

Overview of financial results for the six months ended September 30, 2016

November 9, 2016

Seibu Holdings Inc. (9024)

<http://www.seibuholdings.co.jp/en/>

I . Executive summary

P2

II . Key initiatives of the six months ended September 30, 2016

P6

III . Segment information and key performance indicators

P8

IV . Details on financial results

P20

V . Consolidated earnings forecasts for the fiscal year ending March 31, 2017

P24

Financial results for the six months ended September 30, 2016

	6months ended September 30, 2015	6months ended September 30, 2016	YoY change (Amount / %)		billions of yen		
					6months ended September 30, 2016 (Forecast)	Change from forecast (Amount / %)	
Operating revenue	250.8	251.1	0.3	0.1%	254.0	(2.8)	(1.1%)
Operating income	38.1	30.0	(8.0)	(21.1%)	28.1	1.9	7.1%
EBITDA	57.9	51.8	(6.0)	(10.5%)	50.3	1.5	3.1%
Ordinary income	34.2	29.3	(4.9)	(14.5%)	25.1	4.2	16.8%
Profit attributable to owners of parent	24.2	25.1	0.9	4.0%	20.9	4.2	20.5%

Key points of financial results

■ Operating revenue

-Increased due to an increase in transportation sales and growth in RevPAR for existing hotels and brisk growth of MICE, despite the impact of the halt of operations for seismic reinforcement work at hotels (down 5.4 billion yen YoY), the impact of unfavorable weather caused by typhoons, and other factors. The effect of the opening of TOKYO GARDEN TERRACE KIOICHO and strong performance in the Construction business also contributed.

► [Page 3](#)

■ Operating income

-Decreased due to recording of one-time expenses for opening of TOKYO GARDEN TERRACE KIOICHO and the halt of operations for seismic reinforcement work at hotels.

► [Page 4](#)

<Seibu railway/Railway operations>

Sales +0.3% YoY (Commuter passes: +1.2%, Non-commuter passes: -0.3%)

► [Page 9](#)

<Hotel operations>

RevPAR 11,171 yen (+3.6% YoY),

City hotels: 11,845 yen (+3.4% YoY), Resort hotels: 9,953 yen (+4.7% YoY)

► [Page 11](#)

■ Ordinary income

-The YoY decline in ordinary income contracted compared with operating income mainly due to (the temporary factor of) recording the share of profit of entities accounted for using equity method related to NW Corporation Inc. (began using equity method this fiscal year).

► [Page 20](#)

■ Profit attributable to owners of parent

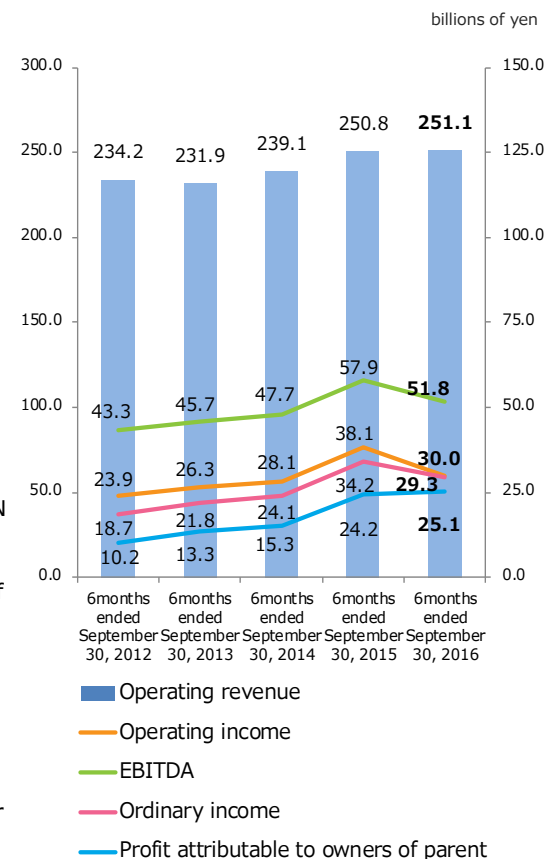
-Increased 0.9 billion yen YoY mainly due to sales of land and a decline in income taxes - deferred after recording deferred tax assets at Prince Hotels, Inc., in addition to the above factors.

■ Earnings forecasts

-Consolidated earnings forecasts for the fiscal year ending March 31, 2017 (full-year), have been revised.

► [Page 24](#)

Earnings results



Operating revenue for each segment

billions of yen

	6months ended September 30, 2015	6months ended September 30, 2016	YoY change (Amount / %)		6months ended September 30, 2016 (Forecast)	Change from forecast (Amount / %)		Details
Urban Transportation and Regional	79.1	78.4	(0.6)	(0.8%)	79.8	(1.3)	(1.7%)	Revenue decreased mainly due to the halt of operations at certain leisure facilities and poor summer sales at pool facilities in leisure facilities along railway lines, as well as the absence of operating revenue from unused portion of multi-service bus cards sold, which was recognized in the same period of the previous fiscal year in bus operations, despite strong performance mainly due to a strong employment situation and proactive event activities along railway lines. Revenue was lower than forecast due to the impact of unfavorable weather, such as typhoons.
Hotel and Leisure	93.6	92.9	(0.6)	(0.7%)	95.7	(2.7)	(2.9%)	Revenue increased for reasons including the opening of The Prince Gallery Tokyo Kioicho, growth in RevPAR for existing hotels, and brisk growth of MICE. However, revenue decreased YoY due to the impact of the halt of operations for seismic reinforcement work at Tokyo Prince Hotel and Grand Prince Hotel Takanawa (down 5.4 billion yen). Revenue was lower than forecast, mainly due to RevPAR falling below plan.
Real Estate	25.1	26.1	1.0	4.1%	25.7	0.4	1.9%	Revenue increased mainly due to the impact of the opening of TOKYO GARDEN TERRACE KIOICHO and strong performance at existing offices and residences.
Construction	42.7	47.5	4.7	11.1%	43.4	4.1	9.6%	Revenue increased mainly due to increases in civil engineering work, renovation projects and further progress in landscaping contract work.
Hawaii Business	8.6	8.1	(0.5)	(6.1%)	10.1	(1.9)	(19.7%)	Revenue decreased due to exchange rate fluctuations, despite increased US dollar-based revenue due to strong hotel performance on the Island of Hawaii. Revenue was lower than forecast due to postponement of a sale of real estate (to be executed in 3Q).
Other	22.6	22.6	0.0	0.3%	23.0	(0.3)	(1.3%)	Revenue increased YoY mainly due to greater numbers of spectators for the Seibu Lions. Revenue was lower than forecast mainly due to poor performance at certain leisure facilities.
Adjustments	(21.1)	(24.8)	(3.7)	—	(23.7)	(1.1)	—	Internal construction projects within the Group increased.
Consolidated	250.8	251.1	0.3	0.1%	254.0	(2.8)	(1.1%)	

Operating income and EBITDA for each segment

billions of yen

Operating income	6months ended September 30, 2015	6months ended September 30, 2016	YoY change (Amount / %)		6months ended September 30, 2016 (Forecast)	Change from forecast (Amount / %)		Details
Urban Transportation and Regional	16.1	15.8	(0.2)	(1.8%)	15.5	0.3	2.1%	Operating income decreased YoY due to the decrease in operating revenue. Operating income was higher than forecast, mainly due to a decrease in electric power costs in railway operations.
Hotel and Leisure	10.6	7.9	(2.6)	(24.8%)	6.8	1.1	17.5%	Operating income decreased YoY for reasons including the impact of the halt of operations for seismic reinforcement work at hotels, the recording of expenses associated with the opening of The Prince Gallery Tokyo Kioicho, and an increase in retirement benefit expenses. Operating income was higher than forecast due to a cost cutting and a decrease in certain costs such as utilities.
Real Estate	8.2	2.9	(5.2)	(64.6%)	1.6	1.3	81.5%	Although operating income increased due to the increase in operating revenue, the YoY decrease was due to one-time expenses for opening of TOKYO GARDEN TERRACE KIOICHO. Operating income was higher than forecast due to higher income on higher revenues and decreases in costs.
Construction	1.0	1.9	0.9	92.6%	0.6	1.3	227.8%	Operating income increased due to increased revenue, and improved profitability of construction work.
Hawaii Business	(0.4)	(0.5)	(0.0)	—	0.7	(1.2)	—	Operating income decreased YoY mainly due to increased costs associated with the renovation of Hawaii Prince Hotel Waikiki. Operating income was lower than forecast due to the postponement of a sale of real estate (to be executed in 3Q).
Other	2.3	2.1	(0.2)	(11.3%)	1.9	0.2	11.0%	Operating income declined YoY, reflecting an increase in expenses associated with increasing the fan base in the Seibu Lions Business. Operating income was higher than forecast due to cost cutting.
Adjustments	0.2	(0.1)	(0.4)	—	1.0	(1.1)	—	
Cosolidated	38.1	30.0	(8.0)	(21.1%)	28.1	1.9	7.1%	

billions of yen

EBITDA	6months ended September 30, 2015	6months ended September 30, 2016	YoY change (Amount / %)		6months ended September 30, 2016 (Forecast)	Change from forecast (Amount / %)		Details
Urban Transportation and Regional	26.1	25.8	(0.3)	(1.3%)	25.6	0.2	1.0%	
Hotel and Leisure	16.2	13.9	(2.2)	(13.9%)	12.9	1.0	8.4%	
Real Estate	10.3	6.7	(3.5)	(34.0%)	5.6	1.1	21.4%	
Construction	1.1	2.1	0.9	82.3%	0.8	1.3	168.1%	
Hawaii Business	0.5	0.3	(0.1)	(30.0%)	1.7	(1.3)	(77.5%)	
Other	3.5	3.3	(0.2)	(6.2%)	3.2	0.1	5.2%	
Adjustments	(0.1)	(0.6)	(0.5)	—	0.5	(1.1)	—	
Cosolidated	57.9	51.8	(6.0)	(10.5%)	50.3	1.5	3.1%	

I . Executive summary

P2

**II . Key initiatives of the six months
ended September, 30 2016**

P6

**III . Segment information and
key performance indicators**

P8

IV . Details on financial results

P20

**V . Consolidated earnings forecasts for
the fiscal year ending March 31, 2017**

P24

Key initiatives of the six months ended September 30, 2016

Overall

- TOKYO GARDEN TERRACE KIOICHO grand opening
 - Launched the "SEIBU PRINCE CLUB emi" membership service for foreigners
 - Expanded the Seibu Holdings shareholder incentives
 - Held the "2016 Seibu Group Media FAM Tour" to promote customer attraction among foreign tourists visiting Japan
 - Promoted diversity including the construction of the Reemployment Support Network within the Seibu Group
- *FAM tour: "Familiarization tour" – an inspection visit tour

Urban Transportation and Regional

- Tourism train "The Seibu Traveling Restaurant - fifty two seats of happiness" started operation
- Began offering "SEIBU FREE Wi-Fi" at cars of Red Arrow Limited Express
- Decided to introduce reserved seating through-service trains with the new commuter type 40000 series (scheduled to be introduced in spring 2017)
- Introduced IC version of "Student Commuter Pass" at Seibu Bus Co., Ltd.

Hotel and Leisure

- Opened The Prince Gallery Tokyo Kioicho
- Carrying out renewal construction at Tokyo Prince Hotel and Grand Prince Hotel Takanawa
- Making investments to increase value of hotels in the Takanawa and Shinagawa area
- Started renovations of Oiso Prince Hotel (scheduled renewal opening in spring 2017)
- Opened New York Office and Sydney Office as overseas sales offices

Real Estate

- Offices, Kioi Terrace commercial facilities and Kioi Residence residential building grand opening
- Conducted ceremony for inaugurating construction for "Tokorozawa Station East Building Plan"
- Launched store-independent tax-exemption services at Karuizawa Prince Shopping Plaza
- Opened "Brick St." after renovation of a commercial retail facility "American Blvd." situated beneath the overpass at Seibu Shinjuku Station

Hawaii Business

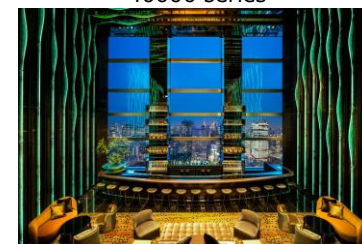
- Rebranding of Hawaii Prince Hotel Waikiki through full-scale renewal and name change (Prince Waikiki), etc., (scheduled renewal opening in spring 2017)
- Partial sale of assets of Hapuna Beach Prince Hotel (to be recognized in consolidated financial results for the nine months ending December 31, 2016)



TOKYO GARDEN TERRACE KIOICHO



New commuter type 40000 series



The Prince Gallery Tokyo Kioicho



Image of Tokorozawa Station East Building Plan

I . Executive summary	P2
II . Key initiatives of the six months ended September 30, 2016	P6
III . Segment information and key performance indicators	P8
IV . Details on financial results	P20
V . Consolidated earnings forecasts for the fiscal year ending March 31, 2017	P24

Urban Transportation and Regional Overview

millions of yen

	6months ended September 30, 2015	6months ended September 30, 2016	YoY change (Amount / %)		Details
Operating revenue	79,126	78,477	(648)	(0.8%)	
Railway operations	51,825	52,170	344	0.7%	The increase was mainly due to the strong transportation sales reflecting the strong employment situation as well as proactive event activities along railway lines.
Bus operations	13,158	12,936	(222)	(1.7%)	Revenue decreased mainly due to the absence of operating revenue from unused portion of multi-service bus cards sold, which was recognized in the same period of the previous fiscal year.
Leisure facilities along railway lines	11,603	10,847	(756)	(6.5%)	Revenue decreased due to the halt of operations at certain leisure facilities and poor summer sales at pool facilities.
Others	2,537	2,523	(14)	(0.6%)	
Operating income	16,124	15,832	(291)	(1.8%)	Operating income decreased due to the decrease in operating revenue.
EBITDA	26,194	25,845	(349)	(1.3%)	

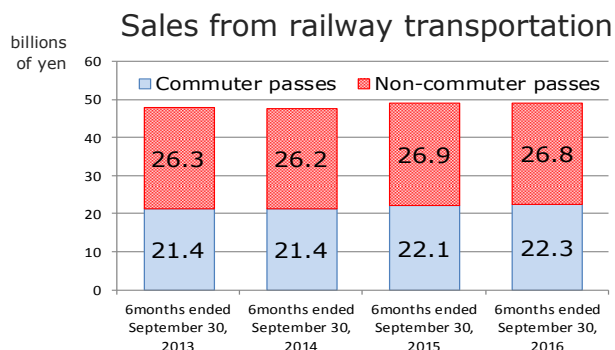
Urban Transportation and Regional

Key operating data of Railway operations

Number of passengers and sales from railway transportation (Seibu Railway Co., Ltd.)

thousands of passengers, millions of yen

		6months ended September 30, 2013	6months ended September 30, 2014	YoY change	6months ended September 30, 2015	YoY change	6months ended September 30, 2016	YoY change
Number of passengers	Commuter passes	197,033	197,556	0.3%	203,985	3.3%	206,397	1.2%
	Non-commuter passes	120,307	119,223	(0.9%)	122,446	2.7%	122,140	(0.3%)
	Total	317,341	316,780	(0.2%)	326,432	3.0%	328,538	0.6%
Sales from railway transportation	Commuter passes	21,487	21,458	(0.1%)	22,128	3.1%	22,389	1.2%
	Non-commuter passes	26,384	26,263	(0.5%)	26,938	2.6%	26,844	(0.3%)
	Total	47,871	47,721	(0.3%)	49,066	2.8%	49,233	0.3%
Other revenue		2,092	2,028	(3.1%)	2,082	2.7%	1,989	(4.4%)
Total net sales		49,964	49,750	(0.4%)	51,148	2.8%	51,223	0.1%



■ Commuter passes

Increased by 1.2% YoY due to the strong employment situation.

■ Non-commuter passes

Decreased by 0.3% YoY due to the impact of unfavorable weather, such as typhoons, despite the proactive event activities along railway lines and revision of limited express fares.

Hotel and Leisure Overview

millions of yen

	6months ended September 30, 2015	6months ended September 30, 2016	YoY change (Amount / %)		Details
Operating revenue	93,621	92,960	(661)	(0.7%)	
City hotel operations	51,643	49,929	(1,713)	(3.3%)	Revenue increased for reasons including the opening of The Prince Gallery Tokyo Kioicho, growth in RevPAR for existing hotels, and brisk growth of MICE. However, revenue decreased due to the impact of the halt of operations for seismic reinforcement work at Tokyo Prince Hotel and Grand Prince Hotel Takanawa (down 5.4 billion yen).
Resort hotel operations	20,235	20,180	(55)	(0.3%)	Revenue was level YoY as increases in RevPAR mainly at hotels in Hakodate-Onuma and the Hakone area that had undergone investments to increase value in the previous fiscal year were offset by the impact of unfavorable weather such as typhoons.
Golf course operations	7,229	7,350	121	1.7%	Revenue increased thanks to rate control despite the impact of unfavorable weather.
Others	14,513	15,500	986	6.8%	The increase was mainly due to the opening of Sendai Umino-Mori Aquarium and the opening of Aqua Park Shinagawa after renovation in July, 2015.
Operating income	10,626	7,990	(2,635)	(24.8%)	Operating income decreased due to the halt of operations for seismic reinforcement work at hotels, the recording of one-time expenses for the opening of The Prince Gallery Tokyo Kioicho, and an increase in retirement benefit expenses.
EBITDA	16,226	13,978	(2,248)	(13.9%)	

Hotel and Leisure

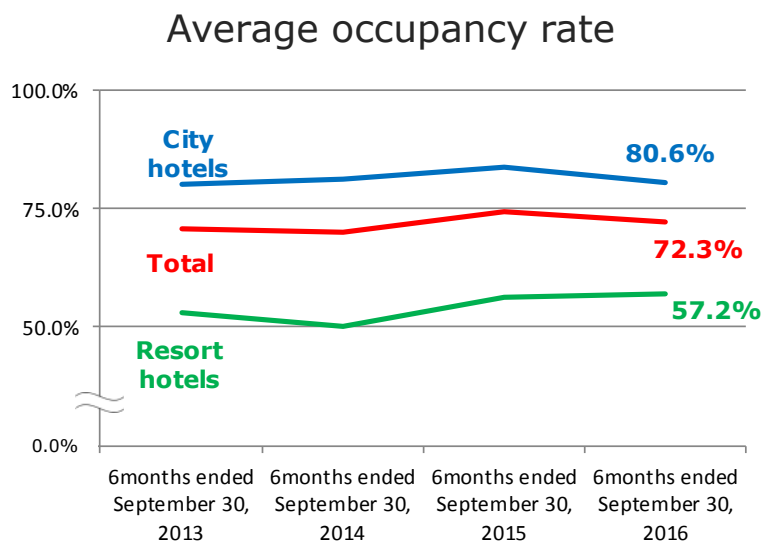
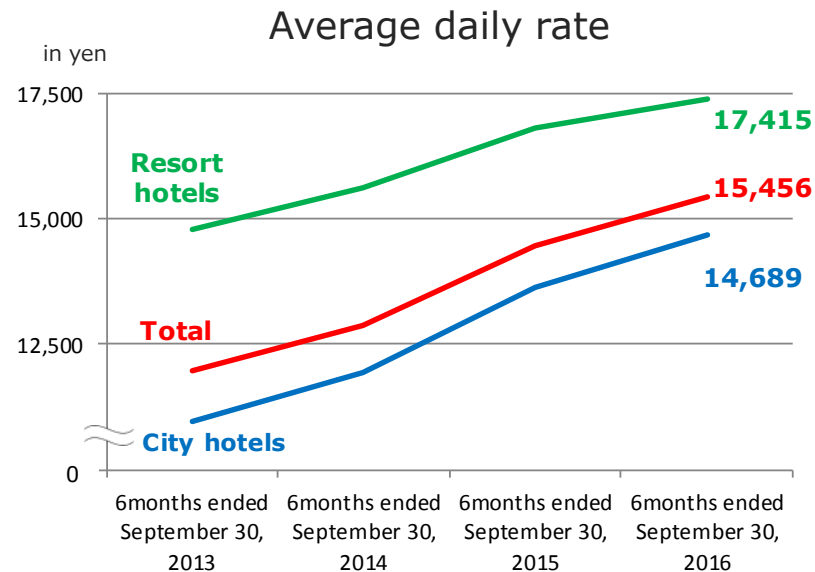
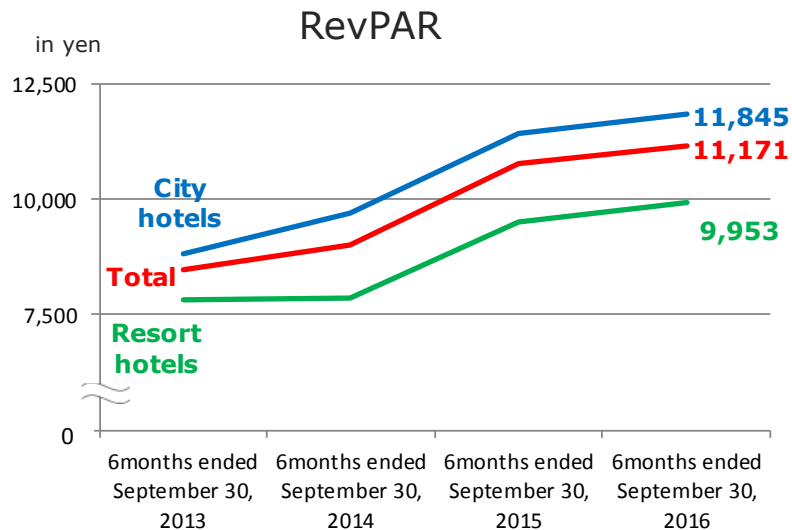
Indicators of hotel operations

Indicators of hotel operations (Prince Hotels, Inc.)

		RevPAR, room rates in yen						
		6months ended September 30, 2013	6months ended September 30, 2014	YoY change	6months ended September 30, 2015	YoY change	6months ended September 30, 2016	YoY change
RevPAR	City hotels	8,807	9,695	888	11,452	1,757	11,845	393
	Takanawa and Shinagawa area	9,009	10,115	1,106	12,119	2,004	12,825	705
	Resort hotels	7,837	7,866	29	9,502	1,636	9,953	452
	Karuizawa area	16,622	19,942	3,320	22,184	2,242	22,060	(125)
	Total	8,463	9,029	566	10,784	1,755	11,171	388
Average daily rate (ADR)	City hotels	10,967	11,923	956	13,653	1,730	14,689	1,036
	Takanawa and Shinagawa area	10,642	11,829	1,187	13,839	2,011	14,718	879
	Resort hotels	14,790	15,624	834	16,821	1,196	17,415	594
	Karuizawa area	30,848	34,125	3,277	34,645	521	34,041	(604)
	Total	11,984	12,892	909	14,476	1,584	15,456	980
Average occupancy rate	City hotels	80.3%	81.3%	1.0pt	83.9%	2.6pt	80.6%	(3.2pt)
	Takanawa and Shinagawa area	84.7%	85.5%	0.8pt	87.6%	2.1pt	87.1%	(0.4pt)
	Resort hotels	53.0%	50.3%	(2.6pt)	56.5%	6.1pt	57.2%	0.7pt
	Karuizawa area	53.9%	58.4%	4.5pt	64.0%	5.6pt	64.8%	0.8pt
	Total	70.6%	70.0%	(0.6pt)	74.5%	4.5pt	72.3%	(2.2pt)

Hotel and Leisure

Indicators of hotel operations



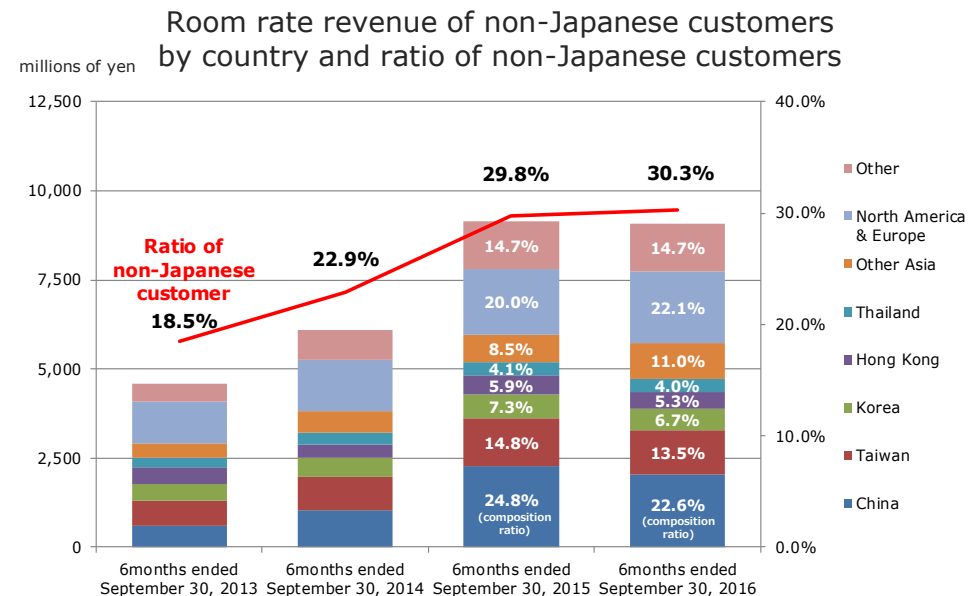
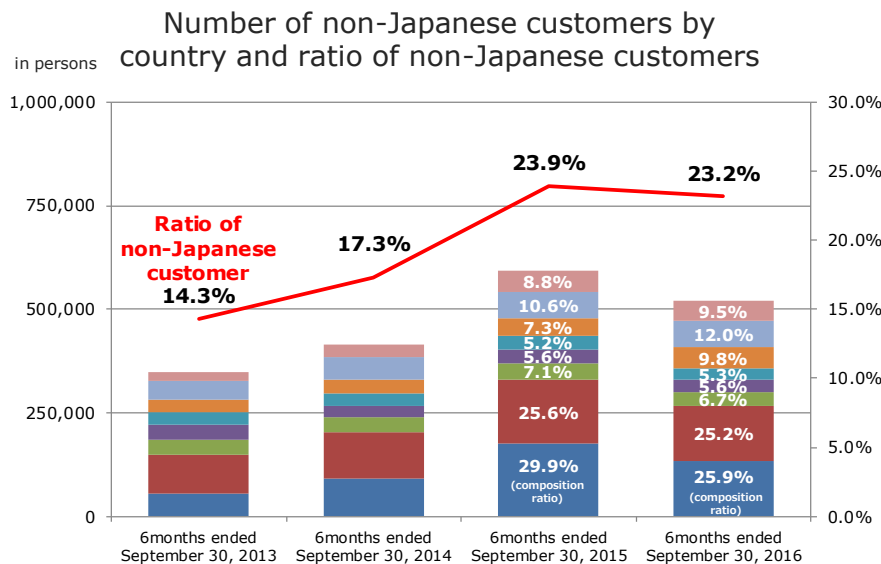
RevPAR increased as the average daily rates increased with the shift to a target market with customer sectors with a higher unit price.

Hotel and Leisure Inbound trends①

(Number of customers, Room rate revenue)

in persons, millions of yen

		6months ended September 30, 2013	6months ended September 30, 2014	YoY change	6months ended September 30, 2015	YoY change	6months ended September 30, 2016	YoY change
Breakdown of our customers	Japanese customers	2,096,299	1,992,525	(103,774)	1,883,695	(108,830)	1,725,178	(158,517)
	Non-Japanese customers	349,042	415,467	66,425	592,436	176,969	520,656	(71,780)
	Total	2,445,341	2,407,992	(37,349)	2,476,131	68,139	2,245,834	(230,297)
Room rate revenue	Non-Japanese customers	4,573	6,079	1,506	9,132	3,053	9,060	(72)

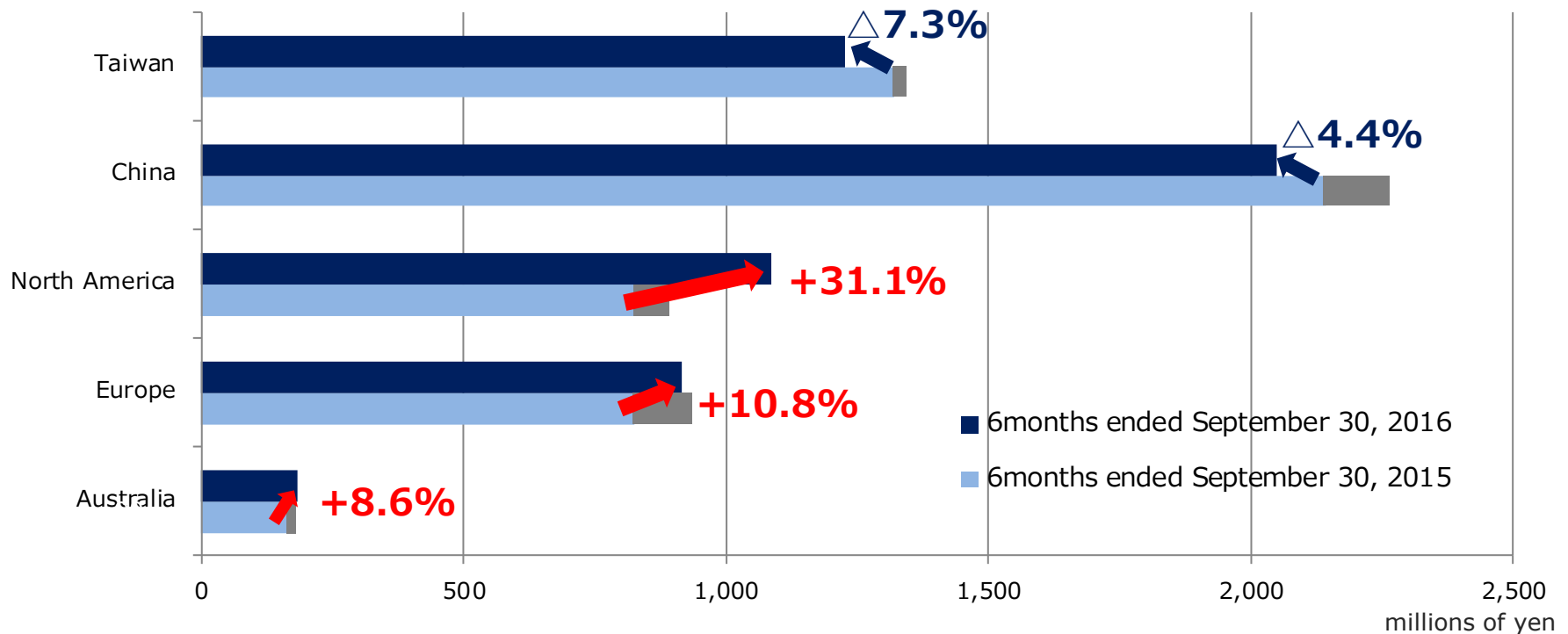


Hotel and Leisure Inbound trends②

(Inbound room rate revenue by major country, etc.)

To illustrate market change, on room revenue basis,* revenue decreased from Asian countries/territories such as Taiwan (-7.3% YoY) and China (-4.4% YoY), but **increased from North America (+31.1% YoY), Europe(+10.8% YoY), and Australia(+8.6% YoY). This indicates a steady increase in customers from areas with higher unit prices.**

Inbound room rate revenue by major country, etc.*



*Basis omitting effect of operations halted for seismic reinforcement work(■ in graph)

Real Estate Overview

millions of yen

	6months ended September 30, 2015	6months ended September 30, 2016	YoY change (Amount / %)		Details
Operating revenue	25,158	26,196	1,038	4.1%	
Leasing operations	15,899	17,169	1,269	8.0%	Revenue increased mainly due to strong performance at TOKYO GARDEN TERRACE KIOICHO and existing offices and residences.
Others	9,258	9,027	(230)	(2.5%)	
Operating income	8,203	2,903	(5,299)	(64.6%)	Although operating income increased due to the increase in operating revenue, the decrease was due to one-time expenses for opening of TOKYO GARDEN TERRACE KIOICHO.
EBITDA	10,305	6,798	(3,506)	(34.0%)	

in thousands of square meters

		6months ended September 30, 2013	6months ended September 30, 2014	YoY change	6months ended September 30, 2015	YoY change	6months ended September 30, 2016	YoY change
Leasing space as of September, 30	commercial retail	207	226	18	231	5	237	5
	office/residential	58	57	(1)	58	1	160	102
Vacancy rate for leasable space as of September, 30	commercial retail	1.9%	2.0%	0.1pt	2.2%	0.2pt	1.1%	(1.1pt)
	office/residential	9.3%	6.8%	(2.5pt)	15.0%	8.2pt	2.0%	(13.0pt)

Construction Overview

millions of yen

	6months ended September 30, 2015	6months ended September 30, 2016	YoY change (Amount / %)		Details
Operating revenue	42,798	47,566	4,768	11.1%	
Construction operations	31,198	34,625	3,427	11.0%	The increase was mainly due to increases in civil engineering work and renovation projects.
Others	11,599	12,940	1,341	11.6%	The increase was mainly due to further progress in landscaping contract work.
Operating income	1,021	1,967	945	92.6%	Operating income increased due to increased revenue, and improved profitability of construction work.
EBITDA	1,176	2,144	968	82.3%	

Status of orders received by the Construction operations

millions of yen

	6months ended September 30, 2013	6months ended September 30, 2014	YoY change	6months ended September 30, 2015	YoY change	6months ended September 30, 2016	YoY change
Orders carried over from the previous fiscal year	58,012	62,321	4,309	84,335	22,014	99,069	14,733
Orders received during the period	39,363	45,142	5,779	42,406	(2,735)	40,812	(1,594)
Orders carried over to the next period	73,003	75,979	2,975	95,621	19,642	105,340	9,718

Hawaii Business Overview

millions of yen

	6months ended September 30, 2015	6months ended September 30, 2016	YoY change (Amount / %)		Details
Operating revenue	8,637	8,108	(529)	(6.1%)	Revenue decreased due to exchange rate fluctuations, despite increased US dollar-based revenue due to strong hotel performance on the Island of Hawaii.
Operating income	(485)	(518)	(33)	—	Operating income decreased mainly due to increased costs associated with the renovation of Hawaii Prince Hotel Waikiki.
EBITDA	546	382	(164)	(30.0%)	

Average occupancy rate and average dairy rate of Hotel

	6months ended September 30, 2013	6months ended September 30, 2014	YoY change	6months ended September 30, 2015	YoY change	6months ended September 30, 2016	YoY change
Average occupancy rate	71.9%	70.7%	(1.2pt)	72.9%	2.2pt	70.9%	(2.0pt)
Average daily rate (¥)	19,478	23,878	4,400	28,940	5,062	27,302	(1,638)
Average daily rate (\$)	223.89	234.10	10.21	241.57	7.47	248.20	6.63

Other Overview

millions of yen

	6months ended September 30, 2015	6months ended September 30, 2016	YoY change (Amount / %)		Details
Operating revenue	22,628	22,699	71	0.3%	The increase was mainly due to greater numbers of spectators for the Seibu Lions.
Operating income	2,377	2,109	(268)	(11.3%)	The decrease was due to an increase in expenses for increasing the fan base in the Seibu Lions Business.
EBITDA	3,591	3,367	(224)	(6.2%)	

I . Executive summary	P2
II . Key initiatives of the six months ended September 30, 2016	P6
III . Segment information and key performance indicators	P8
IV . Details on financial results	P20
V . Consolidated earnings forecasts for the fiscal year ending March 31, 2017	P24

Summary of consolidated statement of income

millions of yen

	6months ended September 30, 2015	6months ended September 30, 2016	YoY change	Details
Operating revenue	250,849	251,178	328	Urban Transportation and Regional: -0.6 billion yen, Hotel and Leisure: -0.6 billion yen, Real Estate: +1.0 billion yen, Construction: +4.7 billion yen, Hawaii Business: -0.5 billion yen, Other: +0.0 billion yen
Operating income	38,143	30,098	(8,045)	Urban Transportation and Regional: -0.2 billion yen, Hotel and Leisure: -2.6 billion yen, Real Estate: -5.2 billion yen, Construction: +0.9 billion yen, Hawaii Business: -0.0 billion yen, Other: -0.2 billion yen
Non-operating income	1,136	4,995	3,858	Share of profit of entities accounted for using equity method: +3.7 billion yen (see page 21)
Non-operating expenses	5,002	5,786	784	Interest expenses: +0.5 billion yen
Ordinary income	34,276	29,306	(4,970)	
Extraordinary income	731	4,283	3,552	Gain on sales of non-current assets: +3.0 billion yen
Extraordinary losses	1,629	1,980	350	
Income before income taxes	33,377	31,609	(1,768)	
Income taxes	9,062	6,344	(2,718)	Income taxes - current: -0.6 billion yen Income taxes - deferred: -2.0 billion yen (Recording of deferred tax assets at Prince Hotels, Inc.: -2.8 billion yen)
Profit	24,315	25,264	949	
Profit attributable to non-controlling interests	98	84	(14)	
Profit attributable to owners of parent	24,216	25,180	963	

Non-operating income and expenses and extraordinary income and losses

millions of yen

	6months ended September 30, 2015	6months ended September 30, 2016	YoY change	Details
Operating income	38,143	30,098	(8,045)	
Non-operating income	1,136	4,995	3,858	
Interest and dividend income	360	394	34	
Subsidy to keep a bus on a regular route	226	222	(3)	
Share of profit of entities accounted for using equity method	17	3,751	3,733	Recorded in relation to NW Corporation becoming an equity-method associate from the current period (temporary factor)
Other	531	627	95	
Non-operating expenses	5,002	5,786	784	
Interest expenses	4,803	5,310	506	
Other	199	476	277	
Ordinary income	34,276	29,306	(4,970)	
Extraordinary income	731	4,283	3,552	
Gain on sales of non-current assets	294	3,367	3,073	(Current fiscal period) Sales of land (Shin Sugita)
Contribution for construction	63	18	(45)	
Subsidy income	98	316	217	
Gain on sales of investment securities	0	—	(0)	
Gain on reversal of asset retirement obligations	273	—	(273)	
Other	—	580	580	
Extraordinary losses	1,629	1,980	350	
Impairment loss	180	41	(139)	
Loss on sales of non-current assets	83	8	(74)	
Loss on retirement of non-current assets	407	1,026	619	
Reduction entry of land contribution for construction	63	18	(45)	
Loss on reduction of non-current assets	80	296	215	
Loss on sales of investment securities	4	—	(4)	
Loss on valuation of investment securities	0	0	0	
Litigation loss	715	3	(711)	(Previous fiscal period) Recorded litigation cost upon final and binding judgment
Other	94	585	491	
Profit before income taxes	33,377	31,609	(1,768)	

Summary of consolidated balance sheet

	millions of yen			
	March 31, 2016	September 30, 2016	Change	Details
Total assets	1,553,092	1,559,477	6,384	
Current assets	136,813	106,406	(30,407)	Notes and accounts receivable - trade -6,466 Other -24,795 (collection of indemnification claims, etc.)
Non-current assets	1,416,278	1,453,070	36,792	Property, plant and equipment and intangible assets +42,839 Investment securities -5,779
Total liabilities	1,160,443	1,213,887	53,443	
Current liabilities	317,855	348,099	30,243	Increase in short-term loans payable +16,730 Advances received +3,585 Other +18,685 (new construction costs on TOKYO GARDEN TERRACE KIOICHO, etc.) Notes and accounts payable - trade -9,960
Non-current liabilities	842,587	865,787	23,200	Increase in long-term loans payable +6,458 Liabilities from application of equity method +17,398 (NW Corporation, an equity-method associate)
Total net assets	392,649	345,590	(47,059)	Treasury shares -52,684 (regarding shares of the Company held by NW Corporation, the Group's equity ownership portion was recorded as treasury shares) Foreign currency translation adjustment -8,160 Retained earnings +21,184
Interest-bearing debt	843,745	864,321	20,576	
Net interest-bearing debt	821,328	844,541	23,212	Mainly an increase in new construction costs paid for TOKYO GARDEN TERRACE KIOICHO

I . Executive summary	P2
II . Key initiatives of the six months ended September 30, 2016	P6
III . Segment information and key performance indicators	P8
IV . Details on financial results	P20
V . Consolidated earnings forecasts for the fiscal year ending March 31, 2017	P24

Consolidated earnings forecasts for the fiscal year ending March 31, 2017

billions of yen	FY ending March 31, 2017 full-year forecast	Previous forecast (May)	Change from previous forecast (%)	FY ended March 31, 2016	YoY change
Operating revenue	517.1	514.2	0.6%	508.0	1.8%
Operating income	54.1	48.4	11.8%	65.9	(18.0%)
EBITDA	100.5	95.5	5.2%	106.7	(5.8%)
Ordinary income	48.5	40.7	19.2%	58.5	(17.1%)
Profit attributable to owners of parent	37.0	29.5	25.4%	57.2	(35.3%)

Note: Monetary amounts presented in the table are truncated to the unit used for presentation, and ratios are rounded to one decimal place.

The full-year consolidated earnings forecasts have been revised from the earnings forecasts announced on May 12, 2016, based on the performance for the first six months.

■ **Operating revenue:** ¥517.1 billion

The previous forecast has been revised upward by ¥2.9 billion primarily due to the sale of real estate in the Hawaii Business and the Construction business continuing to be favorable.

■ **Operating income:** ¥54.1 billion

The previous forecast has been revised upward by ¥5.7 billion primarily due to increased income from increased revenue and various cost reductions.

■ **Ordinary income:** ¥48.5 billion (an upward revision of ¥7.8 billion from the previous forecast)

■ **Profit attributable to owners of parent:** ¥37.0 billion (an upward revision of ¥7.5 billion from the previous forecast)

Note: The consolidated earnings forecasts are based on information available to the company at the announcement. Actual earnings results may differ from the forecast figures due to various factors going forward.

Consolidated earnings forecasts for the fiscal year ending March 31, 2017

Operating revenue for each segment

billions of yen	FY ending March 31, 2017 full-year forecast	Previous forecast (May)	Change from previous forecast (%)	FY ended March 31, 2016	YoY change
Urban Transportation and Regional	156.6	158.3	(1.1%)	157.3	(0.5%)
Hotel and Leisure	188.8	192.3	(1.8%)	188.0	0.4%
Real Estate	54.1	54.3	(0.4%)	49.6	8.9%
Construction	112.2	103.6	8.3%	104.9	6.9%
Hawaii Business	23.2	20.9	11.0%	19.3	20.2%
Other	37.1	37.8	(1.9%)	37.5	(1.2%)
Adjustments	(54.9)	(53.0)	–	(48.8)	–

Operating income for each segment

billions of yen	FY ending March 31, 2017 full-year forecast	Previous forecast (May)	Change from previous forecast (%)	FY ended March 31, 2016	YoY change
Urban Transportation and Regional	26.1	25.2	3.6%	25.8	0.8%
Hotel and Leisure	13.0	11.4	14.0%	20.6	(37.0%)
Real Estate	6.5	5.5	18.2%	14.5	(55.3%)
Construction	4.5	3.2	40.6%	3.6	21.8%
Hawaii Business	3.5	1.1	218.2%	(0.8)	–
Other	0.5	0.5	0.0%	1.0	(53.9%)
Adjustments	–	1.5	(100.0%)	0.9	(100.0%)

EBITDA for each segment

billions of yen	FY ending March 31, 2017 full-year forecast	Previous forecast (May)	Change from previous forecast (%)	FY ended March 31, 2016	YoY change
Urban Transportation and Regional	47.0	46.3	1.5%	46.7	0.6%
Hotel and Leisure	26.0	24.6	5.7%	32.0	(18.9%)
Real Estate	14.8	14.0	5.7%	18.7	(21.1%)
Construction	4.9	3.6	36.1%	4.0	21.0%
Hawaii Business	5.6	3.2	75.0%	1.2	354.2%
Other	3.2	3.2	0.0%	3.6	(13.3%)
Adjustments	(1.0)	0.6	–	0.1	–

Note:
Monetary amounts presented in the table are truncated to the unit used for presentation, and ratios are rounded to one decimal place.