

# First Quarter Consolidated Financial Report

## for the Three Months Ended June 30, 2013 (Japan GAAP)

July 29, 2013

### Takara Leben CO., LTD.

Shares listed on: First Section of the Tokyo Stock Exchange  
 Security code: 8897  
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Scheduled date for release of Quarterly Report: August 9, 2013  
 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, 2013 (April 1-June 30, 2013)

(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	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended June 30, 2013	14,062	(17.0)	1,393	(0.3)	1,192	(7.2)	716	(19.3)
Three months ended June 30, 2012	16,938	298.8	1,398	-	1,284	-	888	-

(Note) Comprehensive income: Three months ended June 30, 2013: 706 ((19.6%)) / Three months ended June 30, 2012: 878(-%)

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
Three months ended June 30, 2013	6.10	6.09
Three months ended June 30, 2012	7.21	-

(Note) On July 1, 2013, the Company implemented a stock split in which four (4) shares are issued for one (1) share of common stock. Consequently, the net income per share and the diluted net income per share are calculated on the assumption that the said stock split was implemented at the start of the previous fiscal year.

#### (2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio
	Millions of yen	Millions of yen	%
As of June 30, 2013	75,165	22,644	30.1
As of March 31, 2013	75,013	24,147	32.2

<Reference> Shareholders' equity at end of period: June 30, 2013: ¥22,590 million / March 31, 2013: ¥24,131 million

## 2. Cash Dividends

	Annual Cash Dividends per Share				
	1Q	2Q	3Q	Year-End	Total
	Yen	Yen	Yen	Yen	Yen
Year Ending March 31, 2013	-	5.00	-	10.00	15.00
Year Ending March 31, 2014	-				
Year Ending March 31, 2014 (Forecast)		1.50	-	3.00	4.50

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

(Note) Cancellation of treasury stock (386,070 shares) on May 15, 2013 and stock split at the ratio of 1:4 for one common stock effective as of July 1, 2013 were decided by resolution at the Board of Directors' meeting held on May 13, 2013. Consequently, dividend for the year ending March 31, 2014 (Forecast) is calculated with consideration for the impact of the said stock split.

## 3. Consolidated Operating Results Forecast for the Fiscal Year Ending March 31, 2014 (April 1, 2013-March 31, 2014)

(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	71,650	10.4	9,300	46.2	8,515	47.0	5,030	23.5	42.08

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

(Note) Cancellation of treasury stock (386,070 shares) on May 15, 2013 and stock split at the ratio of 1:4 for one common stock effective as of July 1, 2013 were decided by resolution at the Board of Directors' meeting held on May 13, 2013. Consequently, net income per share for the year ending March 31 is calculated with consideration for the impact of the said stock split.

#### 4. Other Matters

- (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 (1): 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.	As of June 30, 2013:	132,000,000 shares	As of March 31, 2013:	133,544,280 shares
b.	As of June 30, 2013:	16,372,804 shares	As of March 31, 2013:	14,021,084 shares
c.	Three months ended June 30, 2013:	117,456,976 shares	Three months ended June 30, 2012:	123,183,280 shares

(Note) On July 1, 2013, the Company implemented a stock split in which four (4) shares are issued for one (1) share of common stock. Consequently, the number of shares is calculated on the assumption that the said stock split was implemented at the start of the previous fiscal year.

(Note) Explanation concerning implementation status of quarterly review procedure

This quarterly earnings report is exempt from the quarterly review procedure based on the Financial Instruments and Exchange Act. At the time of disclosure of this quarterly earnings report, the Company has not completed a quarterly review procedure for financial statements based on the Financial Instruments and Exchange Act.

(Note) 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 first-quarter year-to-date period of the Takara Leben Group's fiscal year ending in March 2014, sales from the real estate sales business amounted to ¥12,646 million, down 19.0% 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 and resale business.

Gross margin ratio increased 2.3% compared with the end of the previous consolidated fiscal year to 23.6%. The significant increase was mainly attributed to price revision.

In the real estate rental business, sales totaled ¥408 million, up 15.4% 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 33,546 units of residential condominiums were ¥671 million, up 7.4% on a year-on-year basis.

Sales from other businesses amounted to ¥335 million, down 1.8% on a year-on-year basis, mainly attributable to commissions from real estate agency services and revenues from orders for repair work.

As a result, Net sales for the first-quarter year-to-date period of the current consolidated fiscal year amounted to ¥14,062 million, down 17.0% on a year-on-year basis; Operating income amounted to ¥1,393 million, down 0.3% on a year-on-year basis; Ordinary income amounted to ¥1,192 million, down 7.2% on a year-on-year basis; and Net income amounted to ¥716 million, down 19.3% on a year-on-year basis.

## b. Overview

The built-for-sale condominium business delivered 287 units including solar-powered condominiums ( Leben Revale Machida Lusia Tower, LEBEN Chiba New Town Chuo ).

In the newly-built detached housing business completely delivered 30 units of Le Art Kawasaki Avide.

## c. 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 1,372 units, compared with a full-year target of 1,710 units scheduled for delivery. The contract ratio was at 80.2% showing a steady growth in the business.

(Contracts signed versus number of units forecast for delivery)

	Units scheduled for delivery (units)	Number of contracts signed (units)	Contracted ratio (%)	Contracted ratio (same period of the previous year) (%)
New built-for-sale condominium	1,710	1,372	80.2	80.5

## (2) Qualitative Information Pertaining to Consolidated Financial Position

## a. 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 ¥75,165 million, an increase of ¥151 million compared with the end of the previous consolidated fiscal year. The increase mainly reflected an increase in borrowings from new purchases, despite the distribution of surplus and purchase of treasury stock.

(Current Assets)

Current assets decreased ¥368 million compared with the end of the previous consolidated fiscal year to ¥55,563 million. This mainly reflected a decrease in inventories as a result of delivering new build-for-sale condominium units.

(Fixed Assets)

Fixed assets increased ¥520 million compared with the end of the previous consolidated fiscal year to ¥19,601 million, mainly reflected an increase in Tangible fixed assets as the result of purchases of income-generating properties.

(Current Liabilities)

Current liabilities increased ¥50 million compared with the end of the previous consolidated fiscal year to ¥29,075 million, mainly due to an increase in Short-term borrowings.

(Fixed Liabilities)

Fixed liabilities increased ¥1,604 million compared with the end of the previous consolidated fiscal year to ¥23,444 million, mainly due to an increase in borrowings in conjunction with new purchases.

(Net Assets)

Total net assets decreased ¥1,503 million compared with the end of the previous consolidated fiscal year to ¥22,644 million. The decrease was attributed to the net assets for the first quarter was less than distribution of surplus and purchase of treasury stock.

(3) Qualitative Information Pertaining to Forecasted Consolidated Operating Results

There is no change from the projected consolidated operating results released on May 13, 2013.

2. Summary Information (Notes)

(1) Changes to Material Subsidiaries during the First-Quarter Year-to-Date Period

The Company had no pertinent matters to report.

(2) Application of Special Accounting Treatment Made in Preparation of the Quarterly Consolidated Financial Statements

The Company had no pertinent matters to report.

(3) Changes in Accounting Policies, Changes in Accounting Estimates or Restatement

The Company had no pertinent matters to report.

## 3. Quarterly Consolidated Financial Statements

## (1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2013	As of June 30, 2013
<b>ASSETS</b>		
Current assets:		
Cash and deposits	17,911	20,484
Notes and accounts receivable, trade	323	311
Real estate held for sale	2,067	948
Real estate held for sale in progress	33,308	31,607
Other	2,353	2,242
Allowance for doubtful accounts	(32)	(30)
Total current assets	55,932	55,563
Fixed assets:		
Tangible fixed assets		
Buildings and structures (net)	5,011	5,166
Land	12,471	12,878
Other (net)	122	118
Total tangible fixed assets	17,606	18,163
Intangible fixed assets	551	533
Investments and other assets		
Other	1,036	1,017
Allowance for doubtful accounts	(112)	(113)
Total investments and other assets	924	904
Total fixed assets	19,081	19,601
Total assets	75,013	75,165
<b>LIABILITIES</b>		
Current liabilities:		
Notes and accounts payable, trade	7,920	7,351
Short-term borrowings	2,629	3,978
Current portion of long-term borrowings	11,375	11,892
Income taxes payable	1,608	335
Reserve	277	185
Other	5,214	5,332
Total current liabilities	29,025	29,075
Noncurrent liabilities		
Long-term borrowings	20,849	22,446
Reserve	202	214
Other	788	783
Total noncurrent liabilities	21,840	23,444
Total liabilities	50,866	52,520

(Millions of yen)

	As of March 31, 2013	As of June 30, 2013
<b>NET ASSETS</b>		
Shareholders' equity		
Capital stock	4,819	4,819
Capital surplus	4,947	4,842
Retained earnings	16,991	17,142
Treasury stock	(2,630)	(4,207)
Total shareholders' equity	24,127	22,597
Accumulated other comprehensive income		
Net unrealized losses on available-for-sale Securities	3	(6)
Total accumulated other comprehensive income	3	(6)
Subscription rights to shares	16	53
Total net assets	24,147	22,644
Total liabilities and net assets	75,013	75,165



(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, 2012	Three Months Ended June 30, 2013
Net sales	16,938	14,062
Cost of sales	13,604	10,649
Gross profit	3,334	3,413
Selling, general and administrative expenses	1,935	2,019
Operating income	1,398	1,393
Non-Operating income:		
Interest income	1	1
Dividend income	1	2
Commissions received	30	20
Income from equity method investment	42	2
Miscellaneous income	27	2
Total Non-Operating income	103	28
Non-Operating expenses:		
Interest expense	215	196
Miscellaneous losses	1	32
Total Non-Operating expenses	217	229
Ordinary income	1,284	1,192
Extraordinary gains		
Reserve for directors' retirement benefits	53	-
Total extraordinary gains	53	-
Extraordinary losses		
Loss on disposal of fixed assets	1	0
Total extraordinary losses	1	0
Net income before income taxes	1,336	1,192
Income taxes, inhabitant taxes and business taxes	339	333
Income tax adjustments	108	142
Total income and other taxes	447	475
Income before minority interests	888	716
Net income	888	716

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

(Millions of yen)

	Three Months Ended June 30, 2012	Three Months Ended June 30, 2013
Income before minority interests	888	716
Other comprehensive income:		
Net unrealized gains on available-for-sale securities	(9)	(9)
Total other comprehensive income	(9)	(9)
Comprehensive income	878	706
(Comprising)		
Comprehensive income attributable to parent	878	706

(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)

In the first three quarters of the consolidated fiscal year under review, the Company purchased 1,000,000 shares of treasury stock at ¥2,000 million, by resolution of the meeting of the Board of Directors held on May 13, 2013. And 386,070 shares of treasury stock at ¥396 million were cancelled. Additionally, as a result of disposal of 26,000 treasury stocks at ¥26 million due to exercise of stock options, the Company held 4,093,201 shares of treasury stock at ¥4,207 million as of June 30, 2013.