# Consolidated Financial Statements (Japanese Accounting Standard)

August 10, 2018

(For the three months ended June 30, 2018)

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): August 10, 2018
Scheduled Date of Commencement of Dividend Payments: -
Supplemental Explanatory Material Prepared: Yes Results Briefing Held: No

**1. Results for the Three Months ended June 30, 2018 (April 1, 2018 through June 30, 2018)**

(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 | % |
| Three months ended June 30, 2018 | 129,268 | 0.6 | 4,120 | (40.8) | 4,138 | (40.2) | (957) | - |
| Three months ended June 30, 2017 | 128,450 | 1.9 | 6,957 | 23.2 | 6,917 | 32.9 | 5,559 | 25.5 |

(Note) Comprehensive income in the three months ended June 30, 2018: (3,514) million yen (-%);
three months ended June 30, 2017: 4,167 million yen (185.1%)

| | Net income per share | Diluted net income per share |
|---|---|---|
| | Yen | Yen |
| Three months ended June 30, 2018 | (3.80) | - |
| Three months ended June 30, 2017 | 21.19 | 21.18 |

(2) Consolidated financial position

| | Total assets | Net assets | Equity ratio |
|---|---|---|---|
| | Million yen | Million yen | % |
| As of June 30, 2018 | 324,239 | 152,127 | 46.8 |
| As of March 31, 2018 | 337,134 | 159,438 | 47.2 |

(Reference) Shareholders' equity as of June 30, 2018: 151,747 million yen; as of March 31, 2018: 159,044 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, 2018 | — | 10.00 | — | 12.00 | 22.00 |
| FY ending March 31, 2019 | — | | | | |
| FY ending March 31, 2019 (Estimate) | | 10.00 | — | 12.00 | 22.00 |

(Note) Restatement of most recent dividend forecast: None

**3. Consolidated Earnings Forecasts for the Fiscal Year ending March 31, 2019 (April 1, 2018 through March 31, 2019)**

(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 |
| Six months ending September 30, 2018 | 260,400 | 0.6 | 9,200 | (34.2) | 9,700 | (29.8) | 2,700 | (71.5) | 10.71 |
| FY ending March 31, 2019 | 553,000 | 4.2 | 24,500 | 6.8 | 24,000 | 7.4 | 11,500 | (22.4) | 45.63 |

(Note) Restatement of most recent consolidated earnings forecasts: 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 pg. 10 “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

(4) Total number of outstanding shares (common stock)
- (i) Total number of outstanding shares at term end (including treasury stock)
  As of June 30, 2018: 252,682,515 shares, As of March 31, 2018: 252,682,515 shares
- (ii) Total treasury stock at term end
  As of June 30, 2018: 1,761,610 shares, As of March 31, 2018: 567,420 shares
- (iii) Average number of outstanding shares during the period
  As of June 30, 2018: 252,008,897 shares, As of June 30, 2017: 262,423,268 shares

*Indication regarding the status of auditing:
These financial statements are not subject to auditing under the Financial Instruments and Exchange Act.

*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 pg. 5 “1. Business Results (3) Explanation of consolidated earnings forecasts and other future predictions.”

(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 August 10, 2018.

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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 |
|---|---|---|---|---|
| Three months ended June 30, 2018 | 129,268 | 4,120 | 4,138 | (957) |
| Three months ended June 30, 2017 | 128,450 | 6,957 | 6,917 | 5,559 |
| Difference | 818 | (2,837) | (2,778) | (6,517) |

During the subject quarter, the domestic economy showed gradual progression supported by improvements in corporate earnings, employment, and corporate earnings.

New housing starts of leased units decreased year-on-year for 13 consecutive months, due to the saturation in demand for inheritance tax reduction strategies as well as the environmental change in apartment loans. 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, Leopalace21 (the "Company") aims to achieve targets of its Medium-term Management Plan "Creative Evolution 2020" by creating corporate value and new social value under the basic policy of "supporting continuous growth of core businesses in ways that further increase corporate value while constructing a base for growth areas".

Also, we sincerely apologize for the distress and trouble caused by the construction deficiencies resulting from inadequacies in our management system. We will work together as a company in conducting investigations and repair works, taking effort to restore trust as soon as possible, as well as continue further investigations to determine the cause of the deficiencies and organize a structure to prevent recurrence and strive for thorough quality control.

As a result, consolidated net sales for the subject first quarter came to 129,268 million yen (up 0.6% year-on-year). Operating profit was 4,120 million yen (down 40.8% year-on-year) and recurring profit was 4,138 million yen (down 40.2% year-on-year). An extraordinary loss of 5 billion yen was recorded as a reserve for losses related to parting wall deficiencies confirmed in certain apartments constructed by the Company, resulting in net loss attributable to shareholders of the parent of 957 million yen (compared to a net income of 5,559 million yen in the same period of the previous year).

(Actual figures by segment)

(Million yen)

| | Net sales | | | Operating profit | | |
|---|---|---|---|---|---|---|
| | Three months ended June 30, 2017 | Three months ended June 30, 2018 | Difference | Three months ended June 30, 2017 | Three months ended June 30, 2018 | Difference |
| Leasing Business | 109,145 | 111,847 | 2,701 | 8,206 | 7,214 | (992) |
| Development Business | 14,476 | 12,450 | (2,025) | 84 | (891) | (976) |
| Elderly Care Business | 3,084 | 3,360 | 276 | (471) | (366) | 104 |
| Hotels, Resort & Other Business | 1,745 | 1,611 | (134) | 197 | (612) | (810) |
| Adjustments | — | — | — | (1,058) | (1,222) | (163) |
| Total | 128,450 | 129,268 | 818 | 6,957 | 4,120 | (2,837) |

(i) Leasing Business

In the Leasing Business, the Company provides added-value services such as "my DIY" which enable tenants to decorate their rooms, promotes smart apartments which enable remote control of electrical appliances and check whether doors are locked, as well as security system installations in alliance with large security companies. Also, in order to achieve stable occupancy rates, the Company is strengthening sales against corporate customers and increasing support for foreign tenants. In the ASEAN region, the Company develops and manages serviced apartments and offices.

The occupancy rate at the end of the subject quarter was 92.10% (up 1.55 points from the end of the same period of the previous year) and the average occupancy rate for the period was 92.56% (up 2.11 points year-on-year). The number of units under management at the end of the subject first quarter was 571,000 (increasing 1,000 from the end of the previous fiscal year).

As a result, net sales amounted to 111,847 million yen (up 2.5% year-on-year) and operating profit was 7,214 million yen (down 12.1% year-on-year).

(ii) Development Business

In the Development Business, the Company 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 Company 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. operates the development business of condominiums and apartments and subsidiary Morizou Co., Ltd., provides luxury custom-built homes made with Kiso-hinoki.

As a result of orders becoming sluggish due to intensified competition in the metropolitan areas and impact from media reports related to apartment loans, orders received during the subject quarter amounted to 16,397 million yen (down 14.7% year-on-year) and orders received outstanding stood at 65,641 million yen (down 5.9% from the end of the same period of the previous year).

As a result, net sales came to 12,450 million yen (down 14.0% year-on-year) and operating loss was 891 million yen (compared to an operating profit of 84 million yen in the same period of the previous year).

(iii) Elderly Care Business

As a strategic growth business, the profitability of the Elderly Care Business improved due to increases in the occupancy rate of existing facilities, and is steadily transitioning to becoming black in the final year of the medium-term management plan.

Net sales were 3,360 million yen (up 9.0% year-on-year), and operating loss was 366 million yen (improvement of 104 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 1,611 million yen (down 7.7% year-on-year) and operating loss was 612 million yen (compared to an operating profit of 197 million yen in the same period of the previous year).

## (2) Analysis of Consolidated Financial Position

(Million yen)

| | Assets | Liabilities | Net assets |
|---|---|---|---|
| As of June 30, 2018 | 324,239 | 172,112 | 152,127 |
| As of March 31, 2018 | 337,134 | 177,696 | 159,438 |
| Difference | (12,895) | (5,584) | (7,311) |

Total assets at the end of the subject quarter decreased 12,895 million yen from the end of the previous fiscal year to 324,239 million yen. This was mainly attributable to a decrease of 13,543 million yen in cash and cash equivalents due to payments of trade payables and dividends, 1,088 million yen in trade receivables, and 1,015 million yen in leased assets (net), despite an increase of 1,184 million yen in real estate for sale in progress and 1,828 million yen in other current assets.

Total liabilities decreased 5,584 million yen from the end of the previous fiscal year to 172,112 million yen. This was mainly attributable to a decrease of 3,025 million yen in accounts payable for completed projects, 4,224 million yen in accounts payable -other, and 3,699 million yen in short and long-term advances received, despite a recording of 5,000 million yen in reserve for losses related to repair works.

Net assets decreased 7,311 million yen from the end of the previous fiscal year to 152,127 million yen. This was mainly attributable to a decrease of 3,982 million yen in retained earnings due to a recording of 957 million yen in net loss attributable to shareholders of the parent and dividend payments of 3,025 million yen, along with a decrease of 2,854 million yen in foreign currency translation adjustments and share buybacks of 783 million yen. The ratio of shareholders' equity to assets dropped 0.4 points from the end of the previous fiscal year to 46.8%.

## (3) Explanation of consolidated earnings forecasts and other future predictions

Concerning consolidated earnings forecasts, there has been no change to the first half and fiscal year figures from those announced on August 3, 2018, titled "Notice Concerning Recording of Extraordinary Loss and Revision of Earnings Forecasts."

Earnings forecasts are judged by the Company based on information currently available to the Company as of the publication of this statement, and actual results may differ from these forecasts due to a variety of factors.

## 2. Consolidated Financial Statements
## (1) Consolidated Balance Sheets

(Million yen)

| | June 30, 2018 | March 31, 2018 |
|---|---|---|
| **<Assets>** | | |
| **Current assets** | | |
| Cash and cash equivalents | 93,000 | 106,543 |
| Trade receivables | 6,537 | 7,626 |
| Accounts receivable for completed projects | 2,093 | 1,957 |
| Operating loans | 360 | 389 |
| Real estate for sale | 690 | 952 |
| Real estate for sale in progress | 3,756 | 2,571 |
| Payment for construction in progress | 689 | 458 |
| Prepaid expenses | 3,655 | 3,544 |
| Others | 8,096 | 6,268 |
| Allowance for doubtful accounts | (162) | (145) |
| **Total current assets** | **118,716** | **130,167** |
| **Non-current assets** | | |
| Property, plant, and equipment | | |
| Buildings and structures (net) | 41,820 | 42,705 |
| Machinery, equipment, and vehicles (net) | 12,161 | 12,547 |
| Land | 63,183 | 63,638 |
| Leased assets (net) | 15,012 | 16,028 |
| Construction in progress | 4,784 | 5,208 |
| Others (net) | 5,023 | 3,215 |
| **Total property, plant, and equipment** | **141,986** | **143,344** |
| Intangible fixed assets | | |
| Goodwill | 2,744 | 2,886 |
| Others | 7,829 | 8,102 |
| **Total intangible fixed assets** | **10,574** | **10,988** |
| Investments and other assets | | |
| Investment securities | 18,257 | 17,999 |
| Bad debts | 1,292 | 1,264 |
| Long-term prepaid expenses | 3,722 | 3,831 |
| Deferred tax assets | 26,640 | 26,639 |
| Others | 4,787 | 4,483 |
| Allowance for doubtful accounts | (2,150) | (2,023) |
| **Total investments and other assets** | **52,549** | **52,194** |
| **Total non-current assets** | **205,110** | **206,527** |
| **Deferred assets** | **412** | **440** |
| **Total assets** | **324,239** | **337,134** |

(Million yen)

| | June 30, 2018 | March 31, 2018 |
|---|---|---|
| **<Liabilities>** | | |
| **Current liabilities** | | |
| Electronically recorded obligations -operating | 1,186 | 1,451 |
| Accounts payable | 3,748 | 4,245 |
| Accounts payable for completed projects | 4,807 | 7,832 |
| Short-term borrowings | 4,325 | 2,964 |
| Bonds due within one year | 3,966 | 3,966 |
| Lease obligations | 5,840 | 5,960 |
| Accounts payable -other | 18,113 | 22,337 |
| Accrued income taxes | 548 | 942 |
| Advances received | 37,196 | 39,964 |
| Customer advances for projects in progress | 4,623 | 4,592 |
| Provision for bonuses | 1,832 | - |
| Reserve for warranty obligations on completed projects | 348 | 389 |
| Reserve for fulfillment of guarantees | 1,141 | 1,158 |
| Reserve for loss related to repair works | 5,000 | - |
| Others | 4,096 | 4,407 |
| **Total current liabilities** | **96,776** | **100,212** |
| **Non-current liabilities** | | |
| Bonds | 11,619 | 12,069 |
| Long-term debt | 16,705 | 16,643 |
| Lease obligations | 11,491 | 12,226 |
| Long-term advances received | 14,922 | 15,853 |
| Lease/guarantee deposits received | 6,850 | 6,989 |
| Provision for Directors' bonuses | 12 | 10 |
| Reserve for apartment vacancy loss | 3,044 | 3,044 |
| Liability for retirement benefit | 7,465 | 7,338 |
| Others | 3,224 | 3,308 |
| **Total non-current liabilities** | **75,335** | **77,483** |
| **Total liabilities** | **172,112** | **177,696** |
| **<Net assets>** | | |
| **Shareholders' equity** | | |
| Common stock | 75,282 | 75,282 |
| Capital surplus | 45,235 | 45,235 |
| Retained earnings | 33,856 | 37,839 |
| Treasury stock | (1,214) | (430) |
| **Total shareholders' equity** | **153,160** | **157,926** |
| **Accumulated other comprehensive income** | | |
| Net unrealized gains on "other securities" | 870 | 586 |
| Foreign currency translation adjustments | (1,982) | 872 |
| Remeasurements of defined benefit plans | (300) | (341) |
| **Total accumulated other comprehensive income** | **(1,412)** | **1,117** |
| **Share subscription rights** | 304 | 284 |
| **Non-controlling interests** | 74 | 109 |
| **Total net assets** | **152,127** | **159,438** |
| **Total liabilities and net assets** | **324,239** | **337,134** |

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

### Consolidated Statements of Operations

(Million yen)

| | Three months ended June 30, 2018 (Apr. 2018–Jun. 2018) | Three months ended June 30, 2017 (Apr. 2017–Jun. 2017) |
|---|---|---|
| **Net sales** | 129,268 | 128,450 |
| **Cost of sales** | 105,408 | 103,615 |
| **Gross profit** | 23,860 | 24,835 |
| **Selling, general and administrative expense** | 19,740 | 17,878 |
| **Operating profit** | 4,120 | 6,957 |
| **Non-operating income** | | |
| Interest income | 31 | 25 |
| Dividend income | 68 | 70 |
| Foreign exchange gains | 101 | - |
| Valuation gains of investment securities | 82 | 78 |
| Other | 50 | 51 |
| **Total non-operating income** | 334 | 226 |
| **Non-operating expenses** | | |
| Interest expenses | 196 | 188 |
| Foreign exchange losses | - | 7 |
| Bond issuance fee | 49 | 54 |
| Other | 71 | 17 |
| **Total non-operating expenses** | 316 | 267 |
| **Recurring profit** | 4,138 | 6,917 |
| **Extraordinary income** | | |
| Gain on sales of property, plant and equipment | 2 | 7 |
| **Total extraordinary income** | 2 | 7 |
| **Extraordinary losses** | | |
| Loss on sale of property, plant and equipment | - | 0 |
| Loss on retirement of property, plant and equipment | 22 | 7 |
| Impairment loss | - | 7,417 |
| Loss on cancellations | - | 69 |
| Provision of reserve for loss related to repair works | 5,000 | - |
| **Total extraordinary losses** | 5,022 | 7,494 |
| **Income (loss) before taxes and other adjustments** | (881) | (570) |
| **Income taxes** | 101 | (6,130) |
| **Net income (loss)** | (983) | 5,559 |
| **Net income (loss) attributable to non-controlling interests** | (25) | 0 |
| **Net income (loss) attributable to shareholders of the parent** | (957) | 5,559 |

## Consolidated Statements of Comprehensive Income

(Million yen)

| | Three months ended June 30, 2018 (Apr. 2018–Jun. 2018) | Three months ended June 30, 2017 (Apr. 2017–Jun. 2017) |
|---|---|---|
| **Net income (loss)** | (983) | 5,559 |
| Other comprehensive income | | |
| Net unrealized gains on “other securities” | 283 | 40 |
| Foreign currency translation adjustments | (2,851) | (1,684) |
| Remeasurements of defined benefit plans | 41 | 249 |
| Share of other comprehensive income of entities using equity method | (4) | 2 |
| **Total other comprehensive income** | (2,531) | (1,392) |
| **Comprehensive income** | (3,514) | 4,167 |
| (Breakdown) | | |
| Comprehensive income attributable to shareholders of the parent | (3,487) | 4,167 |
| Comprehensive income attributable to non-controlling interests | (27) | 0 |

## (3) 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)

There are no relevant items.

### (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 first quarter. 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.

### (Additional information)

### (Application of "Partial Amendments to 'Accounting Standard for Tax Effect Accounting', etc.")

The Company has applied "Partial Amendments to 'Accounting Standard for Tax Effect Accounting', etc." (ASBJ Statement No. 28, February 16, 2018) as of the beginning of the subject first quarter. Deferred tax assets are recorded under "Investments and other assets" and deferred tax liabilities are recorded under "Non-current liabilities."

### (Matters relating to the settlement date of consolidated subsidiaries)

The former settlement date of Morizou Co., Ltd. was the end of February, and the financial statements as of the said settlement date has been used, with adjustments made regarding important transactions which took place between the end of February and the consolidated settlement date. However, the settlement date has been changed to March 31 as of the subject first quarter.

Due to this change, the four months between March 1, 2018 and June 30, 2018 has been consolidated and adjusted through the consolidated statements of operations for the subject first quarter.

### (Contingent liabilities)

The Company announced on April 27, 2018 that there were partial discrepancies between construction drawings on notice of verification of building construction and the actual construction of apartment series "Gold Nail" and "New Gold Nail" ("subject properties"), constructed by the Company between 1994 and 1995. The Company also announced that all subject properties will be investigated and repair works will be carried out on all properties with discrepancies with construction drawings on notice of verification of building construction, in consideration of the responsibilities as a construction company.

Also, the Company announced on May 29, 2018 that certain apartments constructed by the Company during 1996 and 2009 were suspected of violating the Building Standard Law, and will conduct repair works on these apartments.

Currently, investigations are being conducted on all properties (apartments) constructed by the Company, and repair works are sequentially carried out on properties with defects confirmed as a result of the investigations.

Concerning this incident, a reserve for loss related to repair works was recorded in the subject first quarter for repair work fees which can be rationally estimated. There are expenses projected to arise as the investigation goes forward, but currently cannot be rationally estimated. Therefore, depending on the progress of investigations on and after the second quarter, there is a possibility that there will be an impact on consolidated operating results of the Company from additional provisions of reserves.

### (Accounting standards for significant reserves)

Reserve for loss related to repair works

An amount of loss estimated based on ratio of defects, etc. is recorded to prepare for the occurrence of repair works related to parting wall construction deficiencies of properties (apartments) constructed by the Company.

## (Segment Information)

### Three months ended June 30, 2018 (April 1, 2018 through June 30, 2018)

(Million yen)

| | Reportable segments | | | | | Adjustments (Note 1) | Consolidated Total (Note 2) |
|---|---|---|---|---|---|---|---|
| | Leasing Business | Development Business | Elderly Care Business | Hotels, Resort & Other Business | Total | | |
| Net sales | | | | | | | |
| Sales to customers | 111,847 | 12,450 | 3,360 | 1,611 | 129,268 | - | 129,268 |
| Inter-segment sales and transfers | 55 | 0 | - | 1,028 | 1,083 | (1,083) | - |
| Total | 111,902 | 12,450 | 3,360 | 2,639 | 130,352 | (1,083) | 129,268 |
| Segment profit (or loss) | 7,214 | (891) | (366) | (612) | 5,342 | (1,222) | 4,120 |

(Note) 1. Adjustments in segment profit (loss) of (1,222) million yen include inter-segment eliminations of (40) million yen and corporate expenses not part of reportable segments of (1,181) million yen. Corporate expenses consist mainly of general administrative expenses for administrative departments that are not part of reportable segments.
2. Segment profit (loss) is adjusted to the operating profit on the Consolidated Statements of Operations

### Three months ended June 30, 2017 (April 1, 2017 through June 30, 2017)

(Million yen)

| | Reportable segments | | | | | Adjustments (Note 1) | Consolidated Total (Note 2) |
|---|---|---|---|---|---|---|---|
| | Leasing Business | Development Business | Elderly Care Business | Hotels, Resort & Other Business | Total | | |
| Net sales | | | | | | | |
| Sales to customers | 109,145 | 14,476 | 3,084 | 1,745 | 128,450 | - | 128,450 |
| Inter-segment sales and transfers | 12 | 64 | - | 976 | 1,054 | (1,054) | - |
| Total | 109,157 | 14,540 | 3,084 | 2,722 | 129,504 | (1,054) | 128,450 |
| Segment profit (or loss) | 8,206 | 84 | (471) | 197 | 8,016 | (1,058) | 6,957 |

(Note) 1. Adjustments in segment profit (loss) of (1,058) million yen include inter-segment eliminations of (67) million yen and corporate expenses not part of reportable segments of (990) million yen. Corporate expenses consist mainly of general administrative expenses for administrative departments that are not part of reportable segments.
2. Segment profit (loss) is adjusted to the operating profit on the Consolidated Statements of Operations