

4. Consolidated financial statements

(1) Consolidated Balance Sheet

Classification	Note number	End of previous consolidated accounting year (June 30, 2007)		End of this consolidated accounting year (June 30, 2008)		
		Amount (million yen)	Percentage (%)	Amount (million yen)	Percentage (%)	
(Assets)						
I Current assets						
1. Cash and deposits	*1	59,601		11,137		
2. Trade notes and accounts receivable	*4	86,458		57,014		
3. Accrued operating receivables		13,151		-		
4. Inventories		1,520		753		
5. Deferred tax assets		11,229		4,920		
6. Prepaid expenses		10,802		4,638		
7. Others		23,156		14,328		
8. Reserve against defaults		-4,610		-1,204		
Total current assets		201,311	54.9	91,589	45.3	
II Fixed assets						
1. Tangible fixed assets						
(1) Buildings and structures	*1	37,690		20,298		
Cumulative depreciation and amortization		7,219	30,471	4,417	15,881	
(2) Aircraft		3,604		-		
Cumulative depreciation and amortization		655	2,949	-	-	
(3) Fixtures and equipment		11,622		5,546		
Cumulative depreciation and amortization		7,015	4,606	3,643	1,903	
(4) Land	*1		27,495		14,836	
(5) Construction suspense account			743		-	
(6) Other areas		2,042		1,439		
Cumulative depreciation and amortization		925	1,116	850	589	
Total tangible fixed assets			67,382		33,210	
2. Intangible fixed assets						
(1) Good will			64,247		52,731	
(2) Software			1,472		2,455	
(3) Others			10,272		9,261	
Total intangible fixed assets			75,992	20.7	64,448	31.9

Classification	Note number	End of previous consolidated accounting year (June 30, 2007)		End of this consolidated accounting year (June 30, 2008)	
		Amount (million yen)	Percentage (%)	Amount (million yen)	Percentage (%)
3. Investments and other assets					
(1) Investment securities	*3	3,914		1,511	
(2) Long-term loans		1,983		2,318	
(3) Deferred tax assets		2,777		3,514	
(4) Bankrupt credits etc.		723		640	
(5) Lease guarantee money		9,992		6,951	
(6) Long-term prepaid expenses		1,517		-	
(7) Others	*1, 3	3,422		2,274	
(8) Reserve against defaults		-1,150		-2,770	
(9) Reserve against investment losses		-1,228		-1,648	
Total investments and other assets		21,952	6.0	12,792	6.3
Total fixed assets		165,327	45.1	110,450	54.6
Total assets		366,638	100.0	202,040	100.0

Classification	Note number	End of previous consolidated accounting year (June 30, 2007)		End of this consolidated accounting year (June 30, 2008)	
		Amount (million yen)	Percentage (%)	Amount (million yen)	Percentage (%)
(Liabilities)					
I Current liabilities					
1. Bills payable and accounts payable		3,420		3,252	
2. Short-term borrowings	*1, 2	168,004		33,830	
3. Bonds scheduled for redemption within 1 year	*1	4,126		2,330	
4. Accrued expenses		52,913		30,977	
5. Accrued corporate taxes etc.		10,006		1,699	
6. Accrued consumption tax etc.		6,202		2,627	
7. Accounts payable		12,703		7,368	
8. Reserve for bonuses		7,683		6,775	
9. Reserve for order-booking losses		455		59	
10. Reserve for losses on data equipment charges		3,265		806	
11. Reserve for refunds of nursing care remuneration		1,837		105	
12. Reserve for losses on withdrawal from business		1,245		6,669	
13. Others		13,658		1,578	
Total current liabilities		285,524	77.9	98,080	48.5
II Non-current liabilities					
1. Bonds	*1	6,255		2,890	
2. Long-term borrowings	*1, 2	24,459		74,649	
3. Reserve for retirement benefits		4,552		4,490	
4. Others		9,888		3,777	
Total non-current liabilities		45,156	12.3	85,808	42.5
Total liabilities		330,680	90.2	183,888	91.0

Classification	Note number	End of previous consolidated accounting year (June 30, 2007)		End of this consolidated accounting year (June 30, 2008)	
		Amount (million yen)	Percentage (%)	Amount (million yen)	Percentage (%)
(Net assets)					
I Shareholders' equity					
1 Capital		26,618	7.3	34,517	17.0
2 Capital surplus funds		35,980	9.8	43,878	21.7
3 Retained earnings		-50,576	-13.8	-78,582	-38.8
4 Treasury shares	*1	-2,506	-0.7	-2,506	-1.2
Total shareholders equity		9,516	2.6	-2,691	-1.3
II Valuation/translation discrepancy etc.					
1 Net unrealized gain on other securities		-73	-0.0	-212	-0.1
2 Deferred profit/loss on hedges		-47	-0.0	-	-
3 Foreign currency translation adjustment account		165	0.0	-2,572	-1.2
Total valuation/translation discrepancy etc.		44	0.0	-2,784	-1.3
III Minority shareholder equity		26,396	7.2	23,628	11.6
Total net assets		35,957	9.8	18,152	9.0
Total net assets and liabilities		366,638	100.0	202,040	100.0

(2) Consolidated Profit and Loss Statement

Classification	Note number	Previous consolidated accounting year (From July 1, 2006 to June 30, 2007)		This consolidated accounting year (From July 1, 2007 to June 30, 2008)			
		Amount (million yen)	Percentage (%)	Amount (million yen)	Percentage (%)		
I Revenues			509,001	100.0	584,322	100.0	
II Cost of sales			386,397	75.9	465,261	79.6	
Gross profits			122,603	24.1	119,060	20.4	
III Selling, general and administrative expenses							
1. Wages and allowances		46,925			57,291		
2. Retirement benefit expenses		172			149		
3. Leases		13,407			15,873		
4. Communications expenses		3,465			3,857		
5. Amortization of goodwill		2,954			3,384		
6. Depreciation and amortization		3,771			3,522		
7. Allocation to reserve against defaults		976			463		
8. Advertising expenses		5,326			3,375		
9. Others		35,657	112,657	22.1	37,827	125,744	21.5
Operating profits or losses (-)			9,945	2.0		-6,683	-1.1
IV Non-operating profits							
1. Interest receivable		146			330		
2. Dividend receivable		181			26		
3. Fees receivable		24			77		
4. Rent receivable		295			733		
5. Foreign currency transaction gain		260			-		
6. Refund add-on		10			199		
7. Appraisal gain on derivative transactions		271			0		
8. Others		1,007	2,199	0.4	1,648	3,015	0.5
V Non-operating expenses							
1. Interests payable		3,132			5,999		
2. Fees payable		1,119			1,189		
3. Expenses for leased assets		189			652		
4. Others		911	5,351	1.1	1,193	9,034	1.5
Recurring profits or losses (-)			6,794	1.3		-12,702	-2.1

Classification	Note number	Previous consolidated accounting year (From July 1, 2006 to June 30, 2007)		This consolidated accounting year (From July 1, 2007 to June 30, 2008)			
		Amount (million yen)		Percentage (%)	Amount (million yen)		Percentage (%)
VI Extraordinary profits							
1. Profit on sale of fixed assets	*1	763			3,357		
2. Profit on sale of investment securities		16			1,285		
3. Profit on sale of nursing care business		-			18,033		
4. Profit on liquidation of subsidiaries		-			1,890		
5. Others		352	1,133	0.2	397	24,964	4.2
VII Extraordinary losses							
1. Loss on sale of fixed assets	*2	75			67		
2. Loss on disposal of fixed assets	*3	351			255		
3. Impairment	*4	31,213			16,882		
4. Provision of reserve for doubtful accounts		-			798		
5. Appraisal loss on investment securities		68			315		
6. Loss on sale of investment securities		-			224		
7. Provision of reserve for investment losses		-			1,648		
8. Loss on withdrawal from business		3,419			10,978		
9. Loss on refund of nursing care remuneration		1,179			1,186		
10. Loss on data equipment charges		3,356			-		
11. Others		1,522	41,183	8.0	3,035	35,392	6.0
Net loss before taxes etc.			33,256	6.5		23,130	3.9
Corporate tax, residential tax and business tax		5,807			2,049		
Refund of taxes		-			3,141		
Corporate tax etc. adjustment		868	6,675	1.3	6,157	5,066	0.8
Minority shareholder income or loss (-)			776	0.1		-780	-0.1
Net loss			40,708	7.9		27,416	4.7

(3) Consolidated Statement of Changes in Net Assets

Previous consolidated fiscal year (July 1, 2006 – June 30, 2007)

	Shareholders' equity				
	Capital	Capital surplus funds	Retained earnings	Treasury shares	Total shareholders equity
Balance as of June 30, 2006 (million yen)	26,618	35,620	-8,830	-3,978	49,431
Changes during the current consolidated fiscal year					
Dividends from surplus funds	-	-	-1,038	-	-1,038
Net loss	-	-	-40,708	-	-40,708
Repurchase of treasury stock	-	-	-	-682	-682
Share swap	-	359	-	2,154	2,514
Changes in items other than shareholders' equity during the current consolidated fiscal year (net amount)	-	-	-	-	-
Total changes during the current consolidated fiscal year (million yen)	-	359	-41,746	1,471	-39,914
Balance as of June 30, 2007 (million yen)	26,618	35,980	-50,576	-2,506	9,516

	Valuation/translation discrepancy etc.				Minority shareholder equity	Total net assets
	Net unrealized gain on other securities	Deferred profit/loss on hedges	Foreign currency translation adjustment account	Total valuation/translation discrepancy etc		
Balance as of June 30, 2006 (million yen)	6	-59	14	-39	1,341	50,733
Changes during the current consolidated fiscal year						
Dividends from surplus funds	-	-	-	-	-	-1,038
Net loss	-	-	-	-	-	-40,708
Repurchase of treasury stock	-	-	-	-	-	-682
Share swap	-	-	-	-	-	2,514
Changes in items other than shareholders' equity during the consolidated fiscal year (net amount)	-79	12	151	83	25,055	25,138
Total changes during the current consolidated fiscal year (million yen)	-79	12	151	83	25,055	-14,775
Balance as of June 30, 2007 (million yen)	-73	-47	165	44	26,396	35,957

This consolidated fiscal year (July 1, 2007 – June 30, 2008)

	Shareholders' equity				
	Capital	Capital surplus funds	Retained earnings	Treasury shares	Total shareholders equity
Balance as of June 30, 2007 (million yen)	26,618	35,980	-50,576	-2,506	9,516
Changes during the current consolidated fiscal year					
New stock issue	7,898	7,898	-	-	15,797
Net loss	-	-	-27,416	-	-27,416
Repurchase of treasury stock	-	-	-	-0	-0
Decrease in surplus funds due to reduced number of consolidated subsidiaries	-	-	-588	-	-588
Changes in items other than shareholders' equity during the current consolidated fiscal year (net amount)	-	-	-	-	-
Total changes during the current consolidated fiscal year (million yen)	7,898	7,898	-28,005	-0	-12,207
Balance as of June 30, 2008 (million yen)	34,517	43,878	-78,582	-2,506	-2,691

	Valuation/translation discrepancy etc.				Minority shareholder equity	Total net assets
	Net unrealized gain on other securities	Deferred profit/loss on hedges	Foreign currency translation adjustment account	Total valuation/translation discrepancy etc		
Balance as of June 30, 2007 (million yen)	-73	-47	165	44	26,396	35,957
Changes during the current consolidated fiscal year						
New stock issue	-	-	-	-	-	15,797
Net loss	-	-	-	-	-	-27,416
Repurchase of treasury stock	-	-	-	-	-	-0
Decrease in surplus funds due to reduced number of consolidated subsidiaries	-	-	-	-	-	-588
Changes in items other than shareholders' equity during the current consolidated fiscal year (net amount)	-139	47	-2,737	-2,829	-2,768	-5,597
Total changes during the current consolidated fiscal year (million yen)	-139	47	-2,737	-2,829	-2,768	-17,805
Balance as of June 30, 2008 (million yen)	-212	-	-2,572	-2,784	23,628	18,152

(4) Consolidated Statements of Cash Flows

		Previous consolidated accounting year (From July 1, 2006 to June 30, 2007)	This consolidated accounting year (From July 1, 2007 to June 30, 2008)
Classification	Note number	Amount (million yen)	Amount (million yen)
I Cash flows from operating activities			
1 Net income or net loss (-) before income taxes and minority interests		-33,256	-23,130
2 Depreciation and amortization		5,406	5,764
3 Impairment		31,213	16,882
4 Profit on sale of nursing care business			-18,033
5 Profit on sale of fixed assets		-763	-3,357
6 Loss on disposal and sale of fixed assets		427	322
7 Amortization of goodwill		2,954	3,384
8 Write-off of long-term prepaid expenses		532	84
9 Change in reserve for doubtful accounts		2,101	529
10 Change in reserve for investment losses		-2,532	458
11 Change in reserve for bonuses		-1,368	-874
12 Change in reserve for losses on data equipment charges		3,265	-2,449
13 Change in reserve for refunds of nursing care benefits		1,837	-1,731
14 Change in reserve for losses on withdrawal from business		1,245	5,423
15 Change in reserve for retirement benefits		505	104
16 Interest and dividends income		-327	-356
17 Interest expense		3,132	5,999
18 Profit on sale of investment securities		-16	-1,285
19 Appraisal loss on investment securities		68	315
20 Change in bills and accounts receivable		2,867	23,534
21 Change in accrued operating revenues		987	11,480
22 Change in inventories		1,243	709
23 Change in accrued consumption tax		-3,610	-3,228
24 Change in lease guarantee money		-554	2,301
25 Change in long-term prepaid expenses		-2,320	35
26 Change in bills and accounts payable		-4,160	1,225
27 Change in accrued expenses		161	-16,235
28 Change in deposits received		3,904	-1,293
29 Others		-3,525	-15,246
Subtotal		9,418	-8,665

		Previous consolidated accounting year (From July 1, 2006 to June 30, 2007)	This consolidated accounting year (From July 1, 2007 to June 30, 2008)
Classification	Note number	Amount (million yen)	Amount (million yen)
30 Interest and dividends received		306	409
31 Interest paid		-2,964	-6,191
32 Corporate and other taxes paid		-16,140	-10,423
33 Refund of corporate and other taxes			6,338
Cash flows from operating activities		-9,380	-18,533
II Cash flows from investing activities			
1 Net change in time deposits		73	251
2 Proceeds from sale of investment securities		18	1,176
3 Expenditure for acquisition of investment securities		-19	-109
4 Expenditure for acquisition of additional consolidated subsidiary shares	*2	-451	-14
5 Expenditure for acquisition of subsidiary shares leading to changes in the scope of consolidation	*2	-34,314	-3,455
6 Net expenditure for sale of subsidiary shares leading to changes in the scope of consolidation	*3		-2,169
7 Net proceeds from sale of subsidiary shares leading to changes in the scope of consolidation	*3		386
8 Expenditure for acquisition of non-consolidated subsidiary shares		-985	-317
9 Expenditure for acquisition of tangible fixed assets		-15,352	-4,434
10 Proceeds from sale of tangible fixed assets		4,865	19,802
11 Expenditure for acquisition of intangible fixed assets		-560	-1,912
12 Expenditure for loans		-366	-656
13 Expenditure for collection of loans		3,617	6,649
14 Proceeds from business transfer	*4		25,679
15 Expenditure for acquisition of business	*4	-1,494	-1,156
16 Payment of earnest money for acquisition		-590	
17 Others		46	3,742

		Previous consolidated accounting year (From July 1, 2006 to June 30, 2007)	This consolidated accounting year (From July 1, 2007 to June 30, 2008)
Classification	Note number	Amount (million yen)	Amount (million yen)
Cash flows from investing activities		-45,512	43,461
III Cash flows from financing activities			
1 Net change in short-term borrowings		109,018	-38,012
2 Proceeds from long-term borrowings		19,141	701
3 Expenditure for repayment of long-term borrowings		-27,273	-45,749
4 Expenditure for redemption of bonds		-2,281	-5,161
5 Proceeds from issue of shares			15,702
6 Expenditure for repurchase of treasury stock		-682	0
7 Expenditure for repayment of finance lease obligations	*5	-79	-160
8 Expenditure for repayment of installment-payment obligations		-573	
9 Others		-888	-20
Cash flows from financing activities		96,382	-72,699
IV Exchange difference for cash and cash equivalents		96	-80
V Change in cash and cash equivalents		41,585	-47,851
VI Balance of cash and cash equivalents at beginning of year	*1	16,315	57,901
VII Decrease in cash and cash equivalents due to elimination of consolidated subsidiaries			-360
VIII Balance of cash and cash equivalents at end of year	*1	57,901	9,689