

# Second Quarter Consolidated Financial Report for the Six Months Ended September 30, 2017 (Japan GAAP)

October 23, 2017

## 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: November 10, 2017  
 Scheduled date for commencement of dividend payments: December 5, 2017  
 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, 2017 (April 1-September 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	%
Six months ended September 30, 2017	32,225	(13.2)	2,855	(4.7)	2,523	2.7	1,624	4.9
Six months ended September 30, 2016	37,120	39.9	2,994	65.2	2,457	68.1	1,549	77.0

(Note) Comprehensive income: Six months ended September 30, 2017: ¥1,630million (3.3%) / Six months ended September 30, 2016: ¥1,577million (78.7%)

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
Six months ended September 30, 2017	15.03	14.96
Six months ended September 30, 2016	14.18	14.10

### (2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio
	Millions of yen	Millions of yen	%
As of September 30, 2017	155,791	37,453	23.9
As of March 31, 2017	139,874	36,792	26.2

<Reference> Shareholders' equity at end of period: September 30, 2017: ¥37,268 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	-	5.00			
Year Ending March 31, 2018(Forecast)			-	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.	Six months ended September 30, 2017:	124,000,000 shares	As of March 31, 2017:	124,000,000 shares
b.	Six months ended September 30, 2017:	15,803,707 shares	As of March 31, 2017:	16,022,507 shares
c.	Six months ended September 30, 2017:	108,090,273 shares	Six months ended September 30, 2016:	109,276,844 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 real estate rental business, sales totaled ¥11,714 million, down 47.5% 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 45,784 units (1,128 units increased from the end of the previous fiscal year.) of residential condominiums were ¥2,001 million, up 10.3% on a year-on-year basis.

In the electric power generation business, sales totaled ¥14,557 million, up 58.3% 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 ¥1,238 million, down 7.9% 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 ¥32,225 million, down 13.2% on a year-on-year basis; Operating income amounted to ¥2,855 million, down 4.7% on a year-on-year basis; Ordinary income amounted to ¥2,523 million, up 2.7% on a year-on-year basis; and Net income amounted to ¥1,624 million, up 4.9% 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 1,064 units, compared with a full-year target of 1,600 units scheduled for delivery. The contract ratio was at 66.5%, showing a steady growth in the business. Progress rate is lower than the previous year due to the sales start of some properties started August and September has become slower than the usual year. However, it is contract progress as planned for the full fiscal year.

(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, 2017 (units)
Six months ended September 30, 2016	1,600	1,269	79.3	670
Six months ended September 30, 2017	1,600	1,064	66.5	625

## (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 ¥155,791 million, an increase of ¥15,917 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 ¥5,411 million compared with the end of the previous consolidated fiscal year to

¥91,997 million. This mainly reflected an increase in inventory in conjunction with new purchase.

(Fixed Assets)

Fixed assets increased ¥10,512 million compared with the end of the previous consolidated fiscal year to ¥63,749 million, mainly reflected the purchase business assets.

(Current Liabilities)

Current liabilities increased ¥8,483 million compared with the end of the previous consolidated fiscal year to ¥58,966 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 ¥6,773 million compared with the end of the previous consolidated fiscal year, to ¥59,372 million, mainly due to the increase borrowings with new purchase.

(Net Assets)

Total net assets increased ¥660 million compared with the end of the previous consolidated fiscal year, to ¥37,453 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 September 30, 2017
<b>ASSETS</b>		
Current assets:		
Cash and deposits	29,780	23,833
Notes and accounts receivable, trade	1,331	1,174
Real estate held for sale	9,658	6,989
Power generation facilities for sale	7,885	1,596
Real estate held for sale in progress	32,390	52,357
Costs incurred on uncompleted contracts	15	285
Other	5,648	5,886
Allowance for doubtful accounts	(124)	(128)
Total current assets	86,585	91,997
Fixed assets:		
Tangible fixed assets		
Buildings and structures (net)	14,235	16,586
Land	23,821	29,815
Other (net)	9,089	10,043
Total tangible fixed assets	47,146	56,445
Intangible fixed assets	1,391	1,883
Investments and other assets		
Other	4,708	5,430
Allowance for doubtful accounts	(9)	(9)
Total investments and other assets	4,699	5,420
Total fixed assets	53,237	63,749
Deferred assets	51	44
Total assets	139,874	155,791
<b>LIABILITIES</b>		
Current liabilities:		
Notes and accounts payable, trade	12,173	4,467
Short-term borrowings	16,490	22,682
Current portion of bonds	60	60
Current portion of long-term borrowings	13,098	22,982
Income taxes payable	2,976	1,179
Reserve	729	711
Other	4,954	6,881
Total current liabilities	50,482	58,966
Noncurrent liabilities		
Long-term borrowings	48,439	54,328
Bonds payable	1,640	1,610
Reserve	56	56
Liabilities related to retirement benefits	331	369
Other	2,131	3,007

	As of March 31, 2017	As of September 30, 2017
Total noncurrent liabilities	52,599	59,372
Total liabilities	103,081	118,338

(Millions of yen)

	As of March 31, 2017	As of September 30, 2017
<b>NET ASSETS</b>		
Shareholders' equity		
Capital stock	4,819	4,819
Capital surplus	4,817	4,817
Retained earnings	32,970	33,514
Treasury stock	(5,976)	(5,894)
Total shareholders' equity	36,630	37,257
Accumulated other comprehensive income		
Net unrealized losses on available-for-sale Securities	4	10
Total accumulated other comprehensive income	4	10
Subscription rights to shares	157	185
Total net assets	36,792	37,453
Total liabilities and net assets	139,874	155,791



(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, 2016	Six Months Ended September 30, 2017
Net sales	37,120	32,225
Cost of sales	28,431	23,652
Gross profit	8,689	8,573
Selling, general and administrative expenses	5,694	5,717
Operating income	2,994	2,855
Non-Operating income:		
Interest income	1	1
Dividend income	3	29
Commissions received	34	15
Profit from equity method investment	—	94
Miscellaneous income	18	78
Total Non-Operating income	58	218
Non-Operating expenses:		
Interest expense	512	527
Losses from equity method investment	62	—
Miscellaneous losses	20	23
Total Non-Operating expenses	595	550
Ordinary income	2,457	2,523
Extraordinary losses		
Loss on disposal of fixed assets	—	11
Office transfer expenses	—	93
Total extraordinary losses	—	104
Net income before income taxes	2,457	2,418
Income taxes, inhabitant taxes and business taxes	1,966	1,167
Income tax adjustments	(1,058)	(372)
Total income and other taxes	908	794
Net income	1,549	1,624
Profit attributable to owners of parent	1,549	1,624

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

(Millions of yen)

	Six Months Ended September 30, 2016	Six Months Ended September 30, 2017
Net income	1,549	1,624
Other comprehensive income:		
Net unrealized gains on available-for-sale securities	28	5
Total other comprehensive income	28	5
Comprehensive income (Comprising)	1,577	1,630
Comprehensive income attributable to parent	1,577	1,630

(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.