(3,469)
Changes of items during the period		
Net changes of items other than shareholders' equity	(3,469)	435
Total changes of items during the period	(3,469)	435
Balance at the end of current period	(3,469)	(3,034)
Minority interests		
Balance at the end of previous period	67,815	69,325
Changes of items during the period		
Net changes of items other than shareholders' equity	1,510	(69,325)
Total changes of items during the period	1,510	(69,325)
Balance at the end of current period	69,325	-
Total net assets		
Balance at the end of previous period	5,685,497	7,203,319
Changes of items during the period		
Issuance of new shares	12,980	3,533
Dividends from surplus	(37,386)	(121,468)
Net income	1,026,033	1,107,095
Purchase of treasury stock	-	(7,848)
Disposal of treasury stock	518,154	-
Net changes of items other than shareholders' equity	(1,958)	(68,890)
Total changes of items during the period	1,517,822	912,421
Balance at the end of current period	7,203,319	8,115,740

(4) Consolidated Cash Flow Statement

(unit: thousand yen)

	Year Ended March. 31, 2010	Year Ended March. 31, 2011
Consolidated statements of cash flows		
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	1,807,411	1,365,146
Depreciation and amortization	364,093	367,529
Amortization of goodwill	50,682	10,000
Gain on negative goodwill		(3,032)
Impairment loss	141,666	-
Increase (decrease) in provision for bonuses	102,766	(36,125)
Increase (decrease) in provision for directors' bonuses	2,850	(3,600)
Increase (decrease) in allowance for doubtful accounts	99,522	41,564
Increase (decrease) in allowance for loss on guarantees for rent	36,361	14,251
Interest and dividends income	(1,324)	(1,299)
Interest income on securities	(1,565)	(1,486)
Stock issuance cost	3,627	-
Loss (gain) on sales of investment securities	(188)	-
Loss (gain) on sales of noncurrent assets	74	117
Loss on retirement of noncurrent assets	42,787	15,521
Loss (gain) on sales of stocks of subsidiaries and affiliates	-	229,956
Head office transfer cost	-	125,137
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	22,223
Decrease (increase) in notes and accounts receivable-trade	(171,749)	(296,372)
Decrease (increase) in inventories	3,090	93
Decrease (increase) in advances paid	(112,505)	(52,576)
Increase (decrease) in notes and accounts payable-trade	(663)	16,728
Increase (decrease) in accounts payable-other	99,015	205,637
Increase (decrease) in advances received	118,535	57,986
Other, net	(22,496)	(279,800)
Subtotal	2,561,990	1,797,600
Interest and dividends income received	2,885	2,815
Income taxes paid	(531,526)	(1,139,686)
Net cash provided by (used in) operating activities	2,033,349	660,729

(unit: thousand yen)

	Year Ended March. 31, 2010	Year Ended March. 31, 2011
Net cash provided by (used in) investing activities		
Purchase of investment securities	-	(10,399)
Proceeds from sales of investment securities	287	-
Purchase of property, plant and equipment	(198,073)	(509,722)
Payments for retirement of property, plant and equipment	(2,401)	(49,955)
Proceeds from sales of property, plant and equipment	20	10
Purchase of intangible assets	(249,908)	(280,788)
Purchase of investments in subsidiaries resulting in change in scope of consolidation	-	(227,461)
Payments for sales of investments in subsidiaries resulting in change in scope of consolidation	-	(755,245)
Purchase of investments in subsidiaries	-	(70,160)
Payments for lease and guarantee deposits	(4,072)	(654,745)
Proceeds from collection of lease and guarantee deposits	8,709	241,450
Other, net	(10,000)	-
Net cash provided by (used in) investing activities	<u>(455,438)</u>	<u>(2,317,018)</u>
Net cash provided by (used in) financing activities		
Proceeds from issuance of common stock	12,980	3,533
Proceeds from sales of treasury stock	514,527	-
Purchase of treasury stock	-	(7,848)
Cash dividends paid	(37,134)	(120,123)
Net cash provided by (used in) financing activities	<u>490,372</u>	<u>(124,438)</u>
Net increase (decrease) in cash and cash equivalents	<u>2,068,284</u>	<u>(1,780,728)</u>
Cash and cash equivalents at beginning of period	4,420,008	6,488,292
Cash and cash equivalents at end of period	<u>6,488,292</u>	<u>4,707,564</u>

4. Individual Financial Statements

(1) Balance Sheet

(unit: thousand yen)

	As of March 31, 2010	As of March 31, 2011
Balance sheets		
Assets		
Current assets		
Cash and deposits	4,524,979	2,921,269
Accounts receivable-trade	742,994	1,091,853
Short-term investment securities	1,509,873	1,510,964
Supplies	5,491	4,188
Advance payments-trade	332	263
Prepaid expenses	141,743	246,532
Deferred tax assets	230,946	148,135
Accounts receivable-other	302,225	280,781
Income taxes receivable		359,364
Other	2,206	11,361
Allowance for doubtful accounts	(42,945)	(44,329)
Total current assets	7,417,849	6,530,386
Noncurrent assets		
Property, plant and equipment		
Buildings	111,526	647,016
Accumulated depreciation	(40,334)	(35,391)
Buildings, net	71,191	611,624
Tools, furniture and fixtures	483,356	643,362
Accumulated depreciation	(338,239)	(362,288)
Tools, furniture and fixtures, net	145,117	281,074
Construction in progress	118,965	
Total property, plant and equipment	335,274	892,698
Intangible assets		
Goodwill	-	10,000
Right of trademark	1,409	1,543
Software	588,817	573,406
Software in progress	-	102,498
Other	425	6,365
Total intangible assets	590,651	693,814
Investments and other assets		
Investment securities	18,350	19,301
Stocks of subsidiaries and affiliates	458,340	615,440
Bad debts	48,184	49,333
Long-term prepaid expenses	42,703	18,074
Deferred tax assets	273,868	95,829
Lease and guarantee deposits	440,531	853,826
Allowance for doubtful accounts	(38,949)	(39,448)
Total investments and other assets	1,243,027	1,612,355
Total noncurrent assets	2,168,954	3,198,868
Total assets	9,586,803	9,729,254

(unit: thousand yen)

	As of March 31, 2010	As of March 31, 2011
Liabilities		
Current liabilities		
Accounts payable-trade	19,859	36,051
Accounts payable-other	549,216	806,001
Accrued expenses	75,521	81,868
Income taxes payable	645,694	-
Accrued consumption taxes	97,426	-
Advances received	4,132	8,004
Deposits received	17,669	19,998
Unearned revenue	1,201	602
Provision for bonuses	366,477	349,632
Total current liabilities	<u>1,777,198</u>	<u>1,302,159</u>
Noncurrent liabilities		
Asset retirement obligations	-	236,352
Total noncurrent liabilities	<u>-</u>	<u>236,352</u>
Total liabilities	<u>1,777,198</u>	<u>1,538,512</u>
Net assets		
Shareholders' equity		
Capital stock	1,990,605	1,992,372
Capital surplus		
Legal capital surplus	2,256,279	2,258,045
Other capital surplus	277,527	277,527
Total capital surpluses	<u>2,533,806</u>	<u>2,535,572</u>
Retained earnings		
Other retained earnings		
Retained earnings brought forward	3,288,663	3,673,716
Total retained earnings	<u>3,288,663</u>	<u>3,673,716</u>
Treasury stock	-	(7,848)
Total shareholders' equity	<u>7,813,075</u>	<u>8,193,813</u>
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(3,469)	(3,071)
Total valuation and translation adjustments	<u>(3,469)</u>	<u>(3,071)</u>
Total net assets	<u>7,809,605</u>	<u>8,190,741</u>
Total liabilities and net assets	<u>9,586,803</u>	<u>9,729,254</u>

(2) Income Statement

(unit: thousand yen)

	Year Ended March. 31, 2010	Year Ended March. 31, 2011
Statements of income		
Net sales		
Service sales	9,178,804	9,945,531
Net sales of goods	61,081	38,792
Net sales of finished goods	36,458	21,648
Total net sales	<u>9,276,343</u>	<u>10,005,971</u>
Cost of sales		
Cost of service sales	133,945	153,406
Cost of goods sold		
Beginning goods	53	-
Cost of purchased goods	53,159	33,662
Cost of goods sold	<u>53,212</u>	<u>33,662</u>
Cost of finished goods sold		
Cost of products manufactured	3,398	2,092
Cost of finished goods sold	3,398	2,092
Total cost of sales	<u>190,556</u>	<u>189,160</u>
Gross profit	<u>9,085,787</u>	<u>9,816,811</u>
Selling, general and administrative expenses		
Advertising expenses	1,815,008	2,429,213
Provision of allowance for doubtful accounts	25,926	24,088
Directors' compensations	138,918	130,874
Salaries and allowances	1,733,145	2,004,593
Provision for bonuses	354,280	332,203
Subcontract expenses	370,519	-
Rents	360,164	389,479
Commission fee	698,699	846,246
Recruiting and education expenses	166,674	-
Amortization of goodwill	-	7,500
Depreciation	323,926	335,137
Other	1,037,887	1,695,000
Total selling, general and administrative expenses	<u>7,025,148</u>	<u>8,194,337</u>
Operating income	<u>2,060,638</u>	<u>1,622,473</u>
Non-operating income		
Interest income	476	219
Interest on securities	1,565	1,362
Dividends income	778	967
Business advisory fee	28,328	12,578
Subsidy income		2,640
Other	3,487	2,424
Total non-operating income	<u>34,635</u>	<u>20,194</u>

	(unit: thousand yen)	
	Year Ended March. 31, 2010	Year Ended March. 31, 2011
Non-operating expenses		
Stock issuance cost	3,627	-
Handicapped person employment payment	1,200	-
Loss on abandonment of inventories	-	1,271
Other	225	112
Total non-operating expenses	5,052	1,383
Ordinary income	2,090,221	1,641,284
Extraordinary income		
Gain on extinguishment of tie-in shares	-	13,112
Total extraordinary income	-	13,112
Extraordinary loss		
Loss on retirement of noncurrent assets	42,777	15,086
Impairment loss	141,666	-
Loss on valuation of stocks of subsidiaries and affiliates	400,000	-
Loss on sales of stocks of subsidiaries and affiliates	-	625,977
Head office transfer cost	-	125,137
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	22,223
Total extraordinary losses	584,443	788,425
Income before income taxes	1,505,778	865,971
Income taxes-current	900,835	87,321
Income taxes-deferred	(278,916)	272,128
Total income taxes	621,919	359,449
Net income	883,859	506,522

(3) Statement of Changes in Shareholder Equity, etc.

(unit: thousand yen)

	Year Ended March. 31, 2010	Year Ended March. 31, 2011
Statements of changes in net assets		
Shareholders' equity		
Capital stock		
Balance at the end of previous period	1,984,114	1,990,605
Changes of items during the period		
Issuance of new shares	6,490	1,766
Total changes of items during the period	6,490	1,766
Balance at the end of current period	1,990,605	1,992,372
Capital surplus		
Legal capital surplus		
Balance at the end of previous period	2,249,789	2,256,279
Changes of items during the period		
Issuance of new shares	6,489	1,766
Total changes of items during the period	6,489	1,766
Balance at the end of current period	2,256,279	2,258,045
Other capital surplus		
Balance at the end of previous period		277,527
Changes of items during the period		
Disposal of treasury stock	277,527	-
Total changes of items during the period	277,527	-
Balance at the end of current period	277,527	277,527
Total capital surplus		
Balance at the end of previous period	2,249,789	2,533,806
Changes of items during the period		
Issuance of new shares	6,489	1,766
Disposal of treasury stock	277,527	-
Total changes of items during the period	284,017	1,766
Balance at the end of current period	2,533,806	2,535,572
Retained earnings		
Other retained earnings		
Retained earnings brought forward		
Balance at the end of previous period	2,442,191	3,288,663
Changes of items during the period		
Dividends from surplus	(37,386)	(121,468)
Net income	883,859	506,522
Total changes of items during the period	846,472	385,053
Balance at the end of current period	3,288,663	3,673,716
Total retained earnings		
Balance at the end of previous period	2,442,191	3,288,663
Changes of items during the period		
Dividends from surplus	(37,386)	(121,468)
Net income	883,859	506,522
Total changes of items during the period	846,472	385,053
Balance at the end of current period	3,288,663	3,673,716

(unit: thousand yen)

	Year Ended March. 31, 2010	Year Ended March. 31, 2011
Treasury stock		
Balance at the end of previous period	(240,626)	-
Changes of items during the period		
Purchase of treasury stock		(7,848)
Disposal of treasury stock	240,626	
Total changes of items during the period	240,626	(7,848)
Balance at the end of current period		(7,848)
Total shareholders' equity		
Balance at the end of previous period	6,435,468	7,813,075
Changes of items during the period		
Issuance of new shares	12,980	3,533
Dividends from surplus	(37,386)	(121,468)
Net income	883,859	506,522
Purchase of treasury stock		(7,848)
Disposal of treasury stock	518,154	
Total changes of items during the period	1,377,606	380,738
Balance at the end of current period	7,813,075	8,193,813
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	-	(3,469)
Changes of items during the period		
Net changes of items other than shareholders' equity	(3,469)	397
Total changes of items during the period	(3,469)	397
Balance at the end of current period	(3,469)	(3,071)
Total valuation and translation adjustments		
Balance at the end of previous period	-	(3,469)
Changes of items during the period		
Net changes of items other than shareholders' equity	(3,469)	397
Total changes of items during the period	(3,469)	397
Balance at the end of current period	(3,469)	(3,071)
Net assets		
Balance at the end of previous period	6,435,468	7,809,605
Changes of items during the period		
Issuance of new shares	12,980	3,533
Dividends from surplus	(37,386)	(121,468)
Net income	883,859	506,522
Purchase of treasury stock	-	(7,848)
Disposal of treasury stock	518,154	-
Net changes of items other than shareholders' equity	(3,469)	397
Total changes of items during the period	1,374,136	381,136
Balance at the end of current period	7,809,605	8,190,741