

# Second Quarter Consolidated Financial Report

## for the Six Months Ended September 30, 2014 (Japan GAAP)

October 27, 2014

### 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: November 7, 2014  
 Scheduled date for commencement of dividend payments: December 9, 2014  
 Has the Company prepared supplementary briefing materials for the Quarter: Yes  
 Has the Company held briefings concerning its quarterly financial results: Yes

### 1. Consolidated Operating Results for the Six Months Ended September 30, 2014 (April 1-September 30, 2014)

(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	%
Six months ended September 30, 2014	18,784	4.8	719	32.6	243	52.9	165	(35.5)
Six months ended September 30, 2013	17,916	(48.2)	542	(82.4)	159	(94.4)	257	(87.5)

(Note) Comprehensive income: Six months ended September 30, 2014: ¥176million ((30.1)%) / Six months ended September 30, 2013: ¥252million ((87.7)%)

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
Six months ended September 30, 2014	1.46	1.45
Six months ended September 30, 2013	2.21	2.20

#### (2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio
	Millions of yen	Millions of yen	%
As of September 30, 2014	95,926	26,635	27.7
As of March 31, 2014	95,891	27,138	28.2

<Reference> Shareholders' equity at end of period: September 30, 2014: ¥26,554 million / March 31, 2014: ¥27,084 million

## 2. Cash Dividends

	Annual Cash Dividends per Share				
	1Q	2Q	3Q	Year-End	Total
	Yen	Yen	Yen	Yen	Yen
Year Ending March 31, 2014	-	1.50	-	3.50	5.00
Year Ending March 31, 2015	-	2.00			
Year Ending March 31, 2015 (Forecast)			-	4.00	6.00

(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, 2015 (April 1, 2014-March 31, 2015)

(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	77,150	7.2	10,500	7.2	9,700	5.6	6,000	2.2	52.95

(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.	As September of 30, 2014:	130,000,000 shares	As of March 31, 2014:	130,000,000 shares
b.	As of September 30, 2014:	17,074,107 shares	As of March 31, 2014:	15,974,807 shares
c.	Six months ended September 30, 2014:	113,700,627 shares	Six months ended September 30, 2013:	116,537,044 shares

(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

In the first half of the fiscal year under review, the Japanese economy continued to recover moderately as indicated by an improvement in the employment and income situations, despite the introduction of the consumption tax hike in April.

In the real estate industry, where the Takara Leben Group operates, sales prices of newly supplied properties rose sharply in central Tokyo against a backdrop of expectations for the end of deflation and the decision to award the 2020 Summer Olympic Games to Tokyo, among other factors, and while customers had focused their interest on condominiums in the inner-city area in the past, interest was gradually spreading to the suburbs of Tokyo. In the suburbs where the Company operates its business, the environment remained more favorable than it did in the fiscal year ended March 31, 2013, with a rise in sales prices due to the inflow of customers from central Tokyo adding to the traditional stable demand for the area.

Under such circumstances, the Company will continue to promote the supply of solar-powered condominiums, and the Company will remain committed to its basic concept of ‘ideal, affordable housing that anyone can buy with confidence’ as well as its corporate vision of ‘thinking of happiness; making happiness’ and its corporate mission of ‘creating together with eager minds, sincere efforts and ample talent,’ and continue to work on product plans capturing the needs of the time and promote business activities focusing on its customers as its ultimate supporters.

#### ① Performance by business segment

In the second-quarter year-to-date period of the Takara Leben Group’s fiscal year ending in March 2015, sales from the real estate sales business amounted to ¥15,431 million, up 1.7% 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 ¥896 million, up 7.6% 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 36,937 units of residential condominiums were ¥1,449 million, up 7.1% on a year-on-year basis.

Sales from other businesses amounted to ¥1,007 million, up 80.9% on a year-on-year basis, mainly attributable to revenues from orders for large-scale repair work and revenue from selling electric power in the mega-solar business.

As a result, Net sales for the second-quarter year-to-date period of the current consolidated fiscal year amounted to ¥18,784 million, up 4.8% on a year-on-year basis; Operating income amounted to ¥719 million, up 32.6% on a year-on-year basis; Ordinary income amounted to ¥243 million, up 52.9% on a year-on-year basis; and Net income amounted to ¥165 million, down 35.5% on a year-on-year basis.

#### ② 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 1,413 units, compared with a full-year target of 1,702 units scheduled for delivery. In addition, the total number of contracts signed, including units scheduled for delivery the fiscal year ending March 31, 2016, was 1,807 units, showing that sales remained brisk as in the fiscal year ended March 31, 2014.

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

	Units scheduled for delivery (units)	Number of contracts signed (units)	Number of contracts signed of units scheduled for delivery from the fiscal year ending March 31, 2016	Total number of contracts signed
Six months ended September 30, 2013	1,710	1,570	230	1,800
Six months ended September 30, 2014	1,702	1,413	394	1,807

## (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 ¥95,926 million, an increase of ¥35 million compared with the end of the previous consolidated fiscal year. The increase mainly reflecting the purchase of business assets, despite a decline in cash and deposits as a result of the settlement of notes payable

## (Current Assets)

Current assets decreased ¥3,253 million compared with the end of the previous consolidated fiscal year to ¥69,271 million. This mainly reflected a decrease in cash and deposits from settlement of a note.

## (Non-current Assets)

Non-current assets increased ¥3,288 million compared with the end of the previous consolidated fiscal year to ¥26,654 million, mainly due to purchase of business assets.

## (Current Liabilities)

Current liabilities decreased ¥1,669 million compared with the end of the previous consolidated fiscal year to ¥36,042 million, mainly due to a decrease of notes payable.

## (Non-current Liabilities)

Non-current liabilities increased ¥2,206 million compared with the end of the previous consolidated fiscal year to ¥33,247 million, mainly due to an increase of borrowings associated with new purchases.

## (Net Assets)

Total net assets decreased ¥502 million compared with the end of the previous consolidated fiscal year to ¥26,635 million. The decrease was attributed to the net assets for the second quarter was less than distribution of surplus and purchase of treasury stock.

## (3) Qualitative Information Pertaining to Forecasted Consolidated Operating Results

For a revision of the consolidated operating results forecast, please refer to the notice of a revision to the results forecast announced on October 27, 2014,

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, 2014	As of September 30, 2014
<b>ASSETS</b>		
Current assets:		
Cash and deposits	35,964	21,261
Notes and accounts receivable, trade	405	398
Real estate held for sale	1,156	242
Real estate held for sale in progress	32,288	42,476
Other	2,753	4,920
Allowance for doubtful accounts	(43)	(28)
Total current assets	72,524	69,271
Fixed assets:		
Tangible fixed assets		
Buildings and structures (net)	5,108	5,507
Land	14,100	15,761
Other (net)	2,024	3,354
Total tangible fixed assets	21,233	24,623
Intangible fixed assets	513	517
Investments and other assets		
Other	1,729	1,557
Allowance for doubtful accounts	(109)	(44)
Total investments and other assets	1,619	1,513
Total fixed assets	23,366	26,654
Total assets	95,891	95,926
<b>LIABILITIES</b>		
Current liabilities:		
Notes and accounts payable, trade	20,692	9,269
Short-term borrowings	2,590	6,819
Current portion of long-term borrowings	5,101	11,875
Income taxes payable	3,356	118
Reserve	388	414
Other	5,580	7,544
Total current liabilities	37,711	36,042
Noncurrent liabilities		
Long-term borrowings	29,861	31,318
Reserve	26	26
Allowance for directors' retirement benefits	220	247
Other	933	1,655
Total noncurrent liabilities	31,041	33,247
Total liabilities	68,752	69,290



(Millions of yen)

	As of March 31, 2014	As of September 30, 2014
<b>NET ASSETS</b>		
Shareholders' equity		
Capital stock	4,819	4,819
Capital surplus	4,817	4,819
Retained earnings	21,623	21,482
Treasury stock	(4,179)	(4,582)
Total shareholders' equity	27,080	26,539
Accumulated other comprehensive income		
Net unrealized losses on available-for-sale Securities	4	14
Total accumulated other comprehensive income	4	14
Subscription rights to shares	53	81
Total net assets	27,138	26,635
Total liabilities and net assets	95,891	95,926

(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, 2013	Six Months Ended September 30, 2014
Net sales	17,916	18,784
Cost of sales	13,605	14,073
Gross profit	4,311	4,711
Selling, general and administrative expenses	3,769	3,992
Operating income (loss)	542	719
Non-Operating income:		
Interest income	2	2
Dividend income	2	2
Commissions received	24	23
Income from equity method investment	10	—
Miscellaneous income	8	28
Total Non-Operating income	47	57
Non-Operating expenses:		
Interest expense	397	410
Miscellaneous losses	32	22
Less from equity method investment	—	99
Total Non-Operating expenses	430	532
Ordinary income (loss)	159	243
Extraordinary gains		
Legal settlement received	330	—
Gain on sale of investment securities	—	16
Gain on negative goodwill	—	82
Total extraordinary gains	330	98
Extraordinary losses		
Loss on sales of noncurrent assets	39	—
Loss on disposal of fixed assets	0	0
Loss on valuation of investment securities	—	9
Other	9	—
Total extraordinary losses	49	9
Net income (loss) before income taxes	440	332
Income taxes, inhabitant taxes and business taxes	69	107
Income tax adjustments	113	59
Total income and other taxes	183	166
Income (loss) before minority interests	257	165
Net income (loss)	257	165

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

(Millions of yen)

	Six Months Ended September 30, 2013	Six Months Ended September 30, 2014
Income (loss) before minority interests	257	165
Other comprehensive income:		
Net unrealized gains on available-for-sale securities	(4)	10
Total other comprehensive income	(4)	10
Comprehensive income	252	176
(Comprising)		
Comprehensive income attributable to parent	252	176

(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 Second quarter of the consolidated fiscal year under review, the Company purchased treasury stock at ¥428 million, by resolution of the meeting of the Board of Directors held on May 12, 2014.

In addition to the above, with the disposal of treasury stock through the exercise of stock options representing ¥25 million, the number and amount of treasury stock at the end of the second quarter of the fiscal year under review were ¥4,582 million, respectively.