

# First Quarter Consolidated Financial Report

## for the Three Months Ended June 30, 2017 (Japan GAAP)

July 24, 2017

### Takara Leben CO., LTD.

Shares listed on: First Section of the Tokyo Stock Exchange  
 Security code: 8897  
 URL: <http://www.leben.co.jp>  
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Scheduled date for release of Quarterly Report: August 10, 2017  
 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, 2017 (April 1-June 30, 2017)

(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, 2017	21,361	0.8	3,791	25.0	3,505	28.3	2,409	34.8
Three months ended June 30, 2016	21,196	130.4	3,033	—	2,731	—	1,788	—

(Note) Comprehensive income: Three months ended June 30, 2017: ¥2,338 million (21.1%) / Three months ended June 30, 2016: ¥1,931 million (—%)

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
Three months ended June 30, 2017	22.31	22.21
Three months ended June 30, 2016	16.30	16.21

### (2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio
	Millions of yen	Millions of yen	%
As of June 30, 2017	149,853	38,051	25.3
As of March 31, 2017	139,874	36,792	26.2

<Reference> Shareholders' equity at end of period: June 30, 2017: ¥37,912 million / March 31, 2017: ¥36,635 million

## 2. Cash Dividends

	Annual Cash Dividends per Share				
	1Q	2Q	3Q	Year-End	Total
	Yen	Yen	Yen	Yen	Yen
Year Ending March 31, 2017	-	5.00	-	10.00	15.00
Year Ending March 31, 2018	-				
Year Ending March 31, 2018 (Forecast)		5.00	-	10.00	15.00

(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, 2018 (April 1, 2017-March 31, 2018)

(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	110,000	6.2	10,550	1.9	9,500	0.0	6,300	3.1	58.35

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

## 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.	Three months ended June 30, 2017:	124,000,000 shares	As of March 31, 2017:	124,000,000 shares
b.	Three months ended June 30, 2017:	15,955,707 shares	As of March 31, 2017:	16,022,507 shares
c.	Three months ended June 30, 2017:	108,012,253 shares	Three months ended June 30, 2016:	109,696,333 shares

(Note) This quarterly earnings report is exempt from the quarterly review 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 2018, sales from the real estate sales business amounted to ¥4,700 million, down 52.4% 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 ¥1,344 million, up 9.3% 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 45,149 units of residential condominiums were ¥980 million, up 7.7% on a year-on-year basis.

In the electric power generation business, sales totaled ¥13,636 million, up 59.2% on a year-on-year basis, mainly due to revenues from the sale of seven facilities that were already operating and revenues from the sale of electricity generated by other electric power generation facilities.

Sales from other businesses amounted to ¥698 million, up 12.7% on a year-on-year basis, mainly revenues from construction work, large-scale repair work.

As a result, Net sales for the first-quarter year-to-date period of the current consolidated fiscal year amounted to ¥21,361 million, up 0.8% on a year-on-year basis; Operating income amounted to ¥3,791 million, up 25.0% on a year-on-year basis; Ordinary income amounted to ¥3,505 million, up 28.3% on a year-on-year basis; and Net income amounted to ¥2,409 million, up 34.8% on a year-on-year basis.

## 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 825 units, compared with a full-year target of 1,600 units scheduled for delivery. The contract ratio was at 51.6% 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, 2017 (%)
Three months ended June 30, 2016	1,600	1,046	65.4	44.6
Three months ended June 30, 2017	1,600	825	51.6	32.9

## (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 ¥149,853 million, an increase of ¥9,979 million compared with the end of the previous consolidated fiscal year. The increase mainly reflected an increase in inventory in conjunction with new purchases and purchases of business assets.

## (Current Assets)

Current assets increased ¥1,288 million compared with the end of the previous consolidated fiscal year to ¥87,873 million. This mainly reflected an increase in inventory in conjunction with new purchase.

(Fixed Assets)

Fixed assets increased ¥8,694 million compared with the end of the previous consolidated fiscal year to ¥61,932 million, mainly reflected the purchase business assets.

(Current Liabilities)

Current liabilities increased ¥5,651 million compared with the end of the previous consolidated fiscal year to ¥56,133 million, mainly due to increase in short-term borrowings and the reclassification from long-term borrowings to short-term borrowings.

(Fixed Liabilities)

Fixed liabilities increased ¥3,069 million compared with the end of the previous consolidated fiscal year, to ¥55,668 million, mainly due to the increase borrowings with new purchase.

(Net Assets)

Total net assets increased ¥1,258 million compared with the end of the previous consolidated fiscal year, to ¥38,051 million, chiefly because the recorded amount of profit attributable to owners of parent exceeded the amounts of dividend of surplus.

(3) Qualitative Information Pertaining to Forecasted Consolidated Operating Results

There is no change from the projected consolidated operating results released on May 15, 2017.

## 2. Quarterly Consolidated Financial Statements

## (1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2017	As of June 30, 2017
<b>ASSETS</b>		
Current assets:		
Cash and deposits	29,780	30,964
Notes and accounts receivable, trade	1,331	1,222
Real estate held for sale	9,658	7,540
Power generation facilities for sale	7,885	—
Real estate held for sale in progress	32,390	43,909
Costs incurred on uncompleted contracts	15	99
Other	5,648	4,226
Allowance for doubtful accounts	(124)	(128)
Total current assets	86,585	87,873
Fixed assets:		
Tangible fixed assets		
Buildings and structures (net)	14,235	15,706
Land	23,821	29,570
Other (net)	9,089	9,546
Total tangible fixed assets	47,146	54,823
Intangible fixed assets	1,391	1,905
Investments and other assets		
Other	4,708	5,213
Allowance for doubtful accounts	(9)	(10)
Total investments and other assets	4,699	5,202
Total fixed assets	53,237	61,932
Deferred assets	51	48
Total assets	139,874	149,853
<b>LIABILITIES</b>		
Current liabilities:		
Notes and accounts payable, trade	12,173	8,847
Short-term borrowings	16,490	22,043
Current portion of bonds	60	60
Current portion of long-term borrowings	13,098	17,060
Income taxes payable	2,976	1,404
Reserve	729	602
Other	4,954	6,115
Total current liabilities	50,482	56,133
Noncurrent liabilities		
Long-term borrowings	48,439	50,616
Bonds payable	1,640	1,640
Reserve	56	56
Liabilities related to retirement benefits	331	345
Other	2,131	3,010

	As of March 31, 2017	As of June 30, 2017
Total noncurrent liabilities	52,599	55,668
Total liabilities	103,081	111,802

(Millions of yen)

	As of March 31, 2017	As of June 30, 2017
NET ASSETS		
Shareholders' equity		
Capital stock	4,819	4,819
Capital surplus	4,817	4,810
Retained earnings	32,970	34,300
Treasury stock	(5,976)	(5,951)
Total shareholders' equity	36,630	37,979
Accumulated other comprehensive income		
Net unrealized losses on available-for-sale	4	(66)
Securities		
Total accumulated other comprehensive income	4	(66)
Subscription rights to shares	157	138
Total net assets	36,792	38,051
Total liabilities and net assets	139,874	149,853



(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, 2016	Three Months Ended June 30, 2017
Net sales	21,196	21,361
Cost of sales	15,197	14,847
Gross profit	5,999	6,513
Selling, general and administrative expenses	2,965	2,722
Operating income	3,033	3,791
Non-Operating income:		
Interest income	0	0
Dividend income	3	3
Commissions received	16	7
Miscellaneous income	6	39
Total Non-Operating income	27	51
Non-Operating expenses:		
Interest expense	265	288
Losses from equity method investment	57	40
Miscellaneous losses	6	8
Total Non-Operating expenses	330	338
Ordinary income	2,731	3,505
Extraordinary losses		
Loss on disposal of fixed assets	—	8
Office transfer expenses	—	89
Total extraordinary losses	—	97
Net income before income taxes	2,731	3,407
Income taxes, inhabitant taxes and business taxes	1,887	1,393
Income tax adjustments	(944)	(395)
Total income and other taxes	942	998
Net income	1,788	2,409
Profit attributable to owners of parent	1,788	2,409

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

(Millions of yen)

	Three Months Ended June 30, 2016	Three Months Ended June 30, 2017
Net income	1,788	2,409
Other comprehensive income:		
Net unrealized gains on available-for-sale securities	143	(71)
Total other comprehensive income	143	(71)
Comprehensive income	1,931	2,338
(Comprising)		
Comprehensive income attributable to parent	1,931	2,338

(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.