Consolidated Financial Statements (Japanese Accounting Standard)

November 6, 2015

(For the six months ended September 30, 2015)

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: Executive Officer Name: Bunya Miyao Telephone: +81-3-5350-0216

Scheduled Date of Filing of Securities Report (Japanese only): November 13, 2015
Scheduled Date of Commencement of Dividend Payments: –
Supplemental Explanatory Material Prepared: Yes
Results Briefing Held: Yes

1. Results for the Six Months ended September 30, 2015 (April 1, 2015 through September 30, 2015)

(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, 2015	252,316	8.3	10,401	70.9	9,645	73.9	8,211	62.1
Six months ended September 30, 2014	233,037	0.6	6,087	13.4	5,546	26.7	5,066	29.2

(Note) Comprehensive income As of September 30, 2015: 8,940 million yen (146.8%); As of September 30, 2014: 3,622 million yen (-55.9%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended September 30, 2015	31.24	–
Six months ended September 30, 2014	19.27	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Equity per share
	Million yen	Million yen	%	Yen
As of September 30, 2015	309,550	135,437	43.7	515.04
As of March 31, 2015	308,274	126,473	41.0	481.05

(Reference) Shareholders' equity As of September 30, 2015: 135,390 million yen; As of March 31, 2015: 126,455 million yen

2. Dividend Status

	Dividend per share				
	End of Q1	End of Q2	End of Q3	End of Q4	Annual
	Yen	Yen	Yen	Yen	Yen
FY ended March 31, 2015	–	0.00	–	0.00	0.00
FY ending March 31, 2016	–	0.00			
FY ending March 31, 2016 (Estimate)			–	10.00	10.00

(Note) Restatement of most recent dividend forecast: Yes
For details of the restatement, please refer to "Notice Concerning Revision of Dividend Forecasts" disclosed on November 6, 2015.

3. Estimation of Business Results for the Fiscal Year ending March 31, 2016 (April 1, 2015 through March 31, 2016)

(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, 2016	525,000	8.7	19,500	32.1	18,000	34.1	16,000	10.3	60.87

(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) For details, please refer to P.6 “2. Matters Relating to Summary Information (2) Application of Accounting Methods Specific to the Preparation of Quarterly Consolidated Financial Statements.”

(3) Changes in accounting principles, procedures or reporting methods used in preparation of financial statements (changes in important items concerning preparation of financial statements)
- (i) Changes in accounting policies accompanying revision of accounting standards, etc.: Yes
- (ii) Changes in accounting policies other than (i) above: None
- (iii) Changes in accounting estimates: None
- (iv) Restatements: None

(Note) For details, please refer to P.6 “2. Matters Relating to Summary Information (3) Changes in Accounting Policy, Changes in Accounting Estimates, and Restatements.”

(3) Total number of outstanding shares (common stock)
- (i) Total number of outstanding shares at term end (including treasury stock)
  As of September 30, 2015: 267,443,915 shares, As of March 31, 2015: 267,443,915 shares
- (ii) Total treasury stock at term end
  As of September 30, 2015: 4,569,430 shares, As of March 31, 2015: 4,569,430 shares
- (iii) Average number of outstanding shares during the period
  As of September 30, 2015: 262,874,485 shares, As of September 30, 2014: 262,874,672 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 P.6 “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 6, 2015.

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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, 2015	252,316	10,401	9,645	8,211
Six months ended September 30, 2014	233,037	6,087	5,546	5,066
Difference	19,279	4,314	4,098	3,145

During the subject six months, the domestic economy showed gradual progression, such as signs of recovery in individual consumption, due to an improvement in corporate earnings, employment, and income.

In the rental housing industry, negative effects of the rush demand from the increase in consumption tax began to fade, and as apartment construction continues to be an ideal inheritance tax-reduction strategy, new housing starts of leased units trended at a steady pace. On the other hand, as the number of vacant houses increases due to oversupply, achieving stable occupancy rates requires constructing apartments in areas with high demand, as well as providing high-quality housing and services are required.

Under these conditions, the Leopalace21 Group (the “Group”) aims to achieve targets of the Medium-term Management Plan “EXPANDING VALUE,” which is in its second year, by building a solid management structure focusing on the core businesses, made up of Leasing and Construction. In addition, the Group aims to establish new businesses that will contribute to future growth.

As a result, net sales for the first half were ¥252,316 million (up 8.3% year-on-year). Operating profit was ¥10,401 million (up 70.9% year-on-year), recurring profit was ¥9,645 million (up 73.9% year-on-year), and net income attributable to shareholders of the parent was ¥8,211 million (up 62.1% year-on-year).

The Group’s Construction Business has many building construction contracts stipulating completion in the fourth quarter, which is when demand for apartments is highest. In the Leasing Business, the number of apartments under management will increase as apartments are completed, so seasonal fluctuations put a preponderance of earnings into the fourth quarter.

(Actual figures by segment) (Million yen)

	Net sales			Operating profit		
	Six months ended September 30, 2014	Six months ended September 30, 2015	Difference	Six months ended September 30, 2014	Six months ended September 30, 2015	Difference
Leasing Business	197,432	203,597	6,164	9,561	12,212	2,650
Construction Business	24,650	35,344	10,693	(1,374)	391	1,766
Elderly Care Business	5,275	5,371	95	(237)	(576)	(338)
Hotels & Resort Business	4,258	5,538	1,280	(130)	(301)	(171)
Others	1,418	2,464	1,045	262	510	248
Adjustments	—	—	—	(1,994)	(1,835)	158
Total	233,037	252,316	19,279	6,087	10,401	4,314

(i) Leasing Business

The occupancy rate at the end of the second quarter was 87.70% (up 1.37 points from the end of the same quarter last year) and the average occupancy rate for the period was 87.56% (up 1.60 points year-on-year).

In the Leasing Business, to establish stable profits led by occupancy improvement, the Group implemented measures such as tenant recruitment utilizing direct leasing offices, franchises, and local real estate brokers, as well as expanding tenant services including “Room Customize” and security system installations. In addition, the Group further strengthened sales against corporate and foreign customers as well as reduced costs by reviewing routine property management tasks.

The number of units under management at the end of the second quarter was 558,000 (increasing 3,000 from the end of the last fiscal year), the number of direct offices was 188 (no change from the end of the last fiscal year), and the number of franchise offices was 132 (decreasing 9 from the end of the last fiscal year).

As a result, net sales amounted to ¥203,597 million (up 3.1% year-on-year), and operating profit was ¥12,212 million (up 27.7% year-on-year).

(ii) Construction Business

Orders received during the subject six months were ¥42,092 million (down 4.4% year-on-year) and the orders received outstanding stood at ¥65,192 million (up 13.6% from the end of the same quarter last year).

In the Construction Business, the Group aimed to improve profitability by focusing apartment supply in the three metropolitan areas where solid leasing demand is anticipated, as well as providing earthquake-resistant products with better sound insulation. In addition, the Group expanded construction variations such as elderly care facilities, stores, and built-to-order houses to meet various land usage needs, and has begun restructuring its project systems.

As a result, net sales came to ¥35,344 million (up 43.4% year-on-year), and operating profit was ¥391 million (compared to a loss of ¥1,374 million in the same period of the previous fiscal year).

(iii) Elderly Care Business

Net sales were ¥5,371 million (up 1.8% year-on-year), and operating loss was ¥576 million (up 142.9% year-on-year). In the Elderly Care Business, which was positioned as growth strategy area in the Medium-term Management Plan, the Group will open new facilities in collaboration with the Construction Business.

(iv) Hotels & Resort Business

Net sales of the resort facilities in Guam and hotels in Japan were ¥5,538 million (up 30.1% year-on-year), and operating loss was ¥301 million (up 132.2% year-on-year).

(v) Other Businesses

In Other Businesses such as the small-claims and short-term insurance business, the solar power generation business, and the finance business, net sales were ¥2,464 million (up 73.7% year-on-year), and operating profit was ¥510 million (up 94.6% year-on-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, 2015	309,550	174,113	135,437
As of March 31, 2015	308,274	181,801	126,473
Difference	1,276	(7,688)	8,964

Total assets at the end of the second quarter increased ¥1,276 million from the end of the previous fiscal year to ¥309,550 million. This was mainly attributable to an increase of ¥2,305 million in cash and cash equivalents and ¥1,899 million in machinery, equipment, and vehicles related to the solar power generation business, despite a decrease of ¥1,016 in other accounts receivable and ¥1,249 in buildings and structures.

Total liabilities decreased ¥7,688 million from the end of the previous fiscal year to ¥174,113 million. This primarily reflected a decrease of ¥6,360 million in unpaid expenses, ¥3,175 in accounts payable for completed projects, and ¥6,871 in long and short term advances received, despite an increase in interest-bearing debt of ¥8,368 million due to the issuance of corporate bonds.

Net assets increased ¥8,964 million from the end of the previous fiscal year to ¥135,437 million, chiefly due to a recording of ¥8,211 million in net income attributable to shareholders of the parent. The ratio of shareholders' equity to assets rose 2.7 points from the end of the previous fiscal year, to 43.7%.

(ii) Position of Cash Flows

Cash flow from operating activities was a net inflow of ¥986 million (compared to a net outflow of ¥3,675 million during the same period of the previous fiscal year). This was mainly due to income before taxes and minority interests of ¥9,511 million, depreciation and amortization of ¥4,701 million, and a decrease of ¥1,173 million in accounts receivable, despite a decrease in accounts receivable and advances received of ¥7,487 million and ¥6,972 million, respectively.

Cash flow from investing activities was a net outflow of ¥3,737 million (a decrease of ¥3,933 million in net outflow from the same period of the previous fiscal year). This was primarily due to payments of ¥4,274 million for the purchase of property, plant and equipment.

Cash flow from financing activities was a net inflow of ¥5,086 million (compared to a net outflow of ¥1,138 million in net outflow during the same period of the previous fiscal year). This was chiefly due to proceeds from the issuance of bonds of ¥20,490 million (including payments for the redemption of bonds), despite a repayment of debt and lease obligations of ¥15,403 million (including proceeds from borrowings).

As a result, cash and cash equivalents at the end of the second quarter of the consolidated fiscal year under review stood at ¥76,810 million, an increase of ¥15,169 million from the end of the second quarter 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 11, 2015 remain unchanged.

For details on the restatement of dividends, please refer to “Notice Concerning Revision of Dividend Forecasts” disclosed on November 6, 2015.

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. Matters Relating to Summary Information

(1) Changes in Significant Subsidiaries during the First Half under Review

Not applicable

(2) 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 second quarter.

(3) Changes in Accounting Policy, Changes in Accounting Estimates, and Restatements

(Changes in accounting policies)

(Application of accounting policies related to business combinations)

Starting in the first quarter of the consolidated fiscal year, the Accounting Standard for Business Combinations (ASBJ Statement No. 21 on September 13, 2013; hereinafter referred to as the “Business Combinations Accounting Standard”), the Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22 on September 13, 2013; hereinafter referred to as the “Consolidated Accounting Standard”), the Accounting Standard for Business Divestiture (ASBJ Statement No. 7 on September 13, 2013; hereinafter referred to as the “Business Divestiture Accounting Standard”), and other standards, Leopalace21 Corporation (the “Company”) changed accounting methods to those recording differences from fluctuations in equity that the Company holds in subsidiaries, for which the Company continues to control as capital surplus, and recording acquisition-related expenses as expenses for a consolidated fiscal year when the relevant expenses incur. The Company also changed accounting methods to those reflecting a review of the distribution amount of acquisition costs following the finalization of preliminary accounting processing for business combinations that are carried out after the beginning of the first quarter of the consolidated fiscal year to quarterly consolidated financial statements for the consolidated quarterly accounting period to which the business combination belongs. Moreover, the Company changed the presentation, such as quarterly net income, and the presentation of minority interests to non-controlling interests. To reflect changes in the relevant presentation, the Company reclassified quarterly consolidated financial statements for the first half of the previous consolidated fiscal year and consolidated financial statements for the previous consolidated fiscal year.

The Company applies the Business Combinations Accounting Standard and other standards in compliance with the transitional handling as set forth in Paragraph 58-2 (4) of the Business Combinations Accounting Standard, Paragraph 44-5 (4) of the Consolidated Accounting Standard and Paragraph 57-4 (4) of the Business Divestiture Accounting Standard, and it applied these standards from the beginning of the first quarter of the consolidated fiscal year and will continue to apply them in the future.

There is no impact on profits and losses from the changes described above.

3. Consolidated Financial Statements
(1) Consolidated Balance Sheets

(Million yen)

	September 30, 2015	March 31, 2015
<Assets>		
Current assets		
Cash and cash equivalents	77,527	75,221
Trade receivables	5,337	6,254
Accounts receivable for completed projects	1,858	1,714
Operating loans	1,018	1,135
Securities	974	831
Real estate for sale	21	21
Payment for construction in progress	530	647
Raw materials and supplies	597	609
Prepaid expenses	3,212	3,656
Deferred tax assets	4,465	4,447
Other accounts receivable	1,997	3,013
Others	4,186	4,907
Allowance for doubtful accounts	(223)	(199)
Total current assets	**101,504**	**102,263**
Non-current assets		
Property, plant, and equipment		
Buildings and structures	58,650	59,899
Machinery, equipment, and vehicles	17,015	15,115
Land	83,405	83,289
Leased assets	9,155	7,880
Construction in progress	816	992
Others	2,011	2,253
Total property, plant, and equipment	**171,055**	**169,430**
Intangible fixed assets		
Goodwill	1,614	1,684
Others	7,373	7,210
Total intangible fixed assets	**8,988**	**8,894**
Investments and other assets		
Investment securities	6,560	6,832
Long-term loans	557	540
Bad debts	1,282	1,297
Long-term prepaid expenses	3,453	3,416
Deferred tax assets	14,769	14,654
Others	2,757	2,905
Allowance for doubtful accounts	(2,112)	(2,085)
Total investments and other assets	**27,268**	**27,561**
Total non-current assets	**207,311**	**205,887**
Deferred assets	**734**	**123**
Total assets	**309,550**	**308,274**

(Million yen)

	September 30, 2015	March 31, 2015
<Liabilities>		
Current liabilities		
Accounts payable	2,607	2,803
Accounts payable for completed projects	10,873	14,049
Short-term borrowings	1,305	23,065
Bonds due within one year	4,606	1,460
Lease obligations	2,802	2,355
Accounts payable-other	12,106	18,466
Accrued expenses	2	13
Accrued income taxes	1,699	944
Advances received	36,794	40,781
Customer advances for projects in progress	5,774	6,930
Reserve for allowance for employees' bonuses	2,146	—
Reserve for warranty obligations on completed projects	490	404
Reserve for fulfillment of guarantees	676	700
Others	3,984	4,546
Total current liabilities	**85,871**	**116,521**
Non-current liabilities		
Bonds	21,984	3,960
Long-term debt	14,705	7,196
Lease obligations	7,452	6,450
Long-term advances received	19,313	22,198
Lease/guarantee deposits received	7,759	8,019
Deferred tax liabilities	253	253
Reserve for apartment vacancy loss	4,542	5,280
Liability for retirement benefit	9,744	9,351
Others	2,485	2,569
Total non-current liabilities	**88,241**	**65,279**
Total liabilities	**174,113**	**181,801**
<Net assets>		
Shareholders' equity		
Common stock	75,282	75,282
Capital surplus	45,235	51,501
Retained earnings	14,904	427
Treasury stock	(3,660)	(3,660)
Total shareholders' equity	**131,761**	**123,550**
Accumulated other comprehensive income		
Net unrealized gains on "other securities"	267	379
Foreign currency translation adjustments	4,271	3,545
Remeasurements of defined benefit plans	(910)	(1,021)
Total accumulated other comprehensive income	**3,629**	**2,904**
Share subscription rights	18	18
Non-controlling interests	28	0
Total net assets	**135,437**	**126,473**
Total liabilities and net assets	**309,550**	**308,274**

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

Consolidated Statements of Operations

(Million yen)

	Six months ended September 30, 2015 (Apr. 2015–Sep. 2015)	Six months ended September 30, 2014 (Apr. 2014–Sep. 2014)
Net sales	**252,316**	**233,037**
Cost of sales	**209,213**	**197,536**
Gross profit	**43,102**	**35,501**
Selling, general, and administrative expenses	**32,701**	**29,413**
Operating profit	**10,401**	**6,087**
Non-operating profit		
Interest income	21	20
Dividend income	64	70
Refund of fixed asset tax	—	89
Others	86	148
Total non-operating profit	**172**	**329**
Non-operating expenses		
Interest expenses	582	585
Commission fee	151	222
Others	194	62
Total non-operating expenses	**928**	**870**
Recurring profit	**9,645**	**5,546**
Extraordinary profit		
Gain on sales of property, plant and equipment	25	6
Total extraordinary profit	25	6
Extraordinary losses		
Loss on sale of property, plant and equipment	0	0
Loss on retirement of property, plant and equipment	29	199
Loss on evaluation of investment securities	19	—
Impairment loss	109	79
Total extraordinary losses	**159**	**278**
Income before taxes and other adjustments	**9,511**	**5,273**
Income taxes	**1,294**	**217**
Net income	**8,216**	**5,055**
Net income attributable to non-controlling interests	**4**	**(10)**
Net income attributable to shareholders of the parent	**8,211**	**5,066**

Consolidated Statements of Comprehensive Income

(Million yen)

	Six months ended September 30, 2015 (Apr. 2015–Sep. 2015)	Six months ended September 30, 2014 (Apr. 2014–Sep. 2014)
Net income	**8,216**	**5,055**
Other comprehensive income		
Net unrealized gains on “other securities”	(112)	29
Translation adjustments	725	(1,538)
Remeasurements of defined benefit plans	110	74
Share of other comprehensive income of associates	(0)	0
Total other comprehensive income	**724**	**(1,433)**
Comprehensive income	**8,940**	**3,622**
(Breakdown)		
Comprehensive income attributable to shareholders of the parent	8,935	3,634
Comprehensive income attributable to non-controlling interests	4	(12)

(3) Consolidated Cash Flow

(Million yen)

	Six months ended September 30, 2015 (Apr. 2015–Sep. 2015)	Six months ended September 30, 2014 (Apr. 2014–Sep. 2014)
Cash flows from operating activities		
Income before taxes and minority interests	9,511	5,273
Depreciation	4,701	3,461
Amortization of goodwill	70	—
Increase (decrease) in reserve for doubtful accounts	(15)	(54)
Increase (decrease) in reserve for apartment vacancy loss	(737)	(1,539)
Interest expense	582	585
Foreign exchange loss (gain)	93	(41)
Equity in losses (earnings) of affiliated companies	5	3
Loss (gain) on sale of property, plant and equipment	(24)	(5)
Loss (gain) on retirement of property, plant and equipment	29	199
Loss (gain) on evaluation of investment securities	19	—
Impairment loss	109	79
Decrease (increase) in accounts receivable	1,173	2,168
Decrease (increase) in payment for construction in progress	117	(59)
Decrease (increase) in long-term prepaid expenses	631	2,533
Increase (decrease) in accounts payable	(7,487)	(7,042)
Increase (decrease) in customer advances for projects in progress	(1,156)	698
Increase (decrease) in advances received	(6,972)	(9,449)
Increase (decrease) in guarantee deposits received	(242)	(253)
Increase (decrease) in accrued consumption taxes	128	154
Other	1,647	805
Total	**2,182**	**(2,482)**
Interest and dividends received	66	84
Interest paid	(582)	(590)
Income taxes paid	(679)	(687)
Net cash provided by (used in) operating activities	**986**	**(3,675)**
Cash flows from investing activities		
Payment for purchase of property, plant and equipment	(4,274)	(7,505)
Proceeds from sale of property, plant and equipment	665	230
Payment for purchase of intangible assets	(112)	(340)
Payment for purchase of investment securities	(54)	—
Proceeds from sale of investment securities	90	63
Payment for loans	(26)	(4)
Proceeds from collection of loans	8	19
Other	(35)	(134)
Net cash provided by (used in) investing activities	**(3,737)**	**(7,671)**
Cash flows from financing activities		
Proceeds from short-term borrowings	—	3,900
Repayment of short-term borrowings	(69)	—
Proceeds from long-term debt	8,500	1,811
Repayment of long-term debt	(22,681)	(5,831)
Proceeds from issuance of bonds	21,220	—
Payment for redemption of bonds	(730)	(280)
Repayment of finance lease obligations	(1,152)	(738)
Payment for purchase of treasury stock	—	(0)
Net cash provided by (used in) investing activities	**5,086**	**(1,138)**

	Six months ended September 30, 2015 (Apr. 2015–Sep. 2015)	Six months ended September 30, 2014 (Apr. 2014–Sep. 2014)
Effect of exchange rate changes on cash and cash equivalents	**(30)**	**(24)**
Net increase (decrease) in cash and cash equivalents	**2,305**	**(12,509)**
Cash and cash equivalents at beginning of period	**74,504**	**74,150**
Cash and cash equivalents at end of period	**76,810**	**61,640**

(4) Notes Regarding Consolidated Financial Statements

(Notes Regarding the Premise of the Company as a Going Concern)

There are no relevant items.

(Note Regarding Significant Changes in Shareholders' Equity)

At the Annual Meeting of Shareholders held on June 26, 2015, the Company resolved that, in accordance with the provisions set forth in Paragraph 1 of Article 448 of the Companies Act, the amount of legal capital surplus was reduced and the same amount as the reduced amount was transferred to the other capital surplus, and, in accordance with provisions set forth in Article 452 of the Companies Act, after the relevant transfer, all the other capital surplus was appropriated to offset a loss in retained earnings brought forward.

As a result, in the first half of the consolidated fiscal year, the capital surplus declined ¥6,266 million and retained earnings increased by the same amount.

(Segment Information)

Six months ended September 30, 2015 (April 1, 2015 through September 30, 2015)

(Million yen)

	Reportable Segment					Others (Note 1)	Total	Adjustments (Note 2)	Consolidated Total (Note 3)
	Leasing Business	Construction Business	Elderly Care Business	Hotels & Resort Business	Segment Total				
Net sales									
(1) Sales to customers	203,597	35,344	5,371	5,538	249,851	2,464	252,316	—	252,316
(2) Inter-segment sales and transfers	392	2,498	—	1,876	4,768	70	4,839	(4,839)	—
Total	203,989	37,843	5,371	7,415	254,620	2,535	257,155	(4,839)	252,316
Segment earnings (or loss)	12,212	391	(576)	(301)	11,726	510	12,237	(1,835)	10,401

Six months ended September 30, 2014 (April 1, 2014 through September 30, 2014)

(Million yen)

	Reportable Segment					Others (Note 1)	Total	Adjustments (Note 2)	Consolidated Total (Note 3)
	Leasing Business	Construction Business	Elderly Care Business	Hotels & Resort Business	Segment Total				
Net sales									
(1) Sales to customers	197,432	24,650	5,275	4,258	231,618	1,418	233,037	—	233,037
(2) Inter-segment sales and transfers	280	6,364	—	1,400	8,046	65	8,111	(8,111)	—
Total	197,713	31,015	5,275	5,659	239,664	1,484	241,148	(8,111)	233,037
Segment earnings (or loss)	9,561	(1,374)	(237)	(130)	7,819	262	8,082	(1,994)	6,087

Note 1: "Others" classification consists of the business segment not included in reportable segments, and comprises such businesses as the small-claims and short-term insurance business, solar power generation business and financing businesses.

Note 2: Breakdown of adjustments is as follows.

Segment earnings (or loss) (Million yen)

	Six months ended September 30, 2015	Six months ended September 30, 2014
Inter-segment eliminations	(316)	(590)
Corporate expenses*	(1,518)	(1,403)
Total	(1,835)	(1,994)

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

Note 3: Segment profit (loss) is adjusted to the operating profit on the Consolidated Statements of Operations