

First Quarter Consolidated Financial Report

for the Three Months Ended June 30, 2019 (Japan GAAP)

July 29, 2019

Takara Leben CO., LTD.

Shares listed on: First Section of the Tokyo Stock Exchange
 Security code: 8897
 URL: <https://www.leben.co.jp>
 Representative: Kazuichi Shimada, Representative Director, CEO, President Executive Officer
 Masashi Yamamoto, Director, CFO, Executive officer and Executive General Manager of
 General Planning Division
 Contacts: Tel: +81-3-6551-2130

Scheduled date for release of Quarterly Report: August 9, 2019
 Scheduled date for commencement of dividend payments: --
 Has the Company prepared supplementary briefing materials for the Quarter: No
 Has the Company held briefings concerning its quarterly financial results: No

1. Consolidated Operating Results for the Three Months Ended June 30, 2019 (April 1-June 30, 2019)

(Amounts are rounded down to the nearest million)

(1) Consolidated Operating Results (Year-to-Date)

(Percentage figures represent year-on-year change)

	Net Sales		Operating Income		Ordinary Income		Net income attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended June 30, 2019	12,192	(44.5)	(1,753)	—	(2,036)	—	(1,556)	—
Three months ended June 30, 2018	21,951	2.8	793	(79.1)	536	(84.7)	376	(84.4)

(Note) Comprehensive income: Three months ended June 30, 2019: (¥1,381) million (—%) / Three months ended June 30, 2018: ¥388 million ((83.4%))

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
Three months ended June 30, 2019	(14.35)	—
Three months ended June 30, 2018	3.48	3.47

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio
	Millions of yen	Millions of yen	%
As of June 30, 2019	194,603	45,159	23.0
As of March 31, 2019	184,893	47,734	25.6

<Reference> Shareholders' equity at end of period: June 30, 2019: ¥44,768 million / March 31, 2019: ¥47,341 million

2. Cash Dividends

	Annual Cash Dividends per Share				
	1Q	2Q	3Q	Year-End	Total
	Yen	Yen	Yen	Yen	Yen
Year Ending March 31, 2019	-	5.00	-	11.00	16.00
Year Ending March 31, 2020	-				
Year Ending March 31, 2020 (Forecast)		6.00	-	13.00	19.00

(Note) Has the Company changed its dividend forecast for the current quarter: No

3. Consolidated Operating Results Forecast for the Fiscal Year Ending March 31, 2020 (April 1, 2019-March 31, 2020)

(Percentage figures represent year-on-year change)

	Net Sales		Operating Income		Ordinary Income		Net income attributable to owners of parent		Net Income per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	yen
Full year	160,000	21.2	13,000	29.4	11,800	30.7	8,000	24.5	73.79

(Note) Has the Company changed its consolidated forecast during this quarter: No

*Notes

- (1) Changes in significant subsidiaries during the current fiscal year
(Changes in specified subsidiaries resulting in changes in scope of consolidation): No
Newly consolidated companies (--) Newly excluded companies (--)
- (2) Application of Special Accounting Treatment Made in Preparation
of the Quarterly Consolidated Financial Statements: No
- (3) Changes in Accounting Policies, Changes in Accounting Estimates or Restatement
A. Changes in accounting policies accompanying revision of accounting standards: No
B. Changes in accounting policies other than those in (A): No
C. Changes in accounting estimates: No
D. Restatement: No
- (4) Number of shares issued (common stock)
a. Number of shares outstanding at the end of the period (including treasury stock)
b. Number of shares of treasury stock at the end of the period
c. Average number of shares during the period (quarter year-to-date)

a.	Three months ended June 30, 2019:	121,000,000 shares	As of March 31, 2019:	121,000,000 shares
b.	Three months ended June 30, 2019:	12,587,307 shares	As of March 31, 2019:	12,587,307 shares
c.	Three months ended June 30, 2019:	108,412,693 shares	Three months ended June 30, 2018 :	108,249,093 shares

*This quarterly earnings report is exempt from the quarterly review based on the Financial Instruments and Exchange Act.

*Explanation concerning appropriate use of the projected operating results and other items to note

The forward-looking statements, including business results forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Actual business results may differ substantially due to a number of factors.

○Attachments Table of Contents

1. Qualitative Information Pertaining to Consolidated Operating Results for the Quarter	2
(1) Qualitative Information Pertaining to Consolidated Operating Performance	2
(2) Qualitative Information Pertaining to Consolidated Financial Position	2
(3) Qualitative Information Pertaining to Forecasted Consolidated Operating Results	3
2 Quarterly Consolidated Financial Statements.....	4
(1) Quarterly Consolidated Balance Sheets.....	4
(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income	7
Quarterly Consolidated Statements of Income	
First-Quarter Year-to-Date Period	7
Quarterly Consolidated Statements of Comprehensive Income	
First-Quarter Year-to-Date Period	8
(3) Notes on Quarterly Consolidated Financial Statements.....	9
(Notes on Assumption of Going Concern)	9
(Notes on A Significant Change in Shareholders' Equity)	9

1. Qualitative Information Pertaining to Consolidated Operating Results for the Quarter

(1) Qualitative Information Pertaining to Consolidated Operating Performance

a. Performance by business segment

In the first-quarter year-to-date period of the Takara Leben Group's fiscal year ending in March 2020, sales from the real estate sales business amounted to ¥6,161 million, down 48.9% on a year-on-year basis. This reflected sales in the new built-for-sale condominium business, as well as sales in the newly-built detached housing business.

In the real estate rental business, sales totaled ¥1,469 million, up 3.7% on a year-on-year basis. This reflected sales from the rental of apartments, condominium units, and offices.

In the real estate management business, sales from the management of 54,799 units of residential condominiums were ¥1,226 million, up 14.4% on a year-on-year basis.

In the electric power generation business, sales totaled ¥1,616 million, down 74.2% on a year-on-year basis, mainly due to revenues from the sale of electricity generated by electric power generation facilities.

Sales from other businesses amounted to ¥1,718 million, up 49.6% on a year-on-year basis, mainly revenues from construction work, large-scale repair work, and commission income, etc.

As a result, Net sales for the first-quarter year-to-date period of the current consolidated fiscal year amounted to ¥12,192 million, down 44.5% on a year-on-year basis. Operating loss amounted to ¥1,753 million; compared to operating income for the same period of the previous year was ¥793 million. Ordinary loss of ¥2,036 million; compared to ordinary income for the same period of the previous year was 536 million. And net loss attributable to owners of parent of amounted to ¥1,556 million; compared to quarter net income attributable to owners of parent for the same period of the previous year was 376 million.

b. Contracted ratio status

With regard to sales performance in the first-quarter year-to-date period of the current consolidated fiscal year, contracts were concluded for 1,176 units, compared with a full-year target of 1,950 units scheduled for delivery. The contract ratio was at 60.3% showing a steady growth in the business.

(New built-for-sale condominiums: Contracts signed versus number of units scheduled for delivery)

	Units scheduled for delivery (units)	Number of contracts signed (units)	Contracted ratio (%)	Contracted ratio as of April 1, 2019 (%)
Three months ended June 30, 2018	1,700	868	51.1	31.1
Three months ended June 30, 2019	1,950	1,176	60.3	40.6

(2) Qualitative Information Pertaining to Consolidated Financial Position

Assets, Liabilities and Net Assets

With regard to the assets, liabilities, and net assets of the Group at the end of the first-quarter consolidated accounting period under review, total assets were ¥194,603 million, an increase of ¥9,710 million compared with the end of the previous consolidated fiscal year. The increase mainly reflected an increase in inventories associated with new purchases.

(Current Assets)

Current assets increased ¥11,265 million compared with the end of the previous consolidated fiscal year to ¥109,778 million. This mainly reflected an increase in inventory in conjunction with new purchase.

(Fixed Assets)

Fixed assets decreased ¥1,547 million compared with the end of the previous consolidated fiscal year to ¥84,738 million, mainly reflected the purchase business assets.

(Current Liabilities)

Current liabilities increased ¥13,833 million compared with the end of the previous consolidated fiscal year to ¥72,372 million, mainly due to increase in short-term borrowings and the reclassification of short term and long term borrowings payable.

(Fixed Liabilities)

Fixed liabilities decreased ¥1,548 million compared with the end of the previous consolidated fiscal year, to ¥77,071 million, mainly due to chiefly owing to the reclassification of short term and long term borrowings payable.

(Net Assets)

Total net assets amounted to ¥45,159 million, down ¥2,575 million from the end of the previous consolidated fiscal year, mainly due to the recording of a net loss attributable to owners of the parent company and the distribution of surplus.

(3) Qualitative Information Pertaining to Forecasted Consolidated Operating Results

There is no change from the projected consolidated operating results released on May 16, 2019.

2. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2019	As of June 30, 2019
ASSETS		
Current assets:		
Cash and deposits	21,165	14,949
Notes and accounts receivable, trade	2,071	1,994
Real estate held for sale	18,821	26,533
Real estate held for sale in progress	49,860	59,461
Costs incurred on uncompleted contracts	519	306
Other	6,192	6,654
Allowance for doubtful accounts	(118)	(120)
Total current assets	98,512	109,778
Fixed assets:		
Tangible fixed assets		
Buildings and structures (net)	18,061	12,918
Land	35,602	34,816
Other (net)	21,561	23,156
Total tangible fixed assets	75,224	70,891
Intangible fixed assets		
Goodwill	1,375	1,320
Other	465	452
Total intangible fixed assets	1,840	1,773
Investments and other assets		
Other	9,230	12,079
Allowance for doubtful accounts	(9)	(6)
Total investments and other assets	9,220	12,073
Total fixed assets	86,286	84,738
Deferred assets	94	87
Total assets	184,893	194,603
LIABILITIES		
Current liabilities:		
Notes and accounts payable, trade	7,790	5,123
Short-term borrowings	17,831	22,894
Current portion of long-term borrowings	19,743	33,097
Income taxes payable	2,760	112
Allowance	901	742
Other	9,510	10,402
Total current liabilities	58,539	72,372
Fixed liabilities		
Long-term borrowings	73,882	72,486
Bonds payable	200	200
Allowance	99	104

(Millions of yen)

	As of March 31, 2019	As of June 30, 2019
Liabilities related to retirement benefits	543	571
Other	3,894	3,709
Total fixed liabilities	78,619	77,071
Total liabilities	137,158	149,444

(Millions of yen)

	As of March 31, 2019	As of June 30, 2019
NET ASSETS		
Shareholders' equity		
Capital stock	4,819	4,819
Capital surplus	4,817	4,817
Retained earnings	42,299	39,549
Treasury stock	(4,695)	(4,695)
Total shareholders' equity	47,241	44,491
Accumulated other comprehensive income		
Net unrealized gains on available-for-sale securities	121	297
Remeasurements of defined benefit plans	(21)	(20)
Total accumulated other comprehensive income	100	277
Subscription rights to shares	196	196
Non-controlling interest	197	195
Total net assets	47,734	45,159
Total liabilities and net assets	184,893	194,603

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income
 Quarterly Consolidated Statements of Income
 First-Quarter Year-to-Date Period

(Millions of yen)

	Three Months Ended June 30, 2018	Three Months Ended June 30, 2019
Net sales	21,951	12,192
Cost of sales	17,611	10,066
Gross profit	4,339	2,125
Selling, general and administrative expenses	3,546	3,879
Operating income (loss)	793	(1,753)
Non-Operating income:		
Interest income	0	0
Dividend income	10	85
Commissions received	10	5
Miscellaneous income	25	10
Total Non-Operating income	46	101
Non-Operating expenses:		
Interest expense	263	277
Losses from equity method investment	27	72
Miscellaneous losses	11	34
Total Non-Operating expenses	302	384
Ordinary income (loss)	536	(2,036)
Extraordinary income		
Profit on sale of investment securities	191	-
Total Extraordinary income	191	-
Net income before income taxes (loss)	728	(2,036)
Income taxes, inhabitant taxes and business taxes	170	123
Income tax adjustments	181	(601)
Total income and other taxes	352	(478)
Net income (loss)	376	(1,558)
Net income attributable to non-controlling shareholders (loss)	(0)	(1)
Net income attributable to owners of parent (loss)	376	(1,556)

Quarterly Consolidated Statements of Comprehensive Income
 First-Quarter Year-to-Date Period

(Millions of yen)

	Three Months Ended June 30, 2018	Three Months Ended June 30, 2019
Net income (loss)	376	(1,558)
Other comprehensive income:		
Net unrealized gains on available-for-sale securities	12	175
Remeasurements of defined benefit plans	-	0
Total other comprehensive income	12	176
Comprehensive income	338	(1,381)
(Comprising)		
Comprehensive income attributable to owners of parent	389	(1,524)
Comprehensive income attributable to non-controlling shareholders	(0)	143

(3) Notes on Quarterly Consolidated Financial Statements

(Notes on Assumption of Going Concern)

The Company had no pertinent matters to report.

(Notes on a Significant Change in Shareholders' Equity)

The Company had no pertinent matters to report.