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)
(Japanese Accounting Standards) For the First Half of the Year Ending March 31, 2011

November 8, 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.: Satoshi Shinoda, Senior Director, Senior Executive Manager, Accounting and Finance Department
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Filing of quarterly report: November 9, 2010
Scheduled date for commencing payment of dividend: December 3, 2010
Supplementary documents for quarterly results: Yes
Quarterly results briefing: Yes (for institutional investors and analysts)

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

1. Consolidated Financial Results for the First Half of the Year Ending March 31, 2011 (April 1, 2010 through September 30, 2010)

(1) Consolidated Results of Operations (cumulative) (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	%
Six months ended September 30, 2010	72,048	6.5	14,385	272.2	11,560	–	6,045	–
Six months ended September 30, 2009	67,631	(1.1)	3,865	(78.7)	761	(95.0)	(6,187)	–

	Net income per share	Net income per share (fully diluted)
	Yen	Yen
Six months ended September 30, 2010	1,836.72	–
Six months ended September 30, 2009	(1,880.04)	–

(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 September 30, 2010	907,594	189,727	17.0	46,867.26
As of March 31, 2010	916,725	185,537	16.4	45,646.72

(Reference) Shareholders' equity: As of September 30, 2010: 154,249 million yen
As of March 31, 2010: 150,232 million yen

2. Dividends

	Dividends per share				
	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, 2010	–	600.00	–	600.00	1,200.00
Year ending March 31, 2011	–	600.00			
(Forecast) Year ending March 31, 2011			–	600.00	1,200.00

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

3. Forecast of Consolidated Financial Results (April 1, 2010 through March 31, 2011)

(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	141,000	(5.5)	24,000	48.8	18,000	76.2	9,000	47.1	2,734.56

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

4. Other (For details, please refer to “Other Information” on page 6 of the accompanying materials.)

(1) Important changes in subsidiaries during this quarter: Not applicable

New: –

Exception: –

(Note) Any changes in specific subsidiaries accompanied by a change in the scope of consolidation during the quarter under review

(2) Application of simplified accounting method and specific accounting treatment: Applicable

(Note) Adoption of simplified accounting methods or accounting methods unique to the preparation of quarterly consolidated financial statements

(3) Changes in accounting principles and procedures and representation method, etc.

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

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

(Note) Any changes in accounting principles, procedures, or representation method of the accounting methods for the preparation of quarterly consolidated financial statements included in “Changes in Important Items, Etc. That Are Used as Basic Materials for Preparation of Quarterly Consolidated Financial Statements”

(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 September 30, 2010: 3,291,200 shares

As of March 31, 2010: 3,291,200 shares

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

As of September 30, 2010: – shares

As of March 31, 2010: – shares

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

As of September 30, 2010: 3,291,200 shares

As of Septembere 30, 2009: 3,291,200 shares

* Status of a quarterly review

The quarterly consolidated financial statements under the Financial Instruments and Exchange Act have been reviewed at the time of the announcement of this financial summary.

* 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 on Consolidated Operating Results, etc. for the First Half” on page 5 of the accompanying materials.

Accompanying Materials — Contents

1. Qualitative Information on Consolidated Operating Results, etc. for the First Half

(1) Qualitative information on consolidated financial results

The Japanese economy struggled during the first half under review, evidenced by moderate deflation, which caused prices to fall, and high unemployment rates. The employment situation will remain harsh, and there are risks that could depress the economy, including concerns about declines in overseas economies and fluctuations in exchange rates. However, the economy is expected to recover, with the support of government policy and other factors.

In the office leasing market, despite an improvement in the vacancy rate for large office buildings in the five wards of central Tokyo, the average vacancy rate remained high, in the 9% range, and market rents were weak. The condominium sales market is expected to stage a solid rebound with a recovery in sales, especially in central Tokyo, and with progress in inventory adjustments.

As a result, the Company registered a decrease in sales in the leasing business and an increase in sales in the residential property sales business during the first half under review. Overall, net sales amounted to ¥72,048 million (up ¥4,416 million, or 6.5% year on year), operating income was ¥14,385 million (up ¥10,519 million, or 272.2%), and ordinary income was ¥11,560 million (up ¥10,798 million). Net income stood at ¥6,045 million (net loss of ¥6,187 million for the year-ago period).

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

(Million yen)

Business segment	Previous first six months (From April 1, 2009 to September 30, 2009)	First six months under review (From April 1, 2010 to September 30, 2010)
Leasing	49,650	46,539
Residential property sales	13,538	19,893
Total net sales in reported segments	63,188	66,433
Other	6,850	8,057
Eliminations	(2,407)	(2,442)
Total	67,631	72,048

(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 and operating income declined from the year-ago period, reflecting a fall in rent income from existing properties and the effect of the sale of properties in the previous fiscal year, despite rent income from new properties acquired in the first half under review and new properties completed in the fiscal year ended March 31, 2010, including Otemachi 1-Chome Urban Area Redevelopment Project Type 1 (Chiyoda-ku, Tokyo).

With an improvement in the vacancy rate for large office buildings in the five wards of central Tokyo, the average vacancy rate for office buildings owned by the Group in the five wards of central Tokyo fell from 4.9% at the end of June 2010 to 4.1% at the end of September 2010. The average vacancy rate nationwide decreased from 6.2% at the end of June 2010 to 6.0% at the end of September 2010.

In the new building development business, projects in progress include the Urbannet Shijo-Karasuma Building (Kyoto-shi, Kyoto), the Fukuoka Tenjin Project (tentative name) (Fukuoka-shi, Fukuoka), the Osaka Station North District Phase 1 Development Area Project (Osaka-shi, Osaka), the Otemachi 1-Chome No. 2 Urban Area Redevelopment Project Type 1 (Chiyoda-ku, Tokyo), Urbannet Kanda Building (Chiyoda-ku, Tokyo) and the Upper-Level Section Redevelopment Project associated with the reconstruction of the Shibaura Water Reclamation Center (Minato-ku, Tokyo).

As a result of these activities, in the first half under review, net sales of ¥46,539 million (down ¥3,111 million, or 6.3%), operating expenses of ¥31,042 million (down ¥1,828 million, or 5.6%), and operating income of ¥15,496 million (down ¥1,283 million, or 7.6%) were recorded in the leasing business. The operating income margin ratio declined to 33.3%, from 33.8% 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 six months (From April 1, 2009 to September 30, 2009)	First six months under review (From April 1, 2010 to September 30, 2010)
Office/Retail	Sales	45,938	43,191
	Rentable area	1,175,664 m^2 (Of the above, sub-leases: 21,374 m^2)	1,139,997 m^2 (Of the above, sub–leases: 16,326 m^2)
Residential/Other	Sales	3,711	3,347
Total net sales		49,650	46,539

(Notes) 1. "Rentable area" figures are as of September 30.
2. The rentable 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	September 2009	December 2009	March 2010	June 2010	September 2010
Central Tokyo (Tokyo 5 wards)	4.9%	5.5%	6.5%	4.9%	4.1%
Nationwide	5.0%	4.8%	6.4%	6.2%	6.0%

(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 320 condominiums were delivered in the first half under review, including Wellith Takanawa (Minato-ku, Tokyo), which was completed in the first half, and other properties completed in the first half or in previous fiscal years. During this period, the Company began sales of Wellith Tezukayama (Osaka-shi, Osaka) and other condominiums. In terms of detached houses, Wellith Court Honfujisawa (Fujisawa-shi, Kanagawa) was sold. With respect to building lot sales, Common Stage Korigaoka (Osaka-shi, Osaka) was delivered.

With an increase in the number of units delivered and the sale of land, the Company posted net sales of ¥19,893 million (up ¥6,355 million, or 46.9% year on year) for the first half under review. It also recorded operating expenses of ¥18,354 million (down ¥5,932 million, or 24.4%) and operating income of ¥1,539 million (operating loss of ¥10,749 million for the first half 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 six months (From April 1, 2009 to September 30, 2009)		First six months under review (From April 1, 2010 to September 30, 2010)	
			Units/Lots	Sales	Units/Lots	Sales
Condominiums						
	Units delivered	Tokyo region	144	3,834	263	12,524
		Other regions	98	3,458	56	2,017
	Completed in inventories		444	–	163	–
Building Lots						
	Lots delivered	Tokyo region	1	2,003	11	1,578
		Other regions	159	4,242	121	1,829
	Completed in inventories		56	–	30	–
Residential (Condominiums/Building lots)						
	Units/Lots delivered	Tokyo region	145	5,837	274	14,102
		Other regions	257	7,700	177	3,846
	Completed in inventories		500	–	193	–
Other						
	Units/Lots delivered	Tokyo region	–	–	–	–
		Other regions	–	–	1	1,944
	Completed in inventories		–	–	–	–
Grand total (Sales)			–	13,538	–	19,893

(Note) 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. "Completed in inventories" figures are as of the end of September of each fiscal year. The condominiums completed in inventories for the previous first six months and the first six months under review include 145 units and 33 units, respectively, for which a contract has been completed but ownership has not yet been transferred. The building lots completed in inventories for the previous first six months and the first six months under review include 33 lots and 1 lot, respectively, for which a contract has been completed but ownership has not yet been transferred.
3. Of the building lots delivered in the previous first six months, 40 lots (collectively worth ¥4,722 million) were delivered through sales of lands. Of the building lots delivered in the first six months under review, 110 lots (collectively worth ¥2,630 million) were delivered through sales of lands.
4. "Other" in the first six months under review is the sale of a condominium (apartment building).
5. The Tokyo region includes Tokyo, Kanagawa, Chiba, Saitama, Ibaraki, Gunma and Tochigi prefectures.

3) Other

Net sales in other business in the first half under review, were ¥8,057 million (rose ¥1,206 million, or 17.6% year on year), and operating income was ¥498 million (down ¥76 million, or 13.3%).

(2) Qualitative information on consolidated financial position

1) Consolidated balance sheet

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

(Assets)

Total assets were ¥907,594 million (down ¥9,130 million from the end of the previous fiscal year).

Current assets were ¥111,917 million (down ¥13,282 million), primarily reflecting a decrease in notes and accounts receivable, trade of ¥8,672 million.

Fixed assets were ¥795,677 million (up ¥4,152 million).

(Liabilities)

Total liabilities were ¥717,867 million (down ¥13,320 million).

Current liabilities were ¥90,015 million (up ¥5,041 million). Major factors included an increase of ¥10,641 million in the current portion of long-term debt and a decrease of ¥4,999 million in commercial paper.

Long-term liabilities were ¥627,851 million (down ¥18,362 million). The main factors included a decrease of ¥17,561 million in long-term debt.

Interest-bearing debt at the end of the first half was ¥483,709 million (down ¥12,972 million).

(Net assets)

Net assets were ¥189,727 million (up ¥4,189 million), reflecting a rise of ¥4,070 million in retained earnings.

2) Consolidated cash flows

Cash and cash equivalents (hereinafter “cash”) at the end of the first half under review declined ¥1,008 million from the end of the previous fiscal year, to ¥19,500 million. Free cash flows in the first half under review rose ¥1,328 million from the year-ago level, to ¥14,732 million.

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

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

The following is the situation for each category of cash flow and factors in the situation for the first half of the fiscal year:

(Cash flows from operating activities)

Cash provided by operating activities was ¥32,867 million, up ¥9,076 million year on year. Decreases in cash, including interest expense of ¥4,046 million, a decrease in deposits from tenants of ¥1,030 million, and a gain on sales of fixed assets of ¥204 million through the reconfiguration of assets, were more than offset by increases in cash including income before income taxes and minority interests of ¥10,359 million, depreciation and amortization of ¥11,601 million, and a decrease in notes and accounts receivable, trade of ¥8,850 million.

(Cash flows from investing activities)

Cash used in investing activities was ¥18,135 million, with outflow increasing ¥7,748 million year on year, reflecting decreases in cash including purchases of property, plant and equipment of ¥15,006 million.

(Cash flows from financing activities)

Cash used in financial activities was ¥15,734 million, with outflow increasing ¥3,772 million year on year from the previous fiscal year. Increases in cash, including proceeds from long-term borrowings of ¥10,000 million, were more than offset by decreases that included the repayments of long-term borrowings of ¥16,919 million, a decrease in commercial paper of ¥4,999 million, and cash dividends paid of ¥1,974 million.

(3) Qualitative information on consolidated earnings forecast

Results in the first half under review were almost in line with the earnings forecast, and so the consolidated earnings forecast announced on May 12, 2010 has not been changed.

The consolidated earnings forecast for the fiscal year ending March 2011 is as follows:

Consolidated Earnings Forecast for Fiscal Year Ending March 2011 (million yen)

Item	Annual
Net sales	141,000
Operating income	24,000
Ordinary income	18,000
Net income	9,000

Consolidated Segment Forecast for Fiscal Year Ending March 2011 (million yen)

Item	Annual
Net sales	141,000
Leasing	92,700
Residential property sales	38,700
Other	15,000
Eliminations	(5,400)
Operating income	24,000
Leasing	29,100
Residential property sales	500
Other	1,100
Eliminations/Corporate	(6,700)

Although the vacancy rate ceased to rise in the first half under review, net sales and operating income declined year on year in the leasing business, reflecting falls in rents and the effect of the sale of properties in the previous fiscal year. With rents falling, some tenants started to show a willingness to move or expand their leased spaces. However, the average vacancy rate in the market remains high. The Company will continue to pay attention to the risk of falling sales associated with pressure to cut prices and rises in the vacancy rate.

In the residential property sales business, net sales and operating income rose year on year in the first half under review, reflecting a rise in the number of condominiums delivered and the sale of land. Although consumers are showing growing willingness to purchase condominiums and sales are strong, especially in urban areas, the overall condominium sales market has been unable to stage a full recovery. The Company will continue to take steps to reduce inventories by selling properties for sale early and developing business using land it owns. In purchasing new land and properties, the Company will seek to improve profitability by carefully assessing areas and target customers.

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

2. Other Information

(1) Important changes in subsidiaries

Not applicable

(2) Application of simplified accounting method and specific accounting treatment

1) 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 first half.

2) 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 and procedures and the representation method

1) Changes in accounting practices

(Application of the Accounting Standards for Asset Retirement Obligations)

The Accounting Standards for Asset Retirement Obligations (Accounting Standards Board of Japan (ASBJ) Statement No. 18 on March 31, 2008) and the Guidance on Accounting Standards for Asset Retirement Obligations (ASBJ Guidance No. 21 on March 31, 2008) were applied from the first quarter of this fiscal year.

As a result of the applications, operating income and ordinary income of the first half under review decreased ¥77 million, and income before income taxes and minority interests declined ¥1,079 million. The amount of change in asset retirement obligations due to the application of these accounting standards was ¥2,428 million.

(Application of the Accounting Standard for Equity Method of Accounting for Investments and Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method)

The Accounting Standard for Equity Method of Accounting for Investments (ASBJ Statement No. 16 on March 10, 2008) and the Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method (ASBJ Practical Issues Task Force (PITF) No. 24 on March 10, 2008) were applied from the first quarter of this fiscal year.

The applications do not affect ordinary income or income before income taxes and minority interests.

(Application of the Accounting Standard for Business Combinations and other standards)

The Accounting Standard for Business Combinations (ASBJ Statement No. 21 on December 26, 2008), Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22 on December 26, 2008), Partial Amendments to Accounting Standard for Research and Development Costs (ASBJ Statement No. 23 on December 26, 2008), Accounting Standard for Business Divestitures (ASBJ Statement No. 7 on December 26, 2008), Accounting Standard for Equity Method of Accounting for Investments (ASBJ Statement No. 16 on December 26, 2008), and Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10 on December 26, 2008) were applied from the first quarter of this fiscal year.

2) Changes in the method of presentation

(Quarterly consolidated statements of income)

Under the Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22 on December 26, 2008), the Company has applied the Cabinet Office Ordinance Partially Revising Regulations on Terminology, Forms and Preparation of Financial Statements (Cabinet Office Ordinance No. 5 on March 24, 2009). As a result, “income before minority interests” is included in the consolidated statements of income for the first half under review.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Million yen)

	At the end of first half (September 30, 2010)	Previous consolidated fiscal year (March 31, 2010)
Assets		
Current assets		
Cash and bank deposits	9,950	9,601
Notes and accounts receivable, trade	5,731	14,403
Property for sale	9,978	11,767
Property for sale in progress	68,320	69,622
Uncompleted construction expenditure	328	150
Raw materials and supplies	52	52
Leased investment assets	1,790	1,799
Deposits paid	10,722	12,029
Deferred tax assets	1,298	1,507
Other current assets	3,750	4,272
Less allowance for doubtful receivables	(6)	(6)
Total current assets	111,917	125,200
Fixed assets		
Property, plant and equipment		
Buildings and structures	677,283	672,971
Accumulated depreciation	(346,138)	(335,910)
Buildings and structures (net)	331,144	337,061
Machinery, equipment and vehicles	13,482	13,480
Accumulated depreciation	(11,270)	(11,062)
Machinery, equipment and vehicles (net)	2,212	2,418
Land	399,435	395,698
Leased assets	659	683
Accumulated depreciation	(470)	(523)
Leased assets (net)	188	160
Construction in progress	10,222	6,624
Other property, plant and equipment	14,139	13,997
Accumulated depreciation	(10,572)	(10,090)
Other property, plant and equipment (net)	3,567	3,907
Total property, plant and equipment	746,771	745,870
Intangible assets	3,808	3,416
Investments and other assets		
Investment securities	20,398	17,535
Long–term prepaid expenses	18,347	18,410
Deferred tax assets	357	332
Other	5,993	5,961
Less allowance for doubtful receivables	(0)	(0)
Total investments and other assets	45,096	42,238
Total fixed assets	795,677	791,525
Total assets	907,594	916,725

(Million yen)

	At the end of first half (September 30, 2010)	Previous consolidated fiscal year (March 31, 2010)
Liabilities		
Current liabilities		
Notes and accounts payable, trade	7,795	6,287
Lease liabilities	114	130
Current portion of long–term debt (payment within one year)	54,981	44,339
Corporate bonds (must redeem within one year)	2,611	2,861
Commercial paper	–	4,999
Accrued income taxes	4,817	607
Provision for loss on warranty	–	553
Other current liabilities	19,695	25,194
Total current liabilities	90,015	84,973
Long–term liabilities		
Corporate bonds	114,514	115,318
Long–term debt	311,602	329,163
Financial lease obligations	186	157
Deposits from tenants	92,277	92,434
Negative goodwill	31,079	32,234
Deferred tax liabilities	69,258	70,854
Accrued employees' retirement benefits	5,935	5,734
Accrued directors' and corporate auditors' retirement benefits	102	88
Provision for loss on warranty	60	60
Other long–term liabilities	2,834	166
Total long–term liabilities	627,851	646,213
Total liabilities	717,867	731,187
Net assets		
Shareholders' equity		
Common stock	48,760	48,760
Capital surplus	34,109	34,109
Retained earnings	71,341	67,270
Total shareholders' equity	154,210	150,140
Accumulated gains from revaluation and translation adjustments		
Unrealized gains on available-for-sale securities, net of taxes	193	113
Foreign currency translation adjustment	(155)	(21)
Total valuation and translation adjustments	38	91
Minority interests	35,477	35,305
Total net assets	189,727	185,537
Total liabilities and net assets	907,594	916,725

(2) Consolidated Statements of Income

(Consolidated first half)

(Million yen)

	Previous consolidated first half (From April 1, 2009 to September 30, 2009)	Consolidated first half under review (From April 1, 2010 to September 30, 2010)
Net sales	67,631	72,048
Cost of sales	55,906	49,342
Gross profit	11,725	22,705
Selling, general and administrative expenses	7,859	8,319
Operating income	3,865	14,385
Non–operating income		
Interest income	32	32
Dividend income	17	26
Contributions	2	109
Amortization of negative goodwill	963	963
Equity in earnings of affiliates	71	81
Other	96	131
Total non–operating income	1,184	1,344
Non–operating expense		
Interest expense	4,121	3,979
Other	167	189
Total non–operating expenses	4,288	4,169
Ordinary income	761	11,560
Extraordinary income		
Gain on sales of fixed assets	50	204
Total extraordinary income	50	204
Extraordinary losses		
Loss on sales of fixed assets	57	8
Loss on disposals of fixed assets	384	396
Loss on adjustment for changes of accounting standard for asset retirement obligations	–	1,001
Total extraordinary losses	442	1,406
Income before income taxes and minority interests	369	10,359
Corporate income taxes	5,882	3,635
Income before minority interests	–	6,723
Minority interests	675	678
Net income/loss	(6,187)	6,045

(Consolidated second quarter) (Million yen)

	Previous consolidated second quarter (From July 1, 2009 to September 30, 2009	Consolidated second quarter under review (From July 1, 2010 to September 30, 2010)
Net sales	35,046	40,120
Cost of sales	34,260	28,467
Gross profit	785	11,653
Selling, general and administrative expenses	4,191	4,250
Operating income/loss	(3,406)	7,403
Non–operating income		
Interest income	17	16
Contributions	–	32
Amortization of negative goodwill	481	481
Equity in earnings of affiliates	22	20
Other	33	20
Total non–operating income	555	571
Non–operating expense		
Interest expense	2,094	1,996
Other	90	163
Total non–operating expenses	2,185	2,159
Ordinary income/loss	(5,036)	5,815
Extraordinary income		
Gain on sales of fixed assets	50	0
Total extraordinary income	50	0
Extraordinary losses		
Loss on sales of fixed assets	57	–
Loss on disposals of fixed assets	145	126
Total extraordinary losses	203	126
Income/loss before income taxes and minority interests	(5,189)	5,689
Corporate income taxes	3,976	2,070
Income before minority interests	–	3,618
Minority interests	336	335
Net income/loss	(9,502)	3,283

(3) Consolidated Statements of Cash Flows

(Million yen)

	Previous consolidated first half (From April 1, 2009 to September 30, 2009)	Consolidated first half under review (From April 1, 2010 to September 30, 2010)
Cash flows from operating activities		
Income before income taxes and minority interests	369	10,359
Depreciation and amortization	12,597	11,601
Loss on adjustment for changes of accounting standard for asset retirement obligations	–	1,001
Amortization of negative goodwill	(963)	(963)
Amortization of goodwill	64	70
Increase (decrease) in allowance for doubtful receivables	(1)	(0)
Interest and dividends income	(50)	(58)
Interest expense	4,121	3,979
Equity in earnings of affiliates	(71)	(81)
Loss (gain) on sales of property, plant and equipment	7	(196)
Loss on disposal of property, plant and equipment	384	396
Decrease in notes and accounts receivable, trade	374	8,850
Decrease in inventories	14,134	2,903
Increase (decrease) in notes and accounts payable, trade	(2,698)	1,507
Increase (decrease) in deposits from tenants	1,898	(1,030)
Other	(1,573)	(650)
Sub–total	28,592	37,689
Interest and dividends received	78	95
Interest paid	(4,021)	(4,046)
Income taxes paid	(859)	(869)
Net cash provided by operating activities	23,790	32,867
Cash flows from investing activities		
Purchases of property, plant and equipment	(10,875)	(15,006)
Proceeds from sales of property, plant and equipment	864	1,275
Purchases of investment securities	–	(3,127)
Proceeds from sales of investment securities	514	–
Purchase of investments in subsidiaries resulting in change in scope of consolidation	–	(294)
Other	(888)	(982)
Net cash used in investing activities	(10,386)	(18,135)
Cash flows from financing activities		
Net decrease in short–term borrowings	(13,798)	–
Decrease in commercial paper	(9,994)	(4,999)
Proceeds from long–term borrowings	20,000	10,000
Repayments of long–term borrowings	(12,539)	(16,919)
Proceeds from issuance of corporate bonds	10,966	–
Payment of redemption of bonds	(3,755)	(1,055)
Cash dividends paid	(1,974)	(1,974)
Cash dividends paid to minority shareholders	(757)	(718)
Other	(107)	(67)
Net cash used in financing activities	(11,961)	(15,734)
Valuation and translation adjustment on cash and cash equivalents	–	(6)
Net increase (decrease) in cash and cash equivalents	1,442	(1,088)
Cash and cash equivalents at the beginning of the term	8,691	20,508
Cash and cash equivalents at the end of the term	10,134	19,500

(4) Notes regarding the premise of a going concern

Not applicable

(5) Segment information

Segment information by business

Previous consolidated first half (from April 1, 2009 to September 30, 2009) (Million yen)

	Leasing	Residential property sales	Other	Total	Eliminations/ Corporate	Consolidated
Sales						
(1) Sales to third parties	49,273	13,538	4,819	67,631	–	67,631
(2) Inter–segment internal revenues and transfers	376	–	2,031	2,407	(2,407)	–
Total	49,650	13,538	6,850	70,039	(2,407)	67,631
Operating income/loss	16,779	(10,749)	574	6,605	(2,739)	3,865

(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: Contracted construction and contracted operation and management of real estate
3. Change in accounting method
Previous consolidated first half
(Change in standard for recording amount of completed work and cost of completed work)
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 previous first half. With the change, operating income rose ¥2 million in the other business.

Geographical segment information

Previous consolidated first half (from April 1, 2009 to September 30, 2009)

The Company has not disclosed geographical segment information, since none of the Company’s consolidated subsidiaries or important branches are located outside Japan.

Overseas sales

Previous consolidated first half (from April 1, 2009 to September 30, 2009)

There were no overseas sales.

Segment information

1. Overview of reported segments

The reported segments of the Company are those units for which separate financial statements can be obtained among the constituent units of the Company and which are regularly examined by the Board of Directors for decisions on the allocation of management resources and for assessing business performance.

The Company has two reported segments: the leasing segment and the residential property sales segment.

In the leasing segment, the Company leases properties, including office buildings, commercial facilities, and rental housing, that it has developed and owns. In the residential property sales segment, the Company sells residential properties, especially condominiums.

2. Information on sales and profits or losses by reported segment

Consolidated first half under review (from April 1, 2010 to September 30, 2010) (Million yen)

	Reported segments			Other (Note)	Total
	Leasing	Residential property sales	Total		
Sales					
(1) Sales to third parties	46,156	19,893	66,050	5,997	72,048
(2) Inter–segment internal revenues and transfers	382	–	382	2,059	2,442
Total	46,539	19,893	66,433	8,057	74,490
Segment profits	15,496	1,539	17,036	498	17,534

(Note) Other is the business segment that is not included in the reported segments. It includes office building maintenance and air-conditioning services associated with the leasing segment, construction for leasing buildings upon requests from tenants for office renovation, and management of restaurant facilities as incidental facilities of office buildings.

3. Total profits or losses in reported segments, difference from the amount posted in first-half consolidated statement of income and important details in the difference (Difference adjustment)

(Million yen)

Profit	Amount
Total profit in reported segments	17,036
Profit in Other Business	498
Elimination of inter-segment transactions	(2,442)
Company-wide expenses (Note)	(706)
Operating income in the first-half consolidated statement of income	14,385

(Note) Company-wide expenses are primarily selling, general and administrative expenses that are not attributable to reported segments.

4. Impairment losses in fixed assets or goodwill by reported segment

Not applicable

(Additional Information)

The Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (ASBJ Statement No. 17 on March 27, 2009) and the Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (ASBJ Guidance No. 20 on March 21, 2008) were applied from the first quarter of this fiscal year.

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

Not applicable

(7)Other

(Significant subsequent events)

The Company issued the following domestic bond under a resolution approved at a Board of Directors meeting held on September 27, 2010.

Classification	NTT Urban Development Corporation 10th Unsecured Domestic Bond
Issue date	October 29, 2010
Total amount issued	¥10 billion
Issue price	¥99.94 per face value of ¥100
Interest rate	1.03%
Maturity date	September 18, 2020
Use	Repayments of borrowings