

# Third Quarter Consolidated Financial Report

## for the Nine Months Ended December 31, 2013 (Japan GAAP)

January 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>  
 Representative: Yoshio Murayama, President and Representative Director, CEO  
 Toshiya Kitagawa, Director, Executive Officer and Marketing Planning Office Manager  
 Contacts: Tel: +81-3-5324-8720

Scheduled date for release of Quarterly Report: February 10, 2014  
 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 Nine Months Ended December 31, 2013 (April 1-December 31, 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	%
Nine months ended December 31, 2013	38,269	(30.4)	3,528	(41.0)	2,952	(47.3)	1,973	(48.6)
Nine months ended December 31, 2012	55,003	75.9	5,984	128.9	5,597	182.2	3,837	120.5

(Note) Comprehensive income: Nine months ended December 31, 2013: ¥1,970million ((48.6%)) / Nine months ended December 31, 2012: ¥3,834million (120.3%)

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
Nine months ended December 31, 2013	16.98	16.94
Nine months ended December 31, 2012	31.52	31.50

The Company implemented a four-for-one common stock split on July 1, 2013. Net income per share and diluted net income per share are calculated as if the stock split had been implemented at the beginning of the previous fiscal year.

#### (2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio
	Millions of yen	Millions of yen	%
As of December 31, 2013	83,033	23,735	28.5
As of March 31, 2013	75,013	24,147	32.2

<Reference> Shareholders' equity at end of period: December 31, 2013: ¥23,681 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	-	1.50			
Year Ending March 31, 2014 (Forecast)				3.00	4.50

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

(Note) A decision to implement a stock split at a ratio of 1:4 for common stock effective as of July 1, 2013 was determined through a resolution at the Board of Directors meeting held on May 13, 2013.

## 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	72,250	11.3	9,500	49.3	8,715	50.5	5,380	32.1	46.35

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

(Note) The cancellation of treasury stock ( 386,070 shares) on May 15, 2013 and the implementation a stock split at a ratio of 1:4 for common stock effective as of July 1, 2013, were decided by a resolution at the Board of Directors meeting held on May 13, 2013.

#### 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 December 31, 2013:	132,000,000 shares	As of March 31, 2013:	133,544,280 shares
b.	As of December 31, 2013:	16,372,907 shares	As of March 31, 2013:	14,021,084 shares
c.	Nine months ended December 31, 2013:	116,232,624 shares	Nine months ended December 31, 2012:	121,738,360 shares

(Note) The Company implemented a four-for-one common stock split on July 1, 2013. Numbers of shares is calculated as if the stock split had been implemented at the beginning 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 consolidated 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 Third-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 ¥33,947 million, down 33.2% 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 2.6% compared with the end of the previous consolidated fiscal year to 23.9%. The significant increase was mainly attributed to price revision.

In the real estate rental business, sales totaled ¥1,266 million, up 16.9% 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 34,649 units of residential condominiums were ¥2,038 million, up 6.2% on a year-on-year basis.

Sales from other businesses amounted to ¥1,017 million, down 13.4% 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 Third-quarter year-to-date period of the current consolidated fiscal year amounted to ¥38,269 million, down 30.4% on a year-on-year basis; Operating income amounted to ¥3,528 million, down 41.0% on a year-on-year basis; Ordinary income amounted to ¥2,952million, down 43.2% on a year-on-year basis; and Net income amounted to ¥1,973 million, down 48.6% on a year-on-year basis.

#### b. Overview

The built-for-sale condominium business delivered 831 units including solar-powered condominiums ( Leben Revale Machida Lusia Tower and LEBEN Tsukuba kenkyugakuen ).

The Company also made Sunwood Corporation its equity method affiliate on November 27, 2013. Both the Company and Sunwood Corporation have adopted a policy of pursuing synergies by taking advantage of their respective strengths in the future.

In the mega-solar business, the Company anticipated the commencement of the operations of 10 facilities, including those that had already started operating, as at the end of the third quarter of the consolidated fiscal year under review.

#### c. Contracted ratio status

With regard to sales performance in the third-quarter year-to-date period of the current consolidated fiscal year, contracts were concluded for 1,688 units, compared with a full-year target of 1,710 units scheduled for delivery. In addition, in terms of units scheduled for delivery in the next term, contracts for 566 units have been concluded, maintaining robust sales performance.

## (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 in the same period of the previous fiscal year (units)
Year Ending March 31, 2014	1,710	1,688	1,673
Year Ending March 31, 2015	1,740	566	576

## (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 ¥83,033 million, an increase of ¥8,019 million compared with the end of the previous consolidated fiscal year. The increase mainly reflected an increase in cash and deposits and purchasing of business assets.

## (Current Assets)

Current assets increased ¥5,387 million compared with the end of the previous consolidated fiscal year to ¥61,320 million. This mainly reflected an increase in cash and deposits as a result of delivering new build-for-sale condominium units.

## (Non-current Assets)

Non-current assets increased ¥2,631 million compared with the end of the previous consolidated fiscal year to ¥21,713 million, mainly reflected, due to purchase of business assets.

## (Current Liabilities)

Current liabilities increased ¥3,415 million compared with the end of the previous consolidated fiscal year to ¥32,440 million, mainly as a result of an increase in advances received on contracts concluded and due to an increase of short-term borrowings.

## (Non-current Liabilities)

Non-current liabilities increased ¥5,017 million compared with the end of the previous consolidated fiscal year to ¥26,857 million, mainly due to an increase in borrowings in conjunction with new purchases.

## (Net Assets)

Total net assets decreased ¥412 million compared with the end of the previous consolidated fiscal year to ¥23,735 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

There is no change from the projected consolidated operating results released on October 28, 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 December 31, 2013
<b>ASSETS</b>		
Current assets:		
Cash and deposits	17,911	21,695
Notes and accounts receivable, trade	323	393
Real estate held for sale	2,067	1,003
Real estate held for sale in progress	33,308	35,219
Other	2,353	3,043
Allowance for doubtful accounts	(32)	(36)
Total current assets	55,932	61,320
Fixed assets:		
Tangible fixed assets		
Buildings and structures (net)	5,011	5,067
Land	12,471	13,799
Other (net)	122	817
Total tangible fixed assets	17,606	19,683
Intangible fixed assets	551	519
Investments and other assets		
Other	1,036	1,620
Allowance for doubtful accounts	(112)	(110)
Total investments and other assets	924	1,509
Total fixed assets	19,081	21,713
Total assets	75,013	83,033
<b>LIABILITIES</b>		
Current liabilities:		
Notes and accounts payable, trade	7,920	7,698
Short-term borrowings	2,629	6,370
Current portion of long-term borrowings	11,375	10,095
Income taxes payable	1,608	869
Reserve	277	201
Other	5,214	7,204
Total current liabilities	29,025	32,440
Noncurrent liabilities		
Long-term borrowings	20,849	25,792
Reserve	202	239
Other	788	825
Total noncurrent liabilities	21,840	26,857
Total liabilities	50,866	59,298



(Millions of yen)

	As of March 31, 2013	As of December 31, 2013
<b>NET ASSETS</b>		
Shareholders' equity		
Capital stock	4,819	4,819
Capital surplus	4,947	4,817
Retained earnings	16,991	18,251
Treasury stock	(2,630)	(4,207)
Total shareholders' equity	24,127	23,680
Accumulated other comprehensive income		
Net unrealized losses on available-for-sale Securities	3	0
Total accumulated other comprehensive income	3	0
Subscription rights to shares	16	53
Total net assets	24,147	23,735
Total liabilities and net assets	75,013	83,033

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income  
 Quarterly Consolidated Statements of Income  
 Third-Quarter Year-to-Date Period

(Millions of yen)

	Nine Months Ended December 31, 2012	Nine Months Ended December 31, 2013
Net sales	55,003	38,269
Cost of sales	43,017	28,814
Gross profit	11,985	9,455
Selling, general and administrative expenses	6,000	5,926
Operating income (loss)	5,984	3,528
Non-Operating income:		
Interest income	3	3
Dividend income	4	4
Commissions received	92	56
Income from equity method investment	78	14
Miscellaneous income	50	12
Total Non-Operating income	228	92
Non-Operating expenses:		
Interest expense	603	632
Miscellaneous losses	12	35
Total Non-Operating expenses	615	668
Ordinary income (loss)	5,597	2,952
Extraordinary gains		
Settlement received	—	330
Reserve for directors' retirement benefits	53	—
Gains on negative goodwill	66	—
Total extraordinary gains	120	330
Extraordinary losses		
Loss on sales of noncurrent assets	—	39
Loss on disposal of fixed assets	21	0
Other	1	9
Total extraordinary losses	23	49
Net income (loss) before income taxes	5,694	3,233
Income taxes, inhabitant taxes and business taxes	1,797	938
Income tax adjustments	58	321
Total income and other taxes	1,856	1,260
Income (loss) before minority interests	3,837	1,973
Net income (loss)	3,837	1,973

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

(Millions of yen)

	Nine Months Ended December 31, 2012	Nine Months Ended December 31, 2013
Income (loss) before minority interests	3,837	1,973
Other comprehensive income:		
Net unrealized gains on available-for-sale securities	(2)	(2)
Total other comprehensive income	(2)	(2)
Comprehensive income	3,834	1,970
(Comprising)		
Comprehensive income attributable to parent	3,834	1,970

(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 Third quarter of the consolidated fiscal year under review, the Company purchased 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 were cancelled.

In addition to the above, with the disposal of treasury stock through the exercise of stock options representing ¥26 million, the number and amount of treasury stock at the end of the third quarter of the fiscal year under review were ¥4,207 million, respectively.