

Consolidated Financial Statements (Japanese Accounting Standard)

November 10, 2017

(For the six months ended September 30, 2017)

Name of Company Listed: **Leopalace21 Corporation** Stock Listing: Tokyo Stock Exchange
 Code Number: 8848 URL: <http://eg.leopalace21.com/> Location of Head Office: Tokyo
 Representative: Position: President and CEO Name: Eisei Miyama
 Name of Contact Person: Position: Director Name: Bunya Miyao Telephone: +81-3-5350-0216
 Scheduled Date of Filing of Securities Report (Japanese only): November 14, 2017
 Scheduled Date of Commencement of Dividend Payments: December 11, 2017
 Supplemental Explanatory Material Prepared: Yes Results Briefing Held: Yes

1. Results for the Six Months ended September 30, 2017 (April 1, 2017 through September 30, 2017)

(1) Consolidated financial results (Amounts less than one million yen are omitted)

(The percentage figures indicate rate of gain or loss compared with the same period last year)

	Net sales		Operating profit		Recurring profit		Net income attributable to shareholders of the parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended September 30, 2017	258,740	1.4	13,987	23.4	13,827	28.7	9,488	-2.1
Six months ended September 30, 2016	255,190	1.0	11,337	6.0	10,742	8.1	9,688	15.3

(Note) Comprehensive income in the six months ended September 30, 2017: 8,365 million yen (183.0%);
 six months ended September 30, 2016: 2,955 million yen (-67.6%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended September 30, 2017	36.68	36.66
Six months ended September 30, 2016	36.85	36.85

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of September 30, 2017	324,989	156,151	48.0
As of March 31, 2017	337,828	158,870	47.0

(Reference) Shareholders' equity as of September 30, 2017: 155,918 million yen; as of March 31, 2017: 158,713 million yen

2. Dividend Status

	Dividend per share				
	End of Q1	End of Q2	End of Q3	End of FY	Annual
	Yen	Yen	Yen	Yen	Yen
FY ended March 31, 2017	—	10.00	—	12.00	22.00
FY ending March 31, 2018	—	10.00	—	—	—
FY ending March 31, 2018 (Estimate)	—	—	—	12.00	22.00

(Note) Restatement of most recent dividend forecast: None

3. Estimation of Consolidated Business Results for the Fiscal Year ending March 31, 2018 (April 1, 2017 through March 31, 2018)

(The percentage figures for full year indicate rate of gain or loss compared with the previous FY, while those for the interim period indicate rate of gain or loss compared with the same term in the previous FY)

	Net sales		Operating profit		Recurring profit		Net income attributable to shareholders of the parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
FY ending March 31, 2018	540,000	3.7	23,500	2.6	22,500	0.6	14,200	-30.4	54.89

(Note) Restatement of most recent consolidated business results forecast: None

4. Other

- (1) Changes in major subsidiaries during the subject period (change in specific subsidiaries resulting in a change in the scope of consolidation): None
- (2) Use of accounting procedures specific to the preparation of quarterly financial statements: Yes
(Note) Refer to P.11 Application of Accounting Methods Specific to the Preparation of Quarterly Consolidated Financial Statements” for details.
- (3) Changes in accounting principles, procedures or reporting methods used in preparation of financial statements
 - (i) Changes in accounting policies accompanying revision of accounting standards, etc.: None
 - (ii) Changes in accounting policies other than (i) above: None
 - (iii) Changes in accounting estimates: None
 - (iv) Restatements: None
- (3) Total number of outstanding shares (common stock)
 - (i) Total number of outstanding shares at term end (including treasury stock)
As of September 30, 2017: 263,443,915 shares, As of March 31, 2017: 267,443,915 shares
 - (ii) Total treasury stock at term end
As of September 30, 2017: 11,331,580 shares, As of March 31, 2017: 4,569,920 shares
 - (iii) Average number of outstanding shares during the period
As of September 30, 2017: 258,694,691 shares, As of September 30, 2016: 262,874,348 shares

*Indication regarding the status of auditing:

These financial statements are not subject to auditing under the Financial Instruments and Exchange Act. The review of these financial statements in accordance with the Financial Instruments and Exchange Act are not completed at the time of disclosure.

*Explanation on the proper use of the business forecasts, and other special notices:

(Note on the business forecasts and other forward-looking statements)

The business forecasts and other forward-looking statements contained in this report are based on information currently available to the Company and on certain assumptions that Leopalace21 has judged to be reasonable. Readers should be aware that a variety of factors might cause actual results to differ significantly from these forecasts.

For assumptions of business forecasts and notes on the proper use of these forecasts, please refer to P.5 “1. Business Results (3) Explanation Concerning Business Forecasts and Other Forward-looking Statements.”

(Method for the acquisition of supplemental explanatory material)

Supplemental Explanatory Material on quarterly financial statements is scheduled to be posted on the Company's web site on November 10, 2017.

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1. Business Results

(1) Analysis of Business Results

(Million yen)

	Net sales	Operating profit	Recurring profit	Net income attributable to shareholders of the parent
Six months ended September 30, 2017	258,740	13,987	13,827	9,488
Six months ended September 30, 2016	255,190	11,337	10,742	9,688
Difference	3,549	2,649	3,085	(199)

During the subject six months, the domestic economy showed gradual progression supported by improvements in employment and income, as well as corporate profits.

Although apartment construction remains a popular strategy to reduce inheritance tax, new housing starts of leased units has decreased year-on-year for four consecutive months since June, decreasing 1.7% year-on-year during the subject six months. As the number of vacant houses continues to increase and recovery in nationwide demand becomes difficult, achieving stable occupancy rates requires constructing apartments in areas with high demand, in addition to providing high-quality products and services that meet tenants' needs.

Under these conditions, the Leopalace21 Group (the "Group") announced the Medium-term Management Plan "Creative Evolution 2020", aiming to create corporate and new social value with the basic policy of "Supporting continuous growth of core businesses in ways that further increase corporate value while constructing a base for growth areas".

As a result, consolidated net sales for the subject six months came to 258,740 million yen (up 1.4% year-on-year). Operating profit was 13,987 million yen (up 23.4% year-on-year), recurring profit was 13,827 million yen (up 28.7% year-on-year), and net income attributable to shareholders of the parent was 9,488 million yen (down 2.1% year-on-year).

Results by reportable segment are as follows.

Effective as of the first quarter, the methods of reportable segment categorization was changed. The figures in the table below are presented for comparison with the same period of a year ago, after they are reclassified according to the revised methods of reportable segment categorization and common expense allocation.

(Actual figures by segment)

(Million yen)

	Net sales			Operating profit		
	Six months ended September 30, 2016	Six months ended September 30, 2017	Difference	Six months ended September 30, 2016	Six months ended September 30, 2017	Difference
Leasing Business	210,159	217,439	7,280	12,512	16,058	3,546
Development Business	35,061	32,024	(3,036)	1,479	974	(504)
Elderly Care Business	5,649	6,293	644	(854)	(745)	108
Hotels, Resort, & Other Business	4,320	2,982	(1,338)	66	(168)	(235)
Adjustments	—	—	—	(1,865)	(2,130)	(265)
Total	255,190	258,740	3,549	11,337	13,987	2,649

(i) Leasing Business

In the Leasing Business, to establish stable occupancy, the Group providing wealth of value-added life to their tenants such as "my DIY" (formerly known as "Room Customize") which enable tenants to arrange their rooms, providing an internet services "LEONET" website for tenants, and security system installations in alliance with large security companies, as well as further strengthening sales for corporate customers and increase foreign tenants by refining customer support. In addition, the Group develops and manages service apartments and service offices in ASEAN countries.

The occupancy rate at the end of the second quarter was 90.21% (up 1.90 points from the end of the same quarter last year) and the average occupancy rate for the period was 90.20% (up 1.84 points year-on-year).

The number of units under management at the end of the second quarter was 570 thousand (increasing 2 thousand from the end of the previous fiscal year), the number of direct offices was 189 (no change), and the number of franchise offices was 117 (decreasing 2 from the end of the previous fiscal year).

As a result, net sales amounted to 217,439 million yen (up 3.5% year-on-year), and operating profit was 16,058 million yen (up 28.3% year-on-year).

(ii) Development Business

In the Development Business, the Group focused on supplying apartments in the three metropolitan areas where solid leasing demand is anticipated supported by an increase in population, as well as providing high quality and forefront strategic products. In addition, the Group implemented a new brand attempting to strengthen product competitiveness, expanded construction variations based on "ideal land use", and has begun reconsidering suppliers and product prices to improve profitability.

Also, subsidiary Life Living Co., Ltd. provides development business of condominiums and apartments and subsidiary Morizou Co., Ltd., provides luxury custom-built homes made with Kiso-hinoki.

Orders received during the subject six months amounted to 37,886 million yen (down 14.5% year-on-year) and orders received outstanding stood at 68,042 million yen (down 6.0% from the end of the same quarter last year).

As a result, net sales came to 32,024 million yen (down 8.7% year-on-year), and operating profit was 974 million yen (down 34.1% year-on-year).

(iii) Elderly Care Business

Net sales were 6,293 million yen (up 11.4% year-on-year) and operating loss was 745 million yen (improvement of 108 million yen year-on-year).

(iv) Hotels, Resort, & Other Business

Net sales of the resort facilities in Guam, hotels in Japan, and other businesses including the finance business were 2,982 million yen (down 31.0% year-on-year) and operating loss was 168 million yen (compared to a profit of 66 million yen last year).

(2) Analysis of Consolidated Financial Position

(i) Position of Assets, Liabilities, and Net Assets

(Million yen)

	Assets	Liabilities	Net assets
As of September 30, 2017	324,989	168,837	156,151
As of March 31, 2017	337,828	178,958	158,870
Difference	(12,839)	(10,121)	(2,718)

Total assets at the end of the second quarter decreased 12,839 million yen from the end of the previous fiscal year to 324,989 million yen. This was mainly attributable to a decrease of 8,547 million yen in cash and cash equivalents, 2,416 million yen in buildings and structures (net), and 10,369 million yen in land, despite an increase of 2,617 million yen in real estate for sale, 3,732 million yen in deferred tax assets, 2,529 million yen in leased assets (net), and 2,084 million yen in construction in progress.

Total liabilities decreased 10,121 million yen from the end of the previous fiscal year to 168,837 million yen. This primarily reflected a decrease of 4,543 million yen in long and short term advances received, 3,763 million yen in accounts payable for completed projects, and 2,581 million yen in borrowings and bonds, despite an increase of 2,808 million yen in lease obligations.

Net assets decreased 2,718 million yen from the end of the previous fiscal year to 156,151 million yen, chiefly due to a recording of 9,488 million yen in net income attributable to shareholders of the parent, a payment of dividends of 3,154 million yen, share repurchases of 8,000 million yen, and a decrease of 1,786 million yen in foreign currency translation adjustments. The ratio of shareholders' equity to assets rose 1.0 points from the end of the previous fiscal year to 48.0%.

(ii) Position of Cash Flows

Cash flow from operating activities was a net inflow of 8,003 million yen (an increase of 3,839 million yen in net inflow from the same period of the previous fiscal year). This was mainly due to 6,319 million yen of income before taxes and minority interests, 5,551 million yen of depreciation, and 7,417 million yen in impairment loss, despite an increase of 3,547 million yen in real estate for sale, a decrease of 4,795 million yen in accounts payable, and a decrease of 4,542 million yen in advances received.

Cash flow from investing activities was a net inflow of 186 million yen (compared to a net outflow of 3,397 million yen from the same period of the previous fiscal year). This was primarily due to proceeds from sale of property, plant and equipment of 4,616 million yen, despite payment for purchase of property, plant and equipment of 3,273 million yen.

Cash flow from financing activities was a net outflow of 16,037 million yen (an increase of 8,935 million yen in net outflow from the same period of the previous fiscal year). This was chiefly due to a debt repayment of 4,879 million yen (after deduction of proceeds from debt), share repurchases of 8,000 million yen, and dividend payments of 3,154 million yen.

As a result, cash and cash equivalents at the end of the subject period under review stood at 83,668 million yen, an increase of 4,017 million yen from the end of the same period of the previous fiscal year

(3) Explanation Concerning Business Forecasts and Other Forward-looking Statements

Business forecasts announced in the consolidated financial statements published on May 15, 2017 remain unchanged.

Please note that business forecasts and other forward-looking statements contained in this report are based on information currently available to the Group as of the publication of this statement, and actual results may differ due to a variety of factors.

2. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Million yen)

	September 30, 2017	March 31, 2017
<Assets>		
Current assets		
Cash and cash equivalents	95,885	104,432
Trade receivables	5,746	6,547
Accounts receivable for completed projects	1,913	2,355
Operating loans	496	675
Real estate for sale	3,039	421
Real estate for sale in progress	2,779	1,849
Payment for construction in progress	399	518
Prepaid expenses	3,136	2,827
Deferred tax assets	12,424	8,636
Others	4,767	5,707
Allowance for doubtful accounts	(163)	(186)
Total current assets	130,426	133,786
Non-current assets		
Property, plant, and equipment		
Buildings and structures (net)	39,411	41,827
Machinery, equipment, and vehicles (net)	13,324	14,206
Land	70,019	80,388
Leased assets (net)	16,181	13,652
Construction in progress	5,996	3,911
Others (net)	1,357	1,281
Total property, plant, and equipment	146,291	155,267
Intangible fixed assets		
Goodwill	2,923	3,181
Others	7,679	8,461
Total intangible fixed assets	10,602	11,642
Investments and other assets		
Investment securities	13,003	12,453
Bad debts	1,267	1,246
Long-term prepaid expenses	3,872	3,820
Deferred tax assets	17,430	17,486
Others	3,710	3,645
Allowance for doubtful accounts	(2,113)	(2,073)
Total investments and other assets	37,171	36,579
Total non-current assets	194,066	203,489
Deferred assets	496	552
Total assets	324,989	337,828

(Million yen)

	September 30, 2017	March 31, 2017
<Liabilities>		
Current liabilities		
Accounts payable	3,446	2,826
Accounts payable for completed projects	8,423	12,186
Short-term borrowings	1,277	1,263
Bonds due within one year	3,966	3,966
Lease obligations	5,687	4,647
Accounts payable-other	15,867	19,066
Accrued income taxes	879	2,544
Advances received	37,117	40,003
Customer advances for projects in progress	5,390	5,381
Reserve of allowance for employees' bonuses	3,006	—
Reserve for warranty obligations on completed projects	390	412
Reserve for fulfillment of guarantees	1,056	1,082
Others	3,676	4,144
Total current liabilities	90,185	97,524
Non-current liabilities		
Bonds	14,052	16,035
Long-term debt	12,655	13,267
Lease obligations	12,507	10,739
Long-term advances received	14,957	16,614
Lease/guarantee deposits received	7,029	7,152
Deferred tax liabilities	148	148
Reserve for directors' compensation	11	—
Reserve for apartment vacancy loss	2,588	3,183
Liability for retirement benefit	11,781	11,295
Others	2,919	2,997
Total non-current liabilities	78,651	81,433
Total liabilities	168,837	178,958
<Net assets>		
Shareholders' equity		
Common stock	75,282	75,282
Capital surplus	45,235	45,235
Retained earnings	43,187	39,923
Treasury stock	(8,592)	(3,660)
Total shareholders' equity	155,113	156,779
Accumulated other comprehensive income		
Net unrealized gains on "other securities"	938	574
Foreign currency translation adjustments	241	2,027
Remeasurements of defined benefit plans	(374)	(668)
Total accumulated other comprehensive income	805	1,933
Share subscription rights	210	136
Non-controlling interests	22	20
Total net assets	156,151	158,870
Total liabilities and net assets	324,989	337,828

(2) Consolidated Statements of Operations and Consolidated Statements of Comprehensive Income

Consolidated Statements of Operations

(Million yen)

	Six months ended September 30, 2017 (Apr. 2017–Sep. 2017)	Six months ended September 30, 2016 (Apr. 2016–Sep. 2016)
Net sales	258,740	255,190
Cost of sales	209,315	209,567
Gross profit	49,424	45,623
Selling, general, and administrative expenses	35,437	34,285
Operating profit	13,987	11,337
Non-operating income		
Interest income	52	20
Dividend income	79	49
Valuation gains of investment securities	115	132
Foreign exchange gains	53	—
Other	90	59
Total non-operating income	391	261
Non-operating expenses		
Interest expenses	384	361
Foreign exchange losses	—	271
Bond issuance costs	108	63
Other	58	161
Total non-operating expenses	551	857
Recurring profit	13,827	10,742
Extraordinary income		
Gain on sales of property, plant and equipment	26	828
Total extraordinary income	26	828
Extraordinary losses		
Loss on sale of property, plant and equipment	0	3
Loss on retirement of property, plant and equipment	47	81
Impairment loss	7,417	9
Loss on cancellations	69	—
Total extraordinary losses	7,535	94
Income before taxes and other adjustments	6,319	11,476
Total income taxes	(3,174)	1,797
Net income	9,493	9,678
Net income (loss) attributable to non-controlling interests	5	(9)
Net income attributable to shareholders of the parent	9,488	9,688

Consolidated Statements of Comprehensive Income

(Million yen)

	Six months ended September 30, 2017 (Apr. 2017–Sep. 2017)	Six months ended September 30, 2016 (Apr. 2016–Sep. 2016)
Net income	9,493	9,678
Other comprehensive income		
Net unrealized gains on “other securities”	363	(101)
Translation adjustments	(1,787)	(6,799)
Remeasurements of defined benefit plans	294	181
Share of other comprehensive income of associates	0	(2)
Total other comprehensive income	(1,127)	(6,722)
Comprehensive income	8,365	2,955
(Breakdown)		
Comprehensive income attributable to shareholders of the parent	8,360	2,965
Comprehensive income attributable to non-controlling interests	5	(9)

(3) Consolidated Cash Flow

(Million yen)

	Six months ended September 30, 2017 (Apr. 2017–Sep. 2017)	Six months ended September 30, 2016 (Apr. 2016–Sep. 2016)
Cash flows from operating activities		
Income before taxes and minority interests	6,319	11,476
Depreciation	5,551	4,630
Impairment loss	7,417	9
Amortization of goodwill	257	170
Increase (decrease) in reserve for doubtful accounts	(40)	(15)
Increase (decrease) in reserve for apartment vacancy loss	(594)	(545)
Interest and dividend income	(131)	(70)
Interest expense	384	361
Foreign exchange loss (gain)	(53)	271
Equity in losses (earnings) of affiliated companies	1	3
Loss (gain) on sale of property, plant and equipment	(26)	(825)
Loss (gain) on retirement of property, plant and equipment	47	81
Loss (gain) on evaluation of investment securities	(115)	(132)
Decrease (increase) in accounts receivable	1,563	1,398
Decrease (increase) in real estate for sale	(3,547)	(277)
Decrease (increase) in payment for construction in progress	119	(207)
Decrease (increase) in long-term prepaid expenses	169	242
Increase (decrease) in accounts payable	(4,795)	(4,625)
Increase (decrease) in customer advances for projects in progress	8	1,257
Increase (decrease) in advances received	(4,542)	(6,447)
Increase (decrease) in guarantee deposits received	(150)	(218)
Increase (decrease) in accrued consumption taxes	273	(797)
Other	1,737	764
Total	9,851	6,506
Interest and dividends received	273	206
Interest paid	(368)	(341)
Income taxes paid	(1,752)	(2,206)
Net cash provided by (used in) operating activities	8,003	4,164
Cash flows from investing activities		
Payment for purchase of property, plant and equipment	(3,273)	(2,170)
Proceeds from sale of property, plant and equipment	4,616	16,373
Payment for purchase of intangible assets	(377)	(417)
Payment for purchase of investment securities	(132)	(1,461)
Proceeds from sale of investment securities	17	8
Payment for purchase of shares in subsidiaries	—	(5,360)
Payment for loans	(5)	(17)
Proceeds from collection of loans	6	10
Payments for purchase of time deposits	—	(10,053)
Proceeds from withdrawal of time deposits	—	100
Other	(664)	(411)
Net cash provided by (used in) investing activities	186	(3,397)

(Million yen)

	Six months ended September 30, 2017 (Apr. 2017–Sep. 2017)	Six months ended September 30, 2016 (Apr. 2016–Sep. 2016)
Cash flows from financing activities		
Proceeds from short-term borrowings	1,150	—
Repayment of short-term borrowings	(1,152)	(265)
Proceeds from long-term debt	—	459
Repayment of long-term debt	(588)	(872)
Payment for redemption of bonds	(1,983)	(2,343)
Repayment of finance lease obligations	(2,306)	(1,405)
Payment for purchases of treasury stock	(8,000)	(0)
Dividends paid	(3,154)	(2,674)
Dividends paid to non-controlling interests	(3)	—
Net cash provided by (used in) investing activities	(16,037)	(7,101)
Effect of exchange rate changes on cash and cash equivalents	(251)	(841)
Net increase (decrease) in cash and cash equivalents	(8,098)	(7,175)
Cash and cash equivalents at beginning of period	91,766	86,826
Cash and cash equivalents at end of period	83,668	79,650

(4) Notes Regarding Consolidated Financial Statements (Notes Regarding the Premise of the Company as a Going Concern)

There are no relevant items.

(Notes Regarding Significant Changes in Shareholders' Equity)

The Group repurchased 10,761,400 shares based on a resolution at the meeting of Board of Directors on May 15, 2017, which resulted in an increase of treasury stock by 7,999 million yen during the subject six months.

Also, the Group implemented retirement of treasury stock of 4,000,000 shares on June 15, 2017, based on a resolution at the meeting of Board of Directors on May 15, 2017, which resulted in a decrease in retained earnings and treasury stock by 3,068 million yen each during the subject six months.

As a result, retained earnings decreased 3,068 million yen and treasury stock increased 4,931 million yen during the subject six months, and retained earnings and treasury stock amounted to 43,187 million yen and 8,592 million yen respectively at the end of the subject second quarter.

(Application of Accounting Methods Specific to the Preparation of Quarterly Consolidated Financial Statements)

Tax expenses are calculated by multiplying net income before income taxes by a reasonably estimated effective tax rate, after applying the tax effect accounting to net income before income taxes for the consolidated fiscal year that includes the subject six months. However, a legally designated effective tax rate will be applied if such tax expenses are found to be very unreasonable after calculation based on the relevant estimated effective tax rate.

(Segment Information)

I. Information Regarding Sales, Profits, and Losses by Reportable Segment

Six months ended September 30, 2016 (April 1, 2016 through September 30, 2016)

(Million yen)

	Reportable Segment					Adjustments (Note 1)	Consolidated Total (Note 2)
	Leasing Business	Development Business	Elderly Care Business	Hotels, Resort, & Other Business	Segment Total		
Net sales							
(1) Sales to customers	210,159	35,061	5,649	4,320	255,190	—	255,190
(2) Inter-segment sales and transfers	16	259	—	1,733	2,009	(2,009)	—
Total	210,175	35,321	5,649	6,054	257,200	(2,009)	255,190
Segment earnings (or loss)	12,512	1,479	(854)	66	13,203	(1,865)	11,337

Six months ended September 30, 2017 (April 1, 2017 through September 30, 2017)

(Million yen)

	Reportable Segment					Adjustments (Note 1)	Consolidated Total (Note 2)
	Leasing Business	Development Business	Elderly Care Business	Hotels, Resort, & Other Business	Segment Total		
Net sales							
(1) Sales to customers	217,439	32,024	6,293	2,982	258,740	—	258,740
(2) Inter-segment sales and transfers	35	65	—	1,841	1,941	(1,941)	—
Total	217,474	32,089	6,293	4,823	260,682	(1,941)	258,740
Segment earnings (or loss)	16,058	974	(745)	(168)	16,118	(2,130)	13,987

Note 1: Breakdown of adjustments is as follows.

Segment earnings (or loss)

(Million yen)

	Six months ended September 30, 2017	Six months ended September 30, 2016
Inter-segment eliminations	(129)	(91)
Corporate expenses*	(2,001)	(1,774)
Total	(2,130)	(1,865)

*Corporate expenses consist mainly of general administrative expenses for administrative departments that are not part of reportable segments.

Note 2: Segment profit (loss) is adjusted to the operating profit on the Consolidated Statements of Operations

II. Changes Regarding Reportable Segments

(Change in Reportable Segments and common expense allocation)

Effective as of the first quarter under review, reportable segments were changed from four segments comprising the Leasing Business, Construction Business, Elderly Care Business and Hotels & Resort Business, to four segments categorized as the Leasing Business, Development Business, Elderly Care Business and Hotels, Resort and Other Businesses, respectively. The change was made to disclose the Group's business management and actual business results in a more appropriate fashion according to the new mid-term management plan.

Segment information covering the six months ended September 30, 2016 presented herein was prepared according to the revised methods of reportable segment categorization and common expense allocation.