

First Quarter Consolidated Financial Report

for the Three Months Ended June 30, 2018 (Japan GAAP)

July 30, 2018

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 10, 2018
 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, 2018 (April 1-June 30, 2018)

(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, 2018	21,951	2.8	793	(79.1)	536	(84.7)	376	(84.4)
Three months ended June 30, 2017	21,361	0.8	3,791	25.0	3,505	28.3	2,409	34.8

(Note) Comprehensive income: Three months ended June 30, 2018: ¥388 million ((83.4%)) / Three months ended June 30, 2017: ¥2,338 million (21.1%)

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
Three months ended June 30, 2018	3.48	3.47
Three months ended June 30, 2017	22.31	22.21

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio
	Millions of yen	Millions of yen	%
As of June 30, 2018	188,969	42,158	22.2
As of March 31, 2018	177,975	42,907	24.0

<Reference> Shareholders' equity at end of period: June 30, 2018: ¥41,946 million / March 31, 2018: ¥42,747 million

2. Cash Dividends

	Annual Cash Dividends per Share				
	1Q	2Q	3Q	Year-End	Total
	Yen	Yen	Yen	Yen	Yen
Year Ending March 31, 2018	-	5.00	-	11.00	16.00
Year Ending March 31, 2019	-				
Year Ending March 31, 2019 (Forecast)		5.00	-	11.00	16.00

(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, 2019 (April 1, 2018-March 31, 2019)

(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	130,000	17.3	10,700	(15.1)	9,600	(18.6)	6,300	(14.5)	58.20

(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, 2018:	124,000,000 shares	As of March 31, 2018:	124,000,000 shares
b.	Three months ended June 30, 2018:	15,750,907 shares	As of March 31, 2018:	15,750,907 shares
c.	Three months ended June 30, 2018:	108,249,093 shares	Three months ended June 30, 2017:	108,012,253 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 first-quarter year-to-date period of the Takara Leben Group's fiscal year ending in March 2019, sales from the real estate sales business amounted to ¥12,053 million, up 156.4% 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 ¥1,417 million, up 5.4% 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 50,226 units of residential condominiums were ¥1,072 million, up 9.4% on a year-on-year basis.

In the electric power generation business, sales totaled ¥6,259 million, down 54.1% on a year-on-year basis, mainly due to revenues from the sale of 4 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 ¥1,148 million, up 64.4% 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 ¥21,951 million, up 2.8% on a year-on-year basis; Operating income amounted to ¥793 million, down 79.1% on a year-on-year basis; Ordinary income amounted to ¥536 million, down 84.7% on a year-on-year basis; and Net income amounted to ¥376 million, down 84.4% 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 868 units, compared with a full-year target of 1,700 units scheduled for delivery. The contract ratio was at 51.1% 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, 2018 (%)
Three months ended June 30, 2017	1,600	825	51.6	32.9
Three months ended June 30, 2018	1,700	868	51.1	31.1

(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 ¥188,969 million, an increase of ¥10,994 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 ¥10,392 million compared with the end of the previous consolidated fiscal year to ¥113,323 million. This mainly reflected an increase in inventory in conjunction with new purchase.

(Fixed Assets)

Fixed assets increased ¥525 million compared with the end of the previous consolidated fiscal year to ¥75,530 million, mainly reflected the purchase business assets.

(Current Liabilities)

Current liabilities increased ¥9,808 million compared with the end of the previous consolidated fiscal year to ¥66,685 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 ¥1,934 million compared with the end of the previous consolidated fiscal year, to ¥80,125 million, mainly due to the increase borrowings with new purchase.

(Net Assets)

Total net assets decreased ¥748 million compared with the end of the previous consolidated fiscal year, to ¥42,158 million, chiefly because the amounts of dividend of surplus exceeded the recorded amount of profit attributable to owners of parent.

(3) Qualitative Information Pertaining to Forecasted Consolidated Operating Results

There is no change from the projected consolidated operating results released on May 14, 2018.

2. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2018	As of June 30, 2018
ASSETS		
Current assets:		
Cash and deposits	29,223	25,787
Notes and accounts receivable, trade	1,539	1,491
Real estate held for sale	20,279	28,148
Power generation facilities for sale	4,090	—
Real estate held for sale in progress	44,068	53,583
Costs incurred on uncompleted contracts	129	341
Other	3,709	4,081
Allowance for doubtful accounts	(110)	(109)
Total current assets	102,931	113,323
Fixed assets:		
Tangible fixed assets		
Buildings and structures (net)	18,281	15,014
Land	35,899	35,935
Other (net)	12,159	15,714
Total tangible fixed assets	66,340	66,664
Intangible fixed assets		
Goodwill	1,265	1,548
Other	543	547
Total intangible fixed assets	1,808	2,096
Investments and other assets		
Other	6,861	6,776
Allowance for doubtful accounts	(6)	(6)
Total investments and other assets	6,854	6,769
Total fixed assets	75,004	75,530
Deferred assets	38	115
Total assets	177,975	188,969
LIABILITIES		
Current liabilities:		
Notes and accounts payable, trade	15,786	12,145
Short-term borrowings	18,389	29,088
Current portion of long-term borrowings	12,838	16,857
Income taxes payable	3,547	164
Reserve	888	703
Other	5,425	7,725
Total current liabilities	56,876	66,685
Noncurrent liabilities		
Long-term borrowings	75,015	76,736
Bonds payable	200	200
Reserve	73	82

(Millions of yen)

	As of March 31, 2018	As of June 30, 2018
Liabilities related to retirement benefits	436	464
Other	2,465	2,642
Total noncurrent liabilities	78,191	80,125
Total liabilities	135,067	146,810

(Millions of yen)

	As of March 31, 2018	As of June 30, 2018
NET ASSETS		
Shareholders' equity		
Capital stock	4,819	4,819
Capital surplus	4,823	4,823
Retained earnings	38,717	37,903
Treasury stock	(5,875)	(5,875)
Total shareholders' equity	42,485	41,672
Accumulated other comprehensive income		
Net unrealized losses on available-for-sale		
Securities	262	274
Total accumulated other comprehensive income	262	274
Subscription rights to shares	159	159
Non-controlling interest	-	52
Total net assets	42,907	42,158
Total liabilities and net assets	177,975	188,969

(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, 2017	Three Months Ended June 30, 2018
Net sales	21,361	21,951
Cost of sales	14,847	17,611
Gross profit	6,513	4,339
Selling, general and administrative expenses	2,722	3,546
Operating income	3,791	793
Non-Operating income:		
Interest income	0	0
Dividend income	3	10
Commissions received	7	10
Miscellaneous income	39	25
Total Non-Operating income	51	46
Non-Operating expenses:		
Interest expense	288	263
Losses from equity method investment	40	27
Miscellaneous losses	8	11
Total Non-Operating expenses	338	302
Ordinary income	3,505	536
Extraordinary income		
Profit on sale of investment securities	-	191
Total Extraordinary income	-	191
Extraordinary losses		
Loss on disposal of fixed assets	8	-
Office transfer expenses	89	-
Total extraordinary losses	97	-
Net income before income taxes	3,407	728
Income taxes, inhabitant taxes and business taxes	1,393	170
Income tax adjustments	(395)	181
Total income and other taxes	998	352
Net income	2,409	376
Net income attributable to non-controlling shareholders	-	(0)
Profit attributable to owners of parent	2,409	376

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

(Millions of yen)

	Three Months Ended June 30, 2017	Three Months Ended June 30, 2018
Net income	2,409	376
Other comprehensive income:		
Net unrealized gains on available-for-sale securities	(71)	12
Total other comprehensive income	(71)	12
Comprehensive income	2,338	388
(Comprising)		
Comprehensive income attributable to parent	2,338	389
Comprehensive income attributable to non-controlling shareholders	-	(0)

(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.