The figures for these Financial Statements are prepared in accordance with accounting principles generally accepted in Japan. Accordingly, they do not necessarily match the figures in the Annual Report issued by the Company, which present the same statements in a form that is more familiar to foreign readers through certain reclassifications or summarization of accounts. This English text is a translation of the Japanese original. The original is authoritative.

SUMMARY OF FINANCIAL STATEMENTS (Consolidated)
For the First Three Quarters of the Fiscal Year Ending March 31, 2010

February 4, 2010

NTT URBAN DEVELOPMENT CORPORATION Stock Exchange: Tokyo Stock Exchange
Code Number: 8933 URL: http://www.nttud.co.jp/
Representative: Masaki Mitsumura, President and Chief Executive Officer
Attn.: Masakazu Tsukamoto, Senior Executive Manager, Accounting and Finance Department Tel: +81-3-6811-6424
Filing of quarterly report: February 5, 2010
Scheduled date for commencing payment of dividend: —

(Note that all amounts have been rounded down to the nearest million yen, unless otherwise specified.)

1. Consolidated Financial Results (April 1, 2009 through December 31, 2009)

(1) Consolidated Results of Operations (Figures in percentages denote the year-on-year change)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended December 31, 2009	104,199	0.1	11,936	(54.6)	7,559	(65.7)	(2,256)	—
Nine months ended December 31, 2008	104,063	—	26,275	—	22,032	—	12,458	—

	Net income per share	Net income per share (fully diluted)
	Yen	Yen
Nine months ended December 31, 2009	(685.48)	—
Nine months ended December 31, 2008	3,785.36	—

(2) Consolidated Financial Position

	Total assets	Net assets	Ratio of shareholders' equity to assets	Net assets per share
	Million yen	Million yen	%	Yen
As of December 31, 2009	922,229	177,229	15.4	43,112.16
As of March 31, 2009	936,650	183,593	15.8	45,014.04

(Reference) Shareholders' equity: As of December 31, 2009: 141,890 million yen
As of March 31, 2009: 148,150 million yen

2. Dividends

	Dividends per share				
(Record Date)	End of the 1st quarter	Interim period end	End of the 3rd quarter	Year end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2009	—	600.00	—	600.00	1,200.00
Year ending March 31, 2010	—	600.00	—		
(Forecast) Year ending March 31, 2010				600.00	1,200.00

(Note) Revision to forecast of dividends during this term: No

3. Forecast of Consolidated Financial Results (April 1, 2009 through March 31, 2010)

(Figures in percentages denote the year-on-year change)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Annual	150,000	4.0	14,500	(42.6)	8,000	(59.0)	5,000	(68.7)	1,519.20

(Note) Revisions to forecast of consolidated business results during this term: No

4. Other

(1) Important Changes in Subsidiaries During the Term

(Changes in specified subsidiaries resulting in change in scope of consolidation): Not applicable

New: —

Exception: —

(2) Application of simplified accounting method and accounting treatment specific to preparation of quarterly consolidated financial statements: Applicable

For details, see paragraph 4 “Other” of [Qualitative Information, Financial Statements, Etc.], on page 8.

(3) Changes in accounting principles, procedures, and presentation methods, in relation to the preparation of quarterly consolidated financial statements (Changes Presented as Changes in basic matters for the preparation of quarterly consolidated financial statements)

(i) Changes due to amendment of accounting standards, etc.: Applicable

(ii) Changes other than (i): Not applicable

For details, see paragraph 4 “Other” of [Qualitative Information, Financial Statements, Etc.], on page 8.

(4) Number of Shares Outstanding (Common Stock)

(i) Total number of shares outstanding (including treasury stock) as of the end of each period:

As of December 31, 2009: 3,291,200 shares

As of March 31, 2009: 3,291,200 shares

(ii) Total number of treasury stock as of the end of each period:

As of December 31, 2009: — shares

As of March 31, 2009: — shares

(iii) Average number of issued shares for each period (consolidated cumulative period):

As of December 31, 2009: 3,291,200 shares

As of December 31, 2008: 3,291,200 shares

(Cautionary note regarding use of the Forecast of Financial Results, and other special notations)

Descriptions regarding the future, such as the forecast of financial results herein, are calculated based on the information which is available to the Company as of the date hereof. Please note that actual results may be different due to various factors such as subsequent changes in business environment. For assumptions underlying the forecasts and notes to the forecasts, refer to “3. Qualitative Information on Consolidated Earnings Forecast” of [Qualitative Information, Financial Statements, Etc.], on page 7.

[Qualitative Information, Financial Statements, Etc.]

1. Qualitative Information on Consolidated Financial Results

The Japanese economy continued to face challenging circumstances in the first three quarters under review, evident in high unemployment rates and the moderate deflation that produced lower prices. Still, some signs of a recovery did emerge in exports, production, and personal spending. We expect employment conditions to remain difficult for the time being, but we also believe that the economic recovery will continue, backed by improvements in overseas economies.

In the office leasing market, the average vacancy rate for office buildings in the five wards of central Tokyo remained high, in the 8% range. Market rents clearly weakened, and competition among businesses intensified. The condominium sales market was unable to stage a full recovery, despite progress in inventory adjustments.

In this environment, NTT Urban Development Corporation posted during the first three quarters under review net sales of ¥104,199 million (up ¥136 million, or 0.1% year on year), reflecting a rise in sales in the residential property sales segment, primarily because of an increase in the number of condominiums delivered and revenues from the sale of land, despite a fall in sales in the leasing segment. Operating income was ¥11,936 million (down ¥14,338 million, or 54.6%), mainly attributable to a rise in operating expenses associated with the posting of a loss on the valuation of inventories in cost of sales in the residential property sales business in the second quarter. Ordinary income was ¥7,559 million (down ¥14,473 million, or 65.7%), the result of a rise in interest expenses in non-operating expenses and other factors, in addition to a decline in operating income.

As a result, income before income taxes and minority interests declined. The Company posted a net loss of ¥2,256 million (compared with net income of ¥12,458 million for the year-ago period), reflecting an increase in corporate income taxes due to a reversal of deferred tax assets in the second quarter, among other factors.

The table below shows net sales by business segment in the first three quarters under review. Net sales in each segment in the text include inter-segment internal revenues and transfers.

(Million yen)

Business segment	Previous first three quarters (From April 1, 2008 to December 31, 2008)	First three quarters under review (From April 1, 2009 to December 31, 2009)
Leasing	74,657	74,192
Residential property sales	19,947	23,066
Other	12,998	10,572
Eliminations	(3,539)	(3,631)
Total	104,063	104,199

(Notes) 1. The numbers do not include consumption tax. Net sales of each segment include inter-segment internal revenues and transfers.

2. “Eliminations” refers to internal revenues and transfers duplicated in more than one segment.

1) Leasing Business

In the leasing business, net sales fell from the year-ago period, as factors including a decline in rent income from existing properties and the adverse effect of the sale of properties in the fiscal year ended March 2009 more than offset rent income from new properties completed in the first three quarters under review and from new properties acquired in the fiscal year ended March 2009. Operating income was also down, principally because of a rise in operating expenses, which mainly reflected the posting of expenses associated with the completion of new properties. Operating income was also influenced by the fall in net sales.

The average vacancy rate for office buildings rose in the market, but the vacancy rate for office buildings owned by the Company and its subsidiaries (the Group) was lower than the market rate. The vacancy rate in the five wards of central Tokyo was 5.5%, and the rate nationwide was 4.8% at the end of December 2009.

In the new building development business, projects underway include the Shijo-Karasuma Building (tentative name) (Kyoto-shi, Kyoto), Osaka Station North District Phase 1 Development Area Project (Osaka-shi, Osaka), Shibaura Water Reclamation Center Upper-Level Section Redevelopment Project (Minato-ku, Tokyo), Uchikanda 3-chome Building (tentative name) (Chiyoda-ku, Tokyo), Fukuoka Tenjin Project (tentative name) (Fukuoka-shi, Fukuoka), and Uchihonmachi Building (tentative name) (Osaka-shi, Osaka). The Company was chosen as one of the special architects in Otemachi 1-Chome No. 2 Urban Area Redevelopment Project Type 1 （second-phase) (Chiyoda-ku, Tokyo).

The Otemachi 1-chome Urban Area Redevelopment Project Type 1 (first-phase) (Chiyoda-ku, Tokyo), Urbannet Kotodai Building (Sendai-shi, Miyagi), and Urbannet Jozenji Building (Sendai-shi, Miyagi) were completed in the first three quarters under review.

As a result of these activities, the leasing business recorded net sales of ¥74,192 million (down ¥464 million, or 0.6% year on year), operating expenses of ¥49,101 million (up ¥1,540 million, or 3.2%), and operating income of ¥25,090 million (down ¥2,004 million, or 7.4%). The operating margin declined to 33.8%, down from 36.3% for the year-ago period.

The table below shows sales etc. by use of property in the leasing business. All figures are consolidated results. (Million yen)

Classification		Previous first three quarters (From April 1, 2008 to December 31, 2008)	First three quarters under review (From April 1, 2009 to December 31, 2009)
Office/Retail	Sales	68,608	68,610
	Leasable area	1,170,351 m^2 (Of the above, sub-leases: 21,159 m^2)	1,170,552 m^2 (Of the above, sub-leases: 21,159 m^2)
Residential/Other	Sales	6,048	5,581
Total net sales		74,657	74,192

(Notes) 1. "Leasable area" figures are as of December 31.

2. The leasable area of sub-leases does not include the area of sub-leases that have been agreed upon between the Company and its consolidated subsidiaries.

The table below shows the vacancy rate by area.

Classification	December 2008	March 2009	June 2009	September 2009	December 2009
Central Tokyo (Tokyo 5 wards)	3.1%	2.8%	4.8%	4.9%	5.5%
Nationwide	3.2%	3.1%	4.4%	5.0%	4.8%

(Notes) 1. The numbers above are vacancy rates as of the end of each month.

2. Tokyo 5 wards are Chiyoda-ku, Chuo-ku, Minato-ku, Shibuya-ku, and Shinjuku-ku.

2) Residential Property Sales Business

With respect to the residential property sales business, a total of 495 condominiums were delivered in the first three quarters under review, including Wellith Tsukaguchi (Amagasaki-shi, Hyogo), which was completed in the first three quarters, and properties completed in previous fiscal years. During this period, the Company began sales of Wellith i-S Magome (Ota-ku, Tokyo) and other buildings. With respect to building lot sales, Wellith Park Akuragawa (Yokkaichi-shi, Mie) was delivered.

Net sales were up year on year, primarily because of a rise in the number of condominiums delivered and land sales. However, profit fell from the year-ago level, attributable to a loss on revaluation of inventories that the Company posted in cost of sales in the second quarter.

As a result, the Company posted net sales of ¥23,066 million (up ¥3,119 million, or 15.6% year on year), operating expenses of ¥32,899 million (up ¥14,509 million, or 78.9%), and an operating loss of ¥9,833 million (operating income of ¥1,556 million for the same period of the preceding fiscal year).

The table below shows net sales in the residential property sales business by operation type and area. (Million yen / units)

Classification			Previous first three quarters (From April 1, 2008 to December 31, 2008)		First three quarters under review (From April 1, 2009 to December 31, 2009)	
			Units/Lots	Sales	Units/Lots	Sales
Condominiums						
	Units delivered	Tokyo region	216	10,464	209	5,544
		Other regions	102	5,129	286	9,681
	Completed in inventory		169	—	297	—
Building Lots						
	Lots delivered	Tokyo region	—	0	1	2,004
		Other regions	237	4,353	198	5,835
	Completed in inventory		16	—	94	—
Residential (Condominiums/Building lots)						
	Units/Lots delivered	Tokyo region	216	10,464	210	7,548
		Other regions	339	9,482	484	15,517
	Completed in inventory		185	—	391	—
Other						
	Units/Lots delivered	Tokyo region	—	—	—	—
		Other regions	—	—	—	—
	Completed in inventory		—	—	—	—
Grand total (Sales)			—	19,947	—	23,066

(Notes) 1. For joint projects, the number of units, corresponding to the Company's share in the project, is rounded down to the nearest unit.

2. The numbers of condominiums completed in inventory were current as of December 31. The condominiums completed in inventory in the previous first three quarters include 23 units for which a contract has been completed but ownership has not yet been transferred. The condominiums completed in inventory in the first three quarters under review include 46 units for which a contract has been completed but ownership has not yet been transferred. The building lots completed in inventory include 44 units for which a contract has been completed but ownership has not yet been transferred.

3. Of the building lots delivered in the first three quarters under review, 47 lots (collectively worth ¥5,560 million) were delivered through a block sale of land.

4. The Tokyo region includes Tokyo, Kanagawa, Chiba, Saitama, Ibaraki, Gunma and Tochigi prefectures.

3) Other Business

Net sales in other business in the first three quarters under review were ¥10,572 million (decrease ¥2,425 million, or 18.7% year on year), and operating income was ¥907 million (down ¥244 million, or 21.2%).

2. Qualitative Information on Consolidated Financial Position

(1) Consolidated balance sheet

Assets, net assets and liabilities at the end of the first three quarters under review declined from the end of the previous fiscal year.

(Assets)

Total assets were ¥922,229 million (down ¥14,420 million from the end of the previous fiscal year).

Current assets were ¥122,775 million (down ¥25,672 million), primarily reflecting a decline of ¥33,472 million in inventories.

Fixed assets were ¥799,454 million (up ¥11,251 million), mainly due to a rise of ¥17,044 million in land.

(Liabilities)

Total liabilities were ¥745,000 million (down ¥8,055 million).

Current liabilities were ¥95,155 million (down ¥21,617 million). The major factors included a decrease of ¥23,798 million in short-term borrowings and a fall of ¥9,994 million in commercial paper.

Long-term liabilities were ¥649,845 million (up ¥13,561 million). The main factors included a rise of ¥9,535 million in corporate bonds, and a climb of ¥5,936 million in (fixed) deferred tax liabilities.

Interest-bearing debt at the end of the first three quarters was ¥515,094 million (down ¥5,975 million).

(Net assets)

Net assets were ¥177,229 million (down ¥6,364 million from the end of the previous fiscal year), reflecting a fall of ¥6,205 million in retained earnings.

(2) Consolidated cash flows

Cash and cash equivalents (hereinafter "cash") at the end of the third quarter under review increased ¥4,910 million from the end of the previous fiscal year, to ¥13,602 million. Free cash flows in the first three quarters under review rose ¥86,479 million from the year-ago level, to ¥16,135 million.

(Note) The formula for calculating free cash flow is as follows:

Free cash flow = Cash flow from operating activities + Cash flow from investing activities

The following describes the situation for each category of cash flow and factors in the situation for the first three quarters of the fiscal year:

(Cash flows from operating activities)

Cash provided by operating activities was ¥30,846 million, up ¥47,819 million year on year. The main factors included depreciation and amortization of ¥18,933 million, a decrease in inventories of ¥16,778 million.

(Cash flows from investing activities)

Cash used in investing activities was ¥14,711 million, decreasing ¥38,660 million year on year, primarily reflecting purchases of property, plant and equipment of ¥15,688 million.

(Cash flows from financing activities)

Cash used in financing activities was ¥11,224 million, increasing ¥78,147 million year on year. Increases in cash, including proceeds from long-term borrowings of ¥35,500 million and proceeds from issuance of bonds of ¥10,966 million, were outweighed by decreases in cash, including a net decrease in short-term borrowings of ¥23,798 million, repayments of long-term borrowings of ¥14,519 million, a decrease in commercial paper of ¥9,994 million, redemption of bonds of ¥4,158 million, and cash dividends paid of ¥3,949 million.

3. Qualitative Information on Consolidated Earnings Forecast

The consolidated earnings forecast for the fiscal year ending March 2010 that was announced on November 5, 2009 has not been changed as of the date of the announcement of this summary.

As described in the Notice of Assignment of Fixed Assets and Efforts toward Creation of "NU-6 Fund" announced on February 4, 2010, the Company plans to record a gain on the transfer of fixed assets as an extraordinary gain in the fiscal year ending March 31, 2010. The earnings forecast for the fiscal year reflects the effect of the transfer of fixed assets. The estimated gain on the transfer is slightly more than the amount that is the basis for the earnings forecast. The Company will consider whether it will need to revise the forecast or not, based on future business trends.

The consolidated earnings forecast for the fiscal year ending March 2010 is as follows:

Consolidated Earnings Forecast for Fiscal Year Ending March 2010

	Net sales	Operating income	Ordinary income	Net income	Net income per share
	Million yen	Million yen	Million yen	Million yen	Yen
Forecast for fiscal year ending March 2010	150,000	14,500	8,000	5,000	1,519.20
(For reference) Results for previous fiscal year (ended March 2009)	144,277	25,244	19,504	15,989	4,858.34

Consolidated Segment Forecast for Fiscal Year Ending March 2010

Item	Forecast for fiscal year ending March 2010 (Million yen)	(For reference) Results for previous fiscal year (ended March 2009) (Million yen)
Net sales	150,000	144,277
Leasing	98,700	99,928
Residential property sales	41,800	32,688
Other	14,400	16,624
Eliminations	(4,900)	(4,963)
Operating income	14,500	25,244
Leasing	30,200	35,560
Residential property sales	(9,800)	(6,018)
Other	800	1,500
Eliminations/Corporate	(6,700)	(5,798)

During the first three quarters under review, net sales and operating income fell on a year-on-year basis. There are increasing downside risks associated with rising vacancy rates and pressure to cut prices at existing properties. The average vacancy rate in the market remains high. Given the circumstances, the Company will pay attention to the risks of rising vacancies and falling rents.

In the residential property sales business, net sales rose, but operating income fell year on year, reflecting factors including substantial rises in operating expenses associated with the posting of a loss on revaluation of inventories in the second quarter, which outweighed an increase in the number of condominiums delivered and land sales. The Company assumes that the condominium market will remain weak, although sales are picking up at certain properties. In this environment, the Company will continue to take steps to reduce inventories through the early sales of properties for sale and through the commercialization of land it owns. It will also purchase carefully selected properties after considering their area and target customers.

Given the prevailing business environment, the Group will continue to pursue sustainable growth in its businesses under the NTT Urban Development Group Medium-Term Management Plan 2010 (formulated in November 2007; hereinafter "Medium-Term Management Plan"). Nonetheless, a rapid recovery in the real estate market is unlikely, and the Company cannot guarantee that the numerical targets (for FY2010 ending March 2011) included in the Medium-Term Management Plan will be met.

(Note) Forward-looking statements in this section are based on judgments of the Group as of the date of the announcement of this summary.

4. Other

(1) Important changes of subsidiaries during the term
(change of specified subsidiaries that led to a change in the scope of consolidation):
Not applicable

(2) Application of simplified accounting method and accounting treatment specific to the production of quarterly consolidated financial statements:
Application of simplified accounting treatment
(i) Inventory valuation method
A net sale value is estimated only for inventory assets whose profitability obviously fell, and the book value is reduced accordingly at the end of the quarter.
(ii) Basis for calculating income taxes, deferred tax assets, and deferred tax liabilities
In the calculation of the amount of income taxes to be paid, taxable additions and subtractions and tax deduction items are limited to important ones.
The collectability of deferred tax assets is measured based on the earnings forecast and tax planning used at the end of the previous fiscal year if there is considered to be no significant change in the business environment and occurrence of temporary differences.

(3) Changes in accounting principles, procedures, and presentation methods, in relation to the preparation of quarterly consolidated financial statements
Change in standard for recording amount of completed work and cost of completed work
The Company applied the completed-contract method for recording revenues related to contract work. However, starting the first quarter, the Company is applying the Accounting Standard for Construction Contracts (Accounting Standards Board of Japan Statement No. 15; December 27, 2007) and Guidance on Accounting Standard for Construction Contracts (ASBJ Guidance No. 18; December 27, 2007) and applied the percentage-of-completion method (construction-cost-percentage method for estimating the progress of construction) for contracts whose outcome at the end of the third quarter is deemed certain and the completed-contract method for other construction contracts under which work commenced in the first quarter.
With this change, net sales rose ¥25 million during the first three quarters under review, and operating income, ordinary income, and income before income taxes and minority interests each rose ¥4 million.
The effect on segment information is described in the segment information section.

5. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Million yen)

	At the end of the third quarter (December 31, 2009)	Condensed consolidated balance sheets at the end of previous fiscal year (March 31, 2009)
Assets		
Current assets		
Cash and bank deposits	12,231	8,954
Notes and accounts receivable, trade	5,144	5,167
Property for sale	11,396	11,133
Property for sale in progress	82,723	116,527
Uncompleted construction expenditure	179	109
Stores	—	33
Raw materials	—	26
Merchandise and finished goods	0	0
Raw materials and stores	58	—
Lease investment assets	770	488
Deferred tax assets	1,228	1,411
Other current assets	9,046	4,596
Less allowance for doubtful receivables	(4)	(1)
Total current assets	122,775	148,447
Fixed assets		
Property, plant and equipment		
Buildings and structures	694,010	682,795
Accumulated depreciation	(345,921)	(332,027)
Buildings and structures (net)	348,088	350,767
Machinery and vehicles	13,809	13,731
Accumulated depreciation	(11,333)	(11,116)
Machinery and vehicles (net)	2,476	2,614
Land	395,664	378,620
Leased assets	801	838
Accumulated depreciation	(625)	(597)
Leased assets (net)	176	241
Construction in progress	6,060	9,359
Other fixed assets	14,482	13,602
Accumulated depreciation	(10,523)	(10,079)
Other fixed assets (net)	3,958	3,523
Total property, plant and equipment	756,425	745,127
Intangible assets	3,261	3,338
Investments and other assets		
Investment securities	16,422	16,391
Long-term prepaid expenses	18,596	18,920
Deferred tax assets	278	50
Other assets	4,469	4,379
Less allowance for doubtful receivables	—	(3)
Total investments and other assets	39,766	39,737
Total fixed assets	799,454	788,202
Total assets	922,229	936,650

(Million yen)

	At the end of the third quarter (December 31, 2009)	Condensed consolidated balance sheets at the end of previous fiscal year (March 31, 2009)
Liabilities		
Current liabilities		
Notes and accounts payable, trade	4,093	9,052
Short-term borrowings	2,000	25,798
Lease liabilities	144	179
Current portion of long-term debt (payment within one year)	63,339	41,979
Corporate bonds (must redeem within one year)	2,410	5,109
Commercial paper	—	9,994
Accrued income taxes	16	611
Provision for loss on warranty	143	143
Other current liabilities	23,005	23,902
Total current liabilities	95,155	116,772
Long-term liabilities		
Corporate bonds	116,720	107,185
Long-term debt	330,623	331,003
Finance lease obligations	183	257
Deferred tax liabilities	66,340	60,403
Accrued employees' retirement benefits	5,843	5,255
Accrued directors' and corporate auditors' retirement benefits	79	67
Deposits from tenants	97,160	97,857
Negative goodwill	32,684	34,032
Provision for loss on warranty	60	60
Other long-term liabilities	149	160
Total long-term liabilities	649,845	636,284
Total liabilities	745,000	753,056
Net assets		
Shareholders' equity		
Common stock	48,760	48,760
Capital surplus	34,109	34,109
Retained earnings	58,898	65,103
Total shareholders' equity	141,767	147,973
Accumulated gains from revaluation and translation Adjustments		
Unrealized gain on securities	122	176
Total valuation and translation adjustments	122	176
Minority interests	35,338	35,443
Total net assets	177,229	183,593
Total liabilities and net assets	922,229	936,650

(2) Quarterly Consolidated Statements of Income

(Consolidated First Three Quarters) (Million yen)

	Previous consolidated first three quarters (From April 1, 2008 to December 31, 2008)	Consolidated first three quarters under review (From April 1, 2009 to December 31, 2009)
Net sales	104,063	104,199
Cost of sales	68,396	80,825
Gross profit	35,666	23,374
Selling, general and administrative expenses	9,391	11,438
Operating income	26,275	11,936
Non-operating income		
Interest income	60	49
Dividend income	46	27
Contributions	85	2
Amortization of negative goodwill	1,444	1,444
Equity in earnings of affiliates	100	130
Other	79	366
Total non-operating income	1,816	2,022
Non-operating expense		
Interest expense	5,764	6,215
Other	294	183
Total non-operating expenses	6,058	6,398
Ordinary income	22,032	7,559
Extraordinary income		
Gain on sales of fixed assets	2,081	226
Other	0	—
Total extraordinary income	2,082	226
Extraordinary losses		
Loss on sales of fixed assets	1,081	57
Loss on disposals of fixed assets	1,284	740
Other	517	—
Total extraordinary losses	2,883	798
Income before income taxes and minority interests	21,231	6,987
Corporate income taxes	7,529	8,233
Minority interests	1,243	1,010
Net income (loss)	12,458	(2,256)

(Consolidated Third Quarter) (Million yen)

	Previous consolidated third quarter (From October 1, 2008 to December 31, 2008)	Consolidated third quarter under review (From October 1, 2009 to December 31, 2009)
Net sales	35,690	36,568
Cost of sales	24,429	24,919
Gross profit	11,261	11,649
Selling, general and administrative expenses	3,133	3,578
Operating income	8,128	8,070
Non-operating income		
Interest income	18	16
Dividend income	10	10
Contributions	—	0
Amortization of negative goodwill	481	481
Equity in earnings of affiliates	47	58
Other	22	270
Total non-operating income	579	837
Non-operating expense		
Interest expense	2,002	2,094
Other	58	15
Total non-operating expenses	2,060	2,109
Ordinary income	6,647	6,798
Extraordinary income		
Gain on sales of fixed assets	—	175
Total extraordinary income	—	175
Extraordinary losses		
Loss on sales of fixed assets	1,081	—
Loss on disposals of fixed assets	420	355
Other	517	—
Total extraordinary losses	2,019	355
Income before income taxes and minority interests	4,628	6,617
Corporate income taxes	1,483	2,350
Minority interests	399	335
Net income	2,745	3,931

(3) Quarterly Consolidated Statements of Cash Flows

(Million yen)

	Previous consolidated first three quarters (From April 1, 2008 to December 31, 2008)	Consolidated first three quarters under review (From April 1, 2009 to December 31, 2009)
Cash flows from operating activities		
Income before income taxes and minority interests	21,231	6,987
Depreciation and amortization	19,347	18,933
Amortization of negative goodwill	(1,444)	(1,444)
Amortization of goodwill	—	96
Increase (decrease) in allowance for doubtful receivables	(0)	(0)
Interest and dividends income	(107)	(76)
Interest expense	5,764	6,215
Investment loss (gain) on equity method	(100)	(130)
Loss (gain) on sales of fixed assets	(1,000)	(168)
Loss on disposal of fixed assets	1,284	740
Decrease (increase) in lease investment assets	—	(282)
Decrease (increase) in notes and accounts receivable, trade	1,696	22
Decrease (increase) in inventories	(18,154)	16,778
Increase (decrease) in notes and accounts payable, trade	(21,946)	(4,958)
Increase (decrease) in deposits from tenants	(4,889)	(1,150)
Other	(60)	(823)
Sub-total	1,619	40,737
Interest and dividends received	143	105
Interest paid	(5,567)	(5,919)
Income taxes paid	(13,167)	(4,076)
Net cash provided/used by operating activities	(16,972)	30,846
Cash flows from investing activities		
Purchases of property, plant and equipment	(56,347)	(15,688)
Proceeds from sales of property, plant and equipment	3,825	1,517
Purchases of investment securities	(254)	(23)
Proceeds from sales of investment securities	—	516
Other	(595)	(1,033)
Net cash used in investing activities	(53,371)	(14,711)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	41,620	(23,798)
Net increase (decrease) in commercial paper	11,952	(9,994)
Proceeds from long-term borrowings	40,500	35,500
Repayments of long-term borrowings	(33,230)	(14,519)
Proceeds from issuance of bonds	22,897	10,966
Redemption of bonds	(11,208)	(4,158)
Payments of other long-term accounts payable	(21)	—
Cash dividends paid	(4,281)	(3,949)
Cash dividends paid to minority shareholders	(1,371)	(1,116)
Proceeds from stock issuance to minority shareholders	229	—
Other	(161)	(154)
Net cash provided/used by financing activities	66,922	(11,224)
Net increase (decrease) in cash and cash equivalents	(3,421)	4,910
Cash and cash equivalents at the beginning of the term	15,101	8,691
Cash and cash equivalents at the end of the term	11,680	13,602

(4) Notes regarding the premise of a going concern

Not applicable

(5) Segment information

Segment information by business

Previous consolidated third quarter (from October 1, 2008 to December 31, 2008) (Million yen)

	Leasing	Residential property sales	Other	Total	Eliminations/ Corporate	Consolidated
Sales						
(1) Sales to third parties	24,732	6,002	4,956	35,690	—	35,690
(2) Inter-segment internal revenues and transfers	168	—	1,046	1,215	(1,215)	—
Total	24,900	6,002	6,003	36,906	(1,215)	35,690
Operating income (loss)	8,748	(174)	706	9,280	(1,151)	8,128

Consolidated third quarter under review (from October 1, 2009 to December 31, 2009) (Million yen)

	Leasing	Residential property sales	Other	Total	Eliminations/ Corporate	Consolidated
Sales						
(1) Sales to third parties	24,351	9,528	2,688	36,568	—	36,568
(2) Inter-segment internal revenues and transfers	190	—	1,033	1,223	(1,223)	—
Total	24,541	9,528	3,721	37,792	(1,223)	36,568
Operating income	8,310	915	332	9,559	(1,488)	8,070

Previous consolidated first three quarters (from April 1, 2008 to December 31, 2008) (Million yen)

	Leasing	Residential property sales	Other	Total	Eliminations/ Corporate	Consolidated
Sales						
(1) Sales to third parties	74,150	19,947	9,965	104,063	—	104,063
(2) Inter-segment internal revenues and transfers	506	—	3,032	3,539	(3,539)	—
Total	74,657	19,947	12,998	107,602	(3,539)	104,063
Operating income	27,095	1,556	1,152	29,804	(3,529)	26,275

Consolidated first three quarters under review (from April 1, 2009 to December 31, 2009) (Million yen)

	Leasing	Residential property sales	Other	Total	Eliminations/ Corporate	Consolidated
Sales						
(1) Sales to third parties	73,625	23,066	7,507	104,199	—	104,199
(2) Inter-segment internal revenues and transfers	566	—	3,064	3,631	(3,631)	—
Total	74,192	23,066	10,572	107,831	(3,631)	104,199
Operating income (loss)	25,090	(9,833)	907	16,164	(4,228)	11,936

(Notes) 1. Operating segments:

Operating segmentation is determined based on operations in each segment.

2. Major products in each segment:

Leasing:	Leasing of land and buildings
Residential property sales:	Sale of residential land and buildings (condominiums and detached houses)
Other:	Contract construction and contracted operation and management of real estate

3. Change in accounting method

Previous consolidated first three quarters

(Accounting standard for measurement of inventories)

The Accounting Standard for Measurement of Inventories (ASBJ Statement No. 9 issued on July 5, 2006) is applied beginning the first quarter. In association with the change, operating income in the residential property sales business fell ¥963 million.

Consolidated first three quarters under review

(Change in standard for recording amount of completed work and cost of completed work)

As stated 4. (3) of "Changes in accounting principles, procedures, and presentation methods, in relation to the preparation of quarterly consolidated financial statements" the Accounting Standard for Construction Contracts (Accounting Standards Board of Japan Statement No. 15; December 27, 2007) and Guidance on Accounting Standard for Construction Contracts (ASBJ Guidance No. 18; December 27, 2007) are applied beginning the first quarter. With the change, operating income in the Other segment rose ¥4 million from that calculated using the conventional method.

(6) Note if there is a considerable change to shareholders' equity

Not applicable

6. Other Information

(Significant subsequent event)

The Company resolved at a meeting of its Board of Directors held on February 4, 2010 to assign certain fixed assets to an entity that will hold a real estate fund that the Company plans to create in the future. Details are as follows:

(1) Reason for assignment

To improve the lease portfolio and restore fiscal soundness

(2) Assignee

NU-6 Limited Liability Company (*godogaisha*)

(3) Type of assets to be assigned and use of assets before assignment

(i) Type of assets to be assigned: land and buildings

(ii) Use of assets before assignment: rental offices

(4) Timing of assignment

February 26, 2010 (plan)

(5) Assignment price: ¥22,049 million