

# Second Quarter Consolidated Financial Report for the Six Months Ended September 30, 2019 (Japan GAAP)

October 28, 2019

## Takara Leben CO., LTD.

Shares listed on: Tokyo Stock Exchange, First Section  
 Security code: 8897  
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Scheduled date for release of Quarterly Report: November 8, 2019  
 Scheduled date for commencement of dividend payments: December 3, 2019  
 Has the Company prepared supplementary briefing materials for the Quarter: Yes  
 Has the Company held briefings concerning its quarterly financial results: Yes(for institutional investors and analysts)

## 1. Consolidated Operating Results for the Six Months Ended September 30, 2019 (April 1-September 30, 2019)

(Amounts are rounded down to the nearest million)

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

(Percentage figures represent year-on-year changes)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2019	57,998	16.8	3,879	56.0	3,414	77.3	2,260	86.9
Six months ended September 30, 2018	49,662	54.1	2,486	(12.9)	1,925	(23.7)	1,209	(25.6)

(Note) Comprehensive income: Six months ended September 30, 2019: ¥2,808million (119.8%) / Six months ended September 30, 2018: 1,277million ((21.6%))

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
Six months ended September 30, 2019	20.85	20.71
Six months ended September 30, 2018	11.17	11.11

### (2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio
	Millions of yen	Millions of yen	%
As of September 30, 2019	212,721	49,394	23.0
As of March 31, 2019	184,893	47,734	25.6

<Reference> Shareholders' equity at end of period: September 30, 2019: ¥48,888 million / March 31, 2018: ¥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	-	6.00			
Year Ending March 31, 2020(Forecast)			-	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		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.	Six months ended September 30, 2019:	121,000,000 shares	As of March 31, 2019:	121,000,000 shares
b.	Six months ended September 30, 2019:	12,587,307 shares	As of March 31, 2019:	12,587,307 shares
c.	Six months ended September 30, 2019:	108,412,693 shares	Six months ended September 30, 2018:	108,262,453 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.

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## 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 second-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 ¥46,102 million, up 35.5% 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 ¥2,886 million, up 1.0% 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 56,317 units of residential condominiums were ¥2,468 million, up 13.3% on a year-on-year basis.

In the electric power generation business, sales totaled ¥3,311 million, down 58.6% 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 ¥3,230 million, up 24.5% 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 second-quarter year-to-date period of the current consolidated fiscal year amounted to ¥57,998 million, up 16.8% on a year-on-year basis; Operating income amounted to ¥3,879 million, up 56.0% on a year-on-year basis; Ordinary income amounted to ¥3,414 million, up 77.3% on a year-on-year basis; and net income amounted to ¥2,260 million, up 86.9% on a year-on-year basis.

## b. Contracted ratio status

With regard to sales performance in the second-quarter year-to-date period of the current consolidated fiscal year, contracts were concluded for 1,539 units, compared with a full-year target of 1,950 units scheduled for delivery. The contract ratio was at 78.9% showing a steady growth in the business.

(Contracts signed versus number of units forecast for New built-for-sale condominium delivery)

	Units scheduled for delivery (units)	Number of contracts signed (units)	Contracted ratio (%)	Number of contracts signed from April 1-September 30, 2019 (units)
Six months ended September 30, 2018	1,700	1,173	69.0	921
Six months ended September 30, 2019	1,950	1,539	78.9	1,102

## (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 second-quarter consolidated accounting period under review, total assets were ¥212,721 million, an increase of ¥27,828 million compared with the end of the previous consolidated fiscal year, mainly due to an increase in inventories associated with new purchases.

## (Current Assets)

Current assets increased ¥34,043 million compared with the end of the previous consolidated fiscal year to ¥132,556 million, mainly due to an increase in inventories associated with new purchases.

(Fixed Assets)

Fixed assets decreased ¥6,201 million compared with the end of the previous consolidated fiscal year to ¥80,085 million, mainly reflected they were transferred to real estate for sale and power generation facilities for sale although the business assets were purchased smoothly.

(Current Liabilities)

Current liabilities increased ¥19,095 million compared with the end of the previous consolidated fiscal year to ¥77,634 million, mainly due to increase in short-term loans payable and the reclassification from long-term loans payable to short-term loan payable.

(Fixed Liabilities)

Fixed liabilities increased ¥7,073 million compared with the end of the previous consolidated fiscal year, to ¥85,692 million, mainly due to the increase loan payable with new purchase.

(Net Assets)

Total net assets increased ¥1,660 million compared with the end of the previous consolidated fiscal year, to ¥49,394 million, mainly due to the recorded amount of net income attributable to owners of parent exceeded amounts such as dividends 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 September 30, 2019
<b>ASSETS</b>		
Current assets:		
Cash and deposits	21,165	30,239
Notes and accounts payable - trade	2,071	1,972
Real estate for sale	18,821	25,232
Power generation facilities for sale	—	11,942
Real estate for sale in progress	49,860	55,430
Costs incurred on uncompleted contracts	519	470
Other	6,192	7,271
Allowance for doubtful accounts	(118)	(2)
Total current assets	98,512	132,556
Fixed assets:		
Property, plant and equipment		
Buildings and structures ,net	18,061	14,375
Land	35,602	36,374
Other ,net	21,561	17,867
Total Property, plant and equipment	75,224	68,617
Intangible assets		
Goodwill	1,375	1,266
Other	465	456
Total intangible assets	1,840	1,722
Investments and other assets		
Other	9,230	9,750
Allowance for doubtful accounts	(9)	(6)
Total investments and other assets	9,220	9,744
Total fixed assets	86,286	80,085
Deferred assets	94	80
Total assets	184,893	212,721
<b>LIABILITIES</b>		
Current liabilities:		
Notes and accounts payable - trade	7,790	11,620
Short-term loans payable	17,831	19,944
Current portion of long-term loans payable	19,743	31,045
Income taxes payable	2,760	1,417
Reserve	901	927
Other	9,510	12,679
Total current liabilities	58,539	77,634
Fixed liabilities		
Long-term loan payable	73,882	81,218
Bonds payable	200	200
Reserve	99	91

(Millions of yen)

	As of March 31, 2019	As of September 30, 2019
Net defined benefit liability	543	588
Other	3,894	3,593
Total fixed liabilities	78,619	85,692
Total liabilities	137,158	163,327

(Millions of yen)

	As of March 31, 2019	As of September 30, 2019
<b>NET ASSETS</b>		
Shareholders' equity		
Capital stock	4,819	4,819
Capital surplus	4,817	4,817
Retained earnings	42,299	43,365
Treasury stock	(4,695)	(4,695)
Total shareholders' equity	47,241	48,307
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	121	600
Remeasurements of defined benefit plans	(21)	(19)
Total accumulated other comprehensive income	100	580
Share acquisition rights	196	241
Non-controlling interest	197	265
Total net assets	47,734	49,394
Total liabilities and net assets	184,893	212,721



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

(Millions of yen)

	Six Months Ended September 30, 2018	Six Months Ended September 30, 2019
Net sales	49,662	57,998
Cost of sales	39,768	45,507
Gross profit	9,893	12,490
Selling, general and administrative expenses	7,407	8,611
Operating income	2,486	3,879
Non-Operating income:		
Interest income	0	0
Dividend income	73	164
Commission fee	26	40
Miscellaneous income	41	22
Total Non-Operating income	142	227
Non-Operating expenses:		
Interest expenses	542	580
Losses from equity method investment	60	65
Miscellaneous losses	99	45
Total Non-Operating expenses	702	691
Ordinary income	1,925	3,414
Extraordinary income		
Gain on sales of investment securities	191	72
Penalty income	—	214
Total Extraordinary income	191	286
Net income before income taxes	2,117	3,701
Income taxes - current	537	1,373
Income taxes - deferred	170	(0)
Total income taxes	707	1,372
Net income	1,409	2,328
Net income attributable to non-controlling shareholders	200	68
Net income attributable to owners of parent	1,209	2,260

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

(Millions of yen)

	Six Months Ended September 30, 2018	Six Months Ended September 30, 2019
Net income	1,409	2,328
Other comprehensive income:		
Valuation difference on available-for-sale securities	(131)	478
Remeasurements of defined benefit plans, net of tax	—	1
Total other comprehensive income	(131)	480
Comprehensive income	1,277	2,808
Net income attributable to		
Comprehensive income attributable to parent	1,077	2,740
Comprehensive income attributable to non-controlling interest	200	68

(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.