Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2017

May 15, 2017

Company name: Takara Leben CO., LTD.
Stock listed on: Tokyo Stock Exchange, First Section
Securities code: 8897 (URL http://www.leben.co.jp)
Representative: Kazuichi Shimada, President, Representative Director
Contact: Masashi Yamamoto, General Planning Division
Tel. +81-3-5324-8720
Scheduled date of annual general meeting of shareholders: June 27, 2017
Scheduled date for commencement of dividend payment: June 28, 2017
Scheduled date for release of annual securities report: June 27, 2017
Supplementary materials on financial results: Yes
Briefing for financial results: Yes (for institutional investors and analysts)

(Amounts are rounded down to the nearest million)

1. Consolidated Financial Results for the Year Ended March 31, 2017 (From April 1, 2016 to March 31, 2017)

(1) Consolidated operating results

(Percentage figures represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit (loss) attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2017	103,599	35.8	10,349	36.8	9,496	41.6	6,107	41.8
Year ended March 31, 2016	76,268	(0.9)	7,563	(18.3)	6,708	(21.4)	4,308	(24.7)

(Note) Comprehensive income: Fiscal year ended March 31, 2017: ¥6,124 million (43.5%)
Fiscal year ended March 31, 2016: ¥4,266 million ((25.7)%)

	Earnings per share	Diluted earnings per share	Ratio of earnings to shareholders' equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	yen	yen	%	%	%
Year ended March 31, 2017	56.14	55.85	17.4	7.0	10.0
Year ended March 31, 2016	38.99	38.82	13.3	5.8	9.9

(Reference) Equity in net income of affiliates: Fiscal year ended March 31, 2017: ¥36 million
Fiscal year ended March 31, 2016: ¥65 million

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	yen
March 31, 2017	139,874	36,792	26.2	339.29
March 31, 2016	129,744	33,677	25.8	304.71

(Reference) Shareholders' equity: March 31, 2017: ¥36,635 million
March 31, 2016: ¥33,536 million

(3) Consolidated cash flows

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents at end of year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2017	22,644	(27,540)	6,129	29,623
Year ended March 31, 2016	2,428	(19,816)	19,663	28,390

2. Dividends

	Annual dividends per share					Total dividends (annual)	Dividend payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
(Record date)	Q1	Q2	Q3	Year-end	Total			
	yen	yen	yen	yen	yen	Millions of yen	%	%
Year ended March 31, 2016	–	4.00	–	9.00	13.00	1,430	33.3	4.4
Year ended March 31, 2017	–	5.00	–	10.00	15.00	1,622	26.7	4.6
Year ending March 31, 2018 (forecast)	–	5.00	–	10.00	15.00		25.7	

3. Forecast of Consolidated Financial Results for the Year ending March 31, 2018 (From April 1, 2017 to March 31, 2018)

(Percentage figures represent year-on-year changes)

	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

* Notes

(1) Changes in significant subsidiaries during the current fiscal year (Changes in specified subsidiaries resulting in changes in scope of consolidation): None

New: None (Name) - Excluded: None (Name) -

(2) Changes in accounting policies and accounting estimates, and restatements

(i) Changes in accounting policies due to revision of accounting standards:	Yes
(ii) Changes in accounting policies other than (i):	None
(iii) Changes in accounting estimates:	None
(iv) Restatements:	None

(Note) For details, please see “4. Consolidated Financial Statements and Major Notes, (5) Notes to the Consolidated Financial Statements, (Changes in Accounting Policies)” on page 19.

(3) Number of shares issued and outstanding (common stock)

(i) Number of shares issued and outstanding at end of year (including treasury stock)

(a) As of March 31, 2017:	124,000,000 shares
(b) As of March 31, 2016:	126,000,000 shares

(ii) Number of treasury stock at end of year

(a) As of March 31, 2017:	16,022,507 shares
(b) As of March 31, 2016:	15,938,307 shares

(iii) Average number of shares during the year

(a) Fiscal year ended March 31, 2017:	108,790,777 shares
(b) Fiscal year ended March 31, 2016:	110,491,726 shares

* Summaries of consolidated financial results are not subject to audit.

* Explanation of the proper use of the financial results forecasts and other matters

The forward-looking statements presented above are based on the information available at the time of the release of this report and are not intended to guarantee that the Company will achieve such figures. Actual results may differ from these forecasts due to various factors in the future.

○ Contents of Attachment

1. Overview of Operating Results, Etc.

(1) Overview of Operating Results for the Fiscal Year ended March 31, 2017

During the fiscal year under review, the Japanese economy maintained moderate upward momentum amid the improving trends of corporate earnings and employment conditions, underpinned by various economic measures implemented by the government and the monetary easing policy of the Bank of Japan. Meanwhile, the global economy still required attention, given that it was increasingly uncertain due to the weaker-than-expected economy in Europe, reflecting the Brexit decision in the United Kingdom, and slower growth in emerging economies in Asia.

In the Real Estate sales market, where the Company operates, the values that customers adopted in the purchase of real estate began changing due to a fall in the number of units supplied in the Tokyo metropolitan area and a rise in sales prices in urban areas. In particular, customers' needs for location and convenience became pronounced. As a result, sales progress showed a bipolarized tendency of ups and downs. The market conditions remained generally firm because consumer interest in buying homes was still high thanks to continued measures to support home-buying and low interest rates, and demand was increasing particularly among active seniors. In addition, while the number of new condominiums supplied in Japan declined for the third consecutive year in 2016, the Company was ranked in the top 10 for the fourth consecutive year, suggesting that it plays a role in supplying condominiums stably in the real estate sales market.

In this environment, the Company formulated a new medium-term management plan "Takara Leben Next Stage 2019" in May 2015 and is focusing on promoting the plan's slogan: "Beginning of a New Era: Diversifying the Flow Business and Expanding the Stock and Fee-based Businesses." In the real estate sales business, its core business, the Company supplies properties not only in the Tokyo metropolitan area, but also in local central cities. In the detached housing business, Nikko Kensetsu Co., Ltd., a consolidated subsidiary, changed its company name to Nikko Takara Corporation Co., Ltd. to focus on the detached housing business.

In the stock and fee-based businesses, the Company established Takara Leben Infrastructure Fund, Inc. in the mainstay power generation business for the purpose of further expanding its businesses, and listed it on the infrastructure fund market of the Tokyo Stock Exchange as the first fund on June 2, 2016. In the real estate rental business and management business and other business, the Company will work to build multiple revenue sources not bound by the core real estate sales business by exerting synergetic effects in the Group as a whole.

With its "Leben" series of self-designed new built-for-sale condominiums as its main brand, the Company will continue to promote business activities with an emphasis on its customers by working on product plans that accurately capture the time background, always adhering to its basic concept of "ideal, affordable housing that anyone can buy with confidence," as well as its corporate mission of "thinking of happiness; creating happiness."

In the consolidated fiscal year under review, the Company recorded net sales of ¥103,599 million (up 35.8% year on year), operating income of ¥10,349 million (up 36.8% year on year), ordinary income of ¥9,496 million (up 41.6% year on year) and profit attributable to owners of parent of ¥6,107 million (up 41.8% year on year).

(i) Performance by Business Segment

<Real Estate Sales Business>

Revenues from the real estate sales business amounted to ¥79,638 million, up 25.6% year on year, as a result of revenues of ¥52,988 million from the sales of new built-for-sale condominiums and revenues of ¥26,650 million from the sales of new detached houses and used condominiums, etc.

<Real Estate Rental Business>

Revenues from the real estate rental business amounted to ¥5,056 million, up 17.4% year on year, including rent revenues from rental of apartments, condominium units, and offices.

<Real Estate Management Business>

Revenues from the real estate management business representing management fees from 44,656 units under management amounted to ¥3,665 million, up 9.0% year on year.

<Electric power generation business>

Revenues from the electric power business amounted to ¥11,108 million, up 1,120.9% year on year, including revenue from sales of power generation facilities and revenue from sales of electric power.

<Other Business>

Revenues from other business totaled ¥4,130 million, down 4.1% year on year, including revenues from contracts for construction works and orders for large-scale repair works, etc.

(ii) Performance Review by Item

<Net Sales>

In the real estate sales business, net sales amounted to ¥79,638 million, reflecting sales of 1,503 units of new built-for-sale condominiums as well as 275 units of new detached houses and used condominiums.

In the real estate rental business, net sales stood at ¥5,056 million due to rental revenues of apartments, condominiums and offices, etc.

In the real estate management business, net sales came to ¥3,665 million due to management fees, etc. from 44,656 units managed.

In the power generation business, net sales were ¥11,108 million, including revenues from sales of power generation facilities and revenue from sales of electric power.

In other business, net sales were ¥4,130 million, reflecting contracts for construction works and orders for large-scale repair works, etc.

As a result of the above, net sales in the consolidated fiscal year under review increased to ¥103,599 million, up 35.8% year on year.

<Cost of Sales>

Cost of sales increased 39.9% year on year, to ¥81,729 million, mainly due to sales of business assets and power generation facilities.

<Selling, General and Administrative Expenses>

Selling, general and administrative expenses increased 12.2% year on year, to ¥11,520 million, chiefly owing to an increase in personnel associated with business expansion, despite the continued implementation of thorough measures to reduce expenses, as in the previous fiscal year.

<Non-Operating Income and Expenses>

Non-operating income declined 3.8% year on year, to ¥252 million, due to the reduction of equity method affiliates by one in the previous fiscal year.

Non-operating expenses decreased 1.1% from the previous fiscal year, to ¥1,105 million, attributable to a fall in interest rates, despite an increase of ¥9,556 million in total loans payable.

<Extraordinary Gains and Losses>

Extraordinary gains stood at ¥13 million due to the generation of gain on reversal of subscription rights to shares.

Extraordinary losses increased 282.4% year on year, to ¥963 million, mainly as a result of posting impairment losses.

As a result of the above, net sales amounted to ¥103,599 million, up 35.8% year on year, in the consolidated fiscal year under review. Operating income came to ¥10,349 million, up 36.8% year on year, and ordinary income was ¥9,496 million, up 41.6% year on year. Profit attributable to owners of parent was ¥6,107 million, up 41.8% year on year.

(2) Overview of Financial Position for the Fiscal Year ended March 31, 2017

With regard to the status of assets, liabilities and net assets of the Group for the consolidated fiscal year under review, total assets increased ¥10,130 million from the end of the previous fiscal year, to ¥139,874 million.

<Current assets>

Current assets rose ¥10,831 million from the end of the previous fiscal year, to ¥86,585 million, primarily reflecting the transfer of some non-current assets to real estate for sale and power generation facilities for sale.

<Non-current assets>

Non-current assets declined ¥707 million from the end of the previous fiscal year, to ¥53,237 million, mainly due to the transfer of some non-current assets to real estate for sale and power generation facilities for sale, despite the purchase of business assets.

<Current liabilities>

Current liabilities increased ¥7,623 million from the end of the previous fiscal year, to ¥50,482 million, chiefly attributable to an increase in short-term loans payable and the transfer of long-term loans payable to short-term loans payable.

<Non-current liabilities>

Non-current liabilities declined ¥608 million from the end of the previous fiscal year, to ¥52,599 million, mainly as a result of the repayment of long-term loans payable.

<Net assets>

Net assets increased ¥3,115 million from the end of the previous fiscal year, to ¥36,792 million, chiefly because the recorded amount of profit attributable to owners of parent exceeded the amounts of dividend of surplus and purchase of treasury shares.

(3) Overview of Cash Flows for the Fiscal Year ended March 31, 2017

Cash and cash equivalents (“funds”) as of March 31, 2017 amounted to ¥29,623 million, an increase of ¥1,233 million from March 31, 2016.

< Cash flows from operating activities>

Net cash provided by operating activities was ¥22,644 million (cash provided of ¥2,428 million in the previous fiscal year). The major component was a decrease in inventories.

< Cash flows from investing activities>

Net cash used in investing activities was ¥27,540 million (cash used of ¥19,816 million in the previous fiscal year), mainly due to the purchase of property, plant and equipment.

<Cash flows from financing activities>

Net cash provided by financing activities was ¥6,129 million (cash provided of ¥19,663 million in the previous fiscal year), primarily attributable to an increase in loans payable.

(Reference) Changes in Cash Flow Indicators

	FY2015/3	FY2016/3	FY2017/3
Equity ratio (%)	30.6	25.8	26.2
Equity ratio at market value (%)	70.6	56.5	38.3
Debt repayment period (years)	—	29.0	3.5
Interest coverage ratio (times)	—	2.4	24.0

Equity ratio: Shareholders’ equity/Total assets

Equity ratio at market value: Equity market capitalization/Total assets

Debt repayment period: Interest-bearing debt/Operating cash flows

Interest coverage ratio: Operating cash flows/Interest expense

* These indicators are all calculated using consolidated financial data.

* Interest-bearing debt includes all debts recorded on the consolidated balance sheet on which interest is paid.

* For FY2015/3, debt repayment period (years) and interest coverage ratio (times) are omitted due to negative operating cash flows.

(4) Future Outlook

Based on the new medium-term management plan announced on May 11, 2015, the Company estimate the business plan for the next fiscal year as follows.

In the sales operations of new built-for-sale condominiums in the real estate sales business, we expect the delivery of 1,600 units by promoting active supply in the downtown areas in local cities.

In the detached housing business, we expect the delivery of 160 units.

In the renovation business, we will continue to work on measures to supplement the new built-for-sale condominium business by purchasing condominiums at an appropriate price while making an accurate decision on the market trends.
In the real estate rental business, we will seek to establish the more stable stock business through carefully selected purchases.
In the real estate management business, we have set the target number of units managed under consignment at 47,900 units and aim to further expand peripheral operations such as large-scale repair works.

As a result of the above, the Company forecasts the financial results for the next fiscal year as follows:

Net sales:	¥110,000 million	(up 6.2% year on year)
Operating income:	¥10,550 million	(up 1.9% year on year)
Ordinary income:	¥9,500 million	(up 0.0% year on year)
Profit attributable to owners of parent:	¥6,300 million	(up 3.1% year on year)

(New built-for-sale condominium business: Number of units to be delivered and contracts signed)

	Number of units to be delivered in FY2018/3 (units)	Of which, number of contracts signed (unit)	Number of contracts signed of the number of units to be delivered in or after FY2019/3 (units)	Total number of contracts signed (units)
As of March 31, 2017	1,600	526	28	554

(i) Progress of the Medium-Term Management Plan, etc.

The Company adopted a new medium-term management plan “Takara Leben Next Stage 2019” in May 2015 and set “diversification of flow business” and “expansion of stock and fee-based businesses” as its core strategies. The Company aims to increase the profit ratio to 65% in the flow business and 35% in the stock and fee-based businesses in the fiscal year ending March 31, 2019, the final year of the plan.

(ii) Achievement of Target Management Indicators

The Company manages business with a focus on shareholders’ equity and the balance of cash and deposits. In the new medium-term management plan developed in May 2015, we have set the target ROE at 20% or more.

2. The Takara Leben Group

The Takara Leben Group, consisting of the Company, eleven consolidated subsidiaries and one affiliate, operates the real estate business primarily in the Tokyo metropolitan area, including Tokyo, Saitama, Chiba, and Kanagawa prefectures.

The Company mainly engages in the planning, development, and marketing of "Leben-series" new built-for-sale condominiums.

Leben Community Co., Ltd., a consolidated subsidiary, primarily engages in comprehensive management services for condominium buildings.

Takara Asset Management Co., Ltd., a consolidated subsidiary, will primarily engage in the investment management business.

Takara Leben Tohoku Co., Ltd., a consolidated subsidiary, is engaged in the real estate sales business mainly in eastern Japan.

Takara Leben Realnet Co., Ltd., a consolidated subsidiary, is engaged in real estate distribution businesses.

Takara Property Co., Ltd., a consolidated subsidiary, primarily engages in the rental management business.

TAFUKO Co., Ltd., a consolidated subsidiary, primarily engages in the loan collection agency business and other commission-based businesses.

Nikko Takara Corporation Co., Ltd., a consolidated subsidiary, primarily engages in the detached housing business and the construction contract business.

Nikko Property Co., Ltd., a consolidated subsidiary, primarily engages in the rental management business.

Takara Leben West Japan Co., Ltd. (previously Jyutakujyouhoukan Co., Ltd.), a consolidated subsidiary, is engaged in the real estate sales business and the real estate management business, etc. mainly in western Japan.

Sunwood Corporation, an affiliate accounted for by the equity method, is primarily engaged in the planning, development, and marketing of new built-for-sale condominiums, etc. mainly in central Tokyo.

(1) Real estate sales business

The Company is primarily engaged in the planning, development and marketing of "Leben-series" new built-for-sale condominiums in the suburbs of the Tokyo metropolitan area. In addition, Sunwood Corporation, an affiliate accounted for by the equity method, is primarily engaged in the planning, development, and marketing of new built-for-sale condominiums, etc. mainly in central Tokyo.

(2) Real estate rental business

The Company is engaged in the rental business for apartments, condominiums, and offices in the Tokyo metropolitan area. In addition, Takara Property Co., Ltd. and Nikko Property Co., Ltd., consolidated subsidiaries, are engaged in the rental management business.

(3) Real estate management business

Leben Community Co., Ltd., a consolidated subsidiary, provides comprehensive management services for built-for-sale condominiums.

(4) Power generation business

The Company is engaged in the electric power generation business using renewable energy nationwide.

(5) Other businesses

- Loan collection agency business

  TAFUKO Co., Ltd., a consolidated subsidiary, provides a loan collection service.

- Nursing care business

  In addition, Leben Community Co., Ltd., a consolidated subsidiary, provides a rehabilitation-focused day-care nursing service.

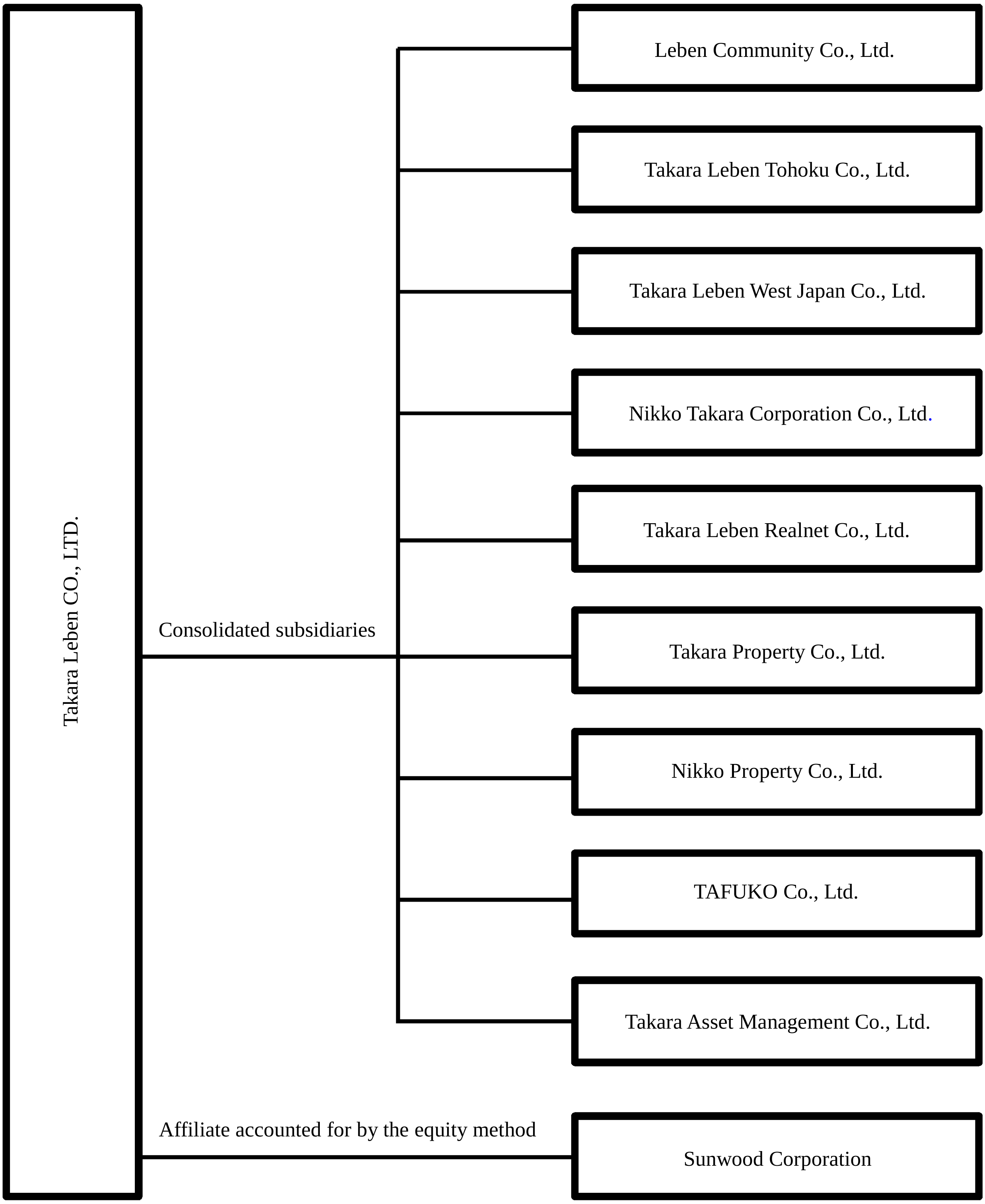
- Construction business

  Nikko Takara Corporation Co., Ltd., a consolidated subsidiary, is engaged in the construction business.

- Other businesses

  The Group is also engaged in businesses other than the above, including the commissioned real estate marketing agency business and the investment management business.

The Group's businesses are orga0nized as follows.


Takara Leben CO., LTD.
Consolidated subsidiaries
Leben Community Co., Ltd.
Takara Leben Tohoku Co., Ltd.
Takara Leben West Japan Co., Ltd.
Nikko Takara Corporation Co., Ltd.
Takara Leben Realnet Co., Ltd.
Takara Property Co., Ltd.
Nikko Property Co., Ltd.
TAFUKO Co., Ltd.
Takara Asset Management Co., Ltd.
Affiliate accounted for by the equity method
Sunwood Corporation

3. Basic Concept of Selection of Accounting Standards

The Group has adopted the Japanese accounting standards to ensure comparability with our domestic competitors.

4. Consolidated Financial Statements and Major Notes

(1) Consolidated Balance Sheet

(Millions of yen)

	Previous Consolidated Fiscal Year (March 31, 2016)		Current Consolidated Fiscal Year (March 31, 2017)	
Assets				
Current assets				
Cash and deposits	*2	28,515	*2	29,780
Notes and accounts receivable – trade	*2	963	*2	1,331
Real estate held for sale	*2. *3	4,073	*2, *3	9,658
Power generation facilities for sale		–	*2, *3	7,885
Real estate held for sale in progress	*2. *3	36,134	*2, *3*	32,390
Costs incurred on uncompleted contracts		116		15
Deferred tax assets		62		99
Other		5,924		5,549
Allowance for doubtful accounts		(38)		(124)
Total current assets		75,753		86,585
Fixed assets				
Tangible fixed assets				
Buildings and structures		14,725		17,742
Accumulated depreciation		(3,516)		(3,506)
Buildings and structures, net	*2. *3	11,209	*2, *3	14,235
Machinery, equipment and vehicles		13,399		5,125
Accumulated depreciation		(996)		(525)
Machinery, equipment and vehicles, net	*2	12,402	*2, *3	4,600
Tools, furniture and fixtures		152		148
Accumulated depreciation		(117)		(93)
Tools, furniture and fixtures, net	*2. *3	35	*2. *3	55
Land	*2. *3	24,750	*2. *3	23,821
Lease assets		243		231
Accumulated depreciation		(114)		(144)
Lease assets, net		129	*2	87
Construction in progress	*2	710	*2	4,346
Total tangible fixed assets		49,237		47,146
Intangible fixed assets				
Goodwill		1,006		889
Lease assets		76		42
Other	*2	428	*2	459
Total intangible fixed assets		1,512		1,391
Investments and other assets				
Investment securities	*1	379		1,228
Long-term loans		49		31
Deferred tax assets		60		72
Other	*1	2,728	*1	3,375
Allowance for doubtful accounts		(22)		(9)
Total investments and other assets		3,195		4,699
Total fixed assets		53,945		53,237
Deferred assets		45		51
Total assets		129,744		139,874

(Millions of yen)

	Previous Consolidated Fiscal Year (March 31, 2016)	Current Consolidated Fiscal Year (March 31, 2017)
Liabilities		
Current liabilities		
Notes and accounts payable, trade	12,037	12,173
Short-term borrowings	*2 7,412	*2 16,490
Current portion of bonds	–	*2 60
Current portion of long-term borrowings	*2 12,410	*2 13,098
Lease obligations	93	51
Income taxes payable	1,113	2,976
Advance received	3,110	2,234
Allowance for bonuses	297	323
Allowance for compensation for complete work	330	405
Deferred tax liabilities	786	269
Other	5,267	2,399
Total current liabilities	42,859	50,482
Noncurrent liabilities		
Long-term borrowings	*2 50,147	*2 48,439
Bonds	200	*2 1,640
Lease obligations	131	85
Allowance for directors' retirement benefits	32	56
Liabilities related to retirement benefits	307	331
Asset retirement obligations	21	22
Deferred tax liabilities	555	39
Other	1,811	*2 1,984
Total noncurrent liabilities	53,207	52,599
Total liabilities	96,066	103,081
Net assets		
Shareholders' equity		
Capital stock	4,819	4,819
Capital surplus	4,817	4,817
Retained earnings	29,011	32,970
Treasury stock	(5,100)	(5,976)
Total shareholders' equity	33,548	36,630
Accumulated other comprehensive income		
Net unrealized gains (losses) on available-for-sale securities	(11)	4
Total accumulated other comprehensive income	(11)	4
New share subscription rights	140	157
Total net assets	33,677	36,792
Total liabilities and net assets	129,744	139,874

(2) Consolidated Statements of Income and Comprehensive Income

(Consolidated Statement of Income)

(Millions of yen)

	Previous Consolidated Fiscal Year (From April 1, 2015 to March 31, 2016)	Current Consolidated Fiscal Year (From April 1, 2016 to March 31, 2017)
Net sales	76,268	103,599
Cost of sales	*1 58,433	*1 81,729
Gross profit	17,835	21,869
Selling, general and administrative expenses	*2 10,272	*2 11,520
Operating income	7,563	10,349
Non-operating income		
Interest income	3	15
Dividend income	4	27
Commissions received	93	106
Income from equity method investment	65	36
Miscellaneous income	96	65
Total non-operating income	262	252
Non-operating expenses		
Interest expense	996	1,036
Miscellaneous losses	121	69
Total non-operating expense	1,117	1,105
Ordinary income	6,708	9,496
Extraordinary gains		
Gain on reversal of subscription rights to shares	–	13
Total extraordinary gains	–	13
Extraordinary losses		
Impairment loss	–	*3 651
Loss from compensation for complete work	252	170
Office transfer expenses	–	*4 95
Loss on liquidation of subsidiaries and associates	–	*5 45
Total extraordinary losses	252	963
Income before income taxes	6,456	8,547
Income taxes – current	1,508	3,519
Income taxes – deferred	639	(1,080)
Total income taxes	2,148	2,439
Net income	4,308	6,107
Net income attributable to owners of parent	4,308	6,107

(Consolidated Statement of Comprehensive Income)

(Millions of yen)

	Previous Consolidated Fiscal Year (From April 1, 2015 to March 31, 2016)	Current Consolidated Fiscal Year (From April 1, 2016 to March 31, 2017)
Net income	4,308	6,107
Other comprehensive income		
Net unrealized gains (losses) on available-for-sale securities	(42)	16
Total other comprehensive income	*1 (42)	*1 16
Comprehensive income	4,266	6,124
(Comprising)		
Comprehensive income attributable to parent	4,266	6,124

(3) Consolidated Statement of Changes in Shareholders' Equity

Previous Consolidated Fiscal Year (From April 1, 2015 to March 31, 2016)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of year	4,819	4,817	26,251	(4,806)	31,081
Changes during the year					
Dividends from surplus			(886)		(886)
Net income attributable to owners of parent			4,308		4,308
Acquisition of treasury stock				(970)	(970)
Disposition of treasury stock		55		36	92
Cancellation of treasury stock		(640)		640	–
Transfer from retained earnings to capital surplus		584	(584)		–
Change in scope of equity method			(78)		(78)
Net changes of items other than shareholders' equity					
Total changes during the year	–	–	2,760	(29)	2,466
Balance at end of year	4,819	4,817	29,011	(5,100)	33,548

	Accumulated other comprehensive income		New share subscription rights	Total net assets
	Unrealized gains (losses) on available-for-sale securities	Total accumulated other comprehensive income		
Balance at beginning of year	30	30	77	31,189
Changes during the year				
Dividends from surplus				(886)
Net income attributable to owners of parent				4,308
Acquisition of treasury stock				(970)
Disposition of treasury stock				92
Cancellation of treasury stock				–
Transfer from retained earnings to capital surplus				–
Change in scope of equity method				(78)
Net changes of items other than shareholders' equity	(42)	(42)	63	20
Total changes during the year	(42)	(42)	63	2,487
Balance at end of year	(11)	(11)	140	33,677

Current Consolidated Fiscal Year (From April 1, 2016 to March 31, 2017)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of year	4,819	4,817	29,011	(5,100)	33,548
Changes during the year					
Dividends from surplus			(1,532)		(1,532)
Net income attributable to owners of parent			6,107		6,107
Acquisition of treasury stock				(1,754)	(1,754)
Disposition of treasury stock		129		132	261
Cancellation of treasury stock		(746)		746	–
Transfer from retained earnings to capital surplus		616	(616)		–
Change in scope of equity method					–
Net changes of items other than shareholders' equity					
Total changes during the year	–	–	3,958	(875)	3,082
Balance at end of year	4,819	4,817	32,970	(5,976)	36,630

	Accumulated other comprehensive income		New share subscription rights	Total net assets
	Unrealized gains (losses) on available-for-sale securities	Total accumulated other comprehensive income		
Balance at beginning of year	(11)	(11)	140	33,677
Changes during the year				
Dividends from surplus				(1,532)
Net income attributable to owners of parent				6,107
Acquisition of treasury stock				(1,754)
Disposition of treasury stock				261
Cancellation of treasury stock				–
Transfer from retained earnings to capital surplus				–
Change in scope of equity method				–
Net changes of items other than shareholders' equity	16	16	16	33
Total changes during the year	16	16	16	3,115
Balance at end of year	4	4	157	36,792

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	Previous Consolidated Fiscal Year (From April 1, 2015 to March 31, 2016)	Current Consolidated Fiscal Year (From April 1, 2016 to March 31, 2017)
Cash flows from operating activities		
Net income before income taxes	6,456	8,547
Depreciation and amortization	1,192	2,397
Impairment loss	–	651
Amortization of goodwill	117	117
(Decrease) increase in allowances	232	197
Increase in liabilities related to retirement benefits	51	24
Interest and dividend income	(7)	(43)
Gain on reversal of subscription rights to shares	–	(13)
Equity-based compensation cost	155	291
Interest expense	996	1,036
Increase (decrease) in accounts receivable – trade	(30)	(367)
Decrease (increase) in operating loans	33	85
Decrease (increase) in inventories	(2,600)	12,529
Increase (decrease) in notes and accounts payable – trade	2,013	136
Increase (decrease) in advances received	(1,036)	(875)
Other	(1,756)	568
Subtotal	5,817	25,283
Interest and dividend received	7	43
Interest paid	(1,032)	(942)
Income taxes paid	(2,364)	(1,739)
Net cash (used in) provided by operating activities	2,428	22,644
Cash flows from investing activities		
Payments into time deposits	(135)	(202)
Withdrawals from time deposits	176	171
Decrease (increase) in short-term loans receivable	4	8
Acquisition of tangible fixed assets	(19,739)	(23,860)
Proceeds from sale of tangible fixed assets	16	–
Acquisition of intangible fixed assets	(23)	(62)
Acquisition of investment securities	(200)	(832)
Proceeds from sale of subsidiaries and affiliates' stocks	84	–
Outflow from acquisition of subsidiaries' stock resulting in change in the scope of consolidation	–	*3 (2,755)
Other	0	(6)
Net cash used in investing activities	(19,816)	(27,540)

(Millions of yen)

	Previous Consolidated Fiscal Year (From April 1, 2015 to March 31, 2016)	Current Consolidated Fiscal Year (From April 1, 2016 to March 31, 2017)
Cash flows from financing activities		
Net increase in short-term borrowings	2,670	9,077
Proceeds from long-term borrowings	41,201	42,456
Repayment of long-term borrowings	(22,256)	(43,477)
Proceeds from issuance of bonds	200	1,477
Redemption of bonds	(200)	–
Repayment of lease obligations	(96)	(118)
Acquisition of treasury stock	(970)	(1,754)
Dividends paid	(884)	(1,531)
Net cash provided by financing activities	19,663	6,129
(Decrease) increase in cash and cash equivalent	2,275	1,233
Cash and cash equivalent at beginning of year	26,114	28,390
Cash and cash equivalent at end of year	*1 28,390	*1 29,623

(5) Notes to the Consolidated Financial Statements

(Notes Regarding the Going Concern Assumption)

Not applicable.

(Significant Basis for Preparation of the Consolidated Financial Statements)

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 12

Names of consolidated subsidiaries

Leben Community Co., Ltd.
Takara Asset Management Co., Ltd.
Takara Leben Tohoku Co., Ltd.
Takara Leben Realnet Co., Ltd.
Takara Property Co., Ltd.
Takara Investments Co., Ltd.
TAFUKO Co., Ltd.
Nikko Takara Corporation Co., Ltd.
Nikko Property Co., Ltd.
Jyutakujyouhoukan Co., Ltd.
ACMP2 LLC.
ACMP3 LLC.

Nikko Kensetsu Co., Ltd. changed its company name to Nikko Takara Corporation Co., Ltd. on April 1, 2016.

Jyutakujyouhoukan Co., Ltd. changed its company name to Takara Leben West Japan Co., Ltd. on April 1, 2017.

Marunouchi Servicer Co., Ltd., which was a consolidated subsidiary, has been excluded from the scope of consolidation in the consolidated fiscal year under review because of its liquidation.

Takara Investments Co., Ltd. resolved to liquidate on February 6, 2017, and the liquidation was completed on April 17, 2017.

In the consolidated fiscal year under review, ACMP2 LLC. and ACMP3 LLC. have been included in the scope of consolidation as a result of the acquisition of the equity interests of members and equity interests of silent partners in these LLCs by the Company.

(2) Names of major nonconsolidated subsidiaries

Not applicable.

2. Application of the equity method

(1) Number of affiliates accounted for by the equity method: 1

Name of affiliate

Sunwood Corporation

(2) Non-consolidated subsidiaries not accounted for by the equity method

Not applicable.

3. Fiscal year of consolidated subsidiaries

All consolidated subsidiaries have the same fiscal year-end as the consolidated fiscal year-end.

4. Accounting policies

(1) Valuation basis and method for major assets

(i) Securities

a. Debt securities held to maturity

Debt securities held to maturity are stated at amortized cost using the straight-line method.

b. Available-for-sale securities

With fair value

Securities with fair value are marked to market based on the market value at the consolidated fiscal year-end. (Unrealized gains and losses are directly recorded in Net assets and cost of securities sold is calculated using the moving-average method.)

Without fair value

Securities without fair value are stated at cost based on the moving-average method.

(ii) Inventories

Inventory is stated at cost based on the specific identification method.

(Book value is written down due to decline in profitability.)

(2) Depreciation method for major depreciable assets

(i) Tangible fixed assets (excluding lease assets)

Tangible fixed assets are depreciated using the declining-balance method. However, the straight-line method is used for buildings (excluding facilities attached to buildings) acquired on or after April 1, 1998 and facilities attached to buildings and structures acquired on or after April 1, 2016.

Individual useful lives are as follows:

Buildings and structures	3 – 50 years
Machinery, equipment and vehicles	4 – 17 years

(ii) Intangible fixed assets (excluding lease assets)

Software for internal use is amortized using the straight-line method over the estimated useful life of five years.

(iii) Lease assets

Lease assets under the finance lease arrangements where the ownership is transferred to lessees

Lease assets with ownership transfer are depreciated using the same depreciation method as fixed assets owned.

Lease assets under the finance lease arrangements where the ownership is not transferred to lessees

Lease assets without ownership transfer are depreciated using the straight-line method over the lease term with no residual value.

(iv) Long-term prepaid expenses

Long-term prepaid expenses are amortized using the straight-line method.

(3) Accounting for major allowances

(i) Allowance for doubtful accounts

For the estimated uncollectible amount, allowance for performing receivables is recorded based on the actual loss ratio, and allowance for certain receivables with doubtful collectibility is recorded based on the individual assessment of collectibility.

(ii) Allowance for bonuses

In order to provide for bonuses to be paid to employees, the estimated bonus amount attributable to the current consolidated fiscal year is recorded.

(iii) Allowance for compensation for complete work

Allowance for compensation for complete work is recorded in order to provide for losses arising from defects after the delivery of self-executed constructions or compensation service costs based on the historical costs related to repair work of self-executed constructions.

(iv) Allowance for directors' retirement benefits

Allowance for directors' retirement benefits is provided in the amount payable at the current consolidated fiscal year-end in accordance with the regulations on directors' retirement benefits (internal regulations).

(4) Accounting for retirement benefits

The Company and its consolidated subsidiaries calculate liabilities related to retirement benefits and pension costs using the simplified method in which the amount of retirement benefits payable for voluntary termination at the end of the year is treated as retirement benefit obligations.

(5) Amortization method and period of goodwill

Goodwill is amortized using the straight-line method over ten years.

However, goodwill of minor amounts is charged to income in the period of acquisition.

(6) Scope of cash and cash equivalent on the consolidated statement of cash flows

Cash and cash equivalent consist of cash at hand, demand deposits, and short-term investments with an original maturity of three months or less that are readily convertible to cash and subject to an insignificant risk of changes in value.

(7) Other significant matters for the preparation of the consolidated financial statements

Accounting for consumption taxes

National and local consumption taxes are accounted for using the tax exclusive method. Non-deductible consumption taxes relating to assets are charged to income in the year of acquisition.

(Changes in Accounting Policies)

(Application of Practical Solution on a Change in Depreciation Method Due to Tax Reform 2016)

Following the revision to the Corporation Tax Act, the Company adopted the "Practical Solution on a Change in Depreciation Method Due to Tax Reform 2016" (ASBJ PITF No. 32, June 17, 2016) effective from the consolidated fiscal year under review, and changed the depreciation method for facilities attached to buildings and structures acquired on or after April 1, 2016 from the declining-balance method to the straight-line method.

The impact of the change on the Company's income and loss for the consolidated fiscal year under review is minor.

(Additional Information)

(Application of Implementation Guidance on Recoverability of Deferred Tax Assets)

The Company adopted the "Implementation Guidance on Recoverability of Deferred Tax Assets" (ASBJ Guidance No. 26, March 28, 2016) effective from the consolidated fiscal year under review.

(Consolidated Balance Sheet)

*1. Items related to non-consolidated subsidiaries and affiliates are as follows.

(Millions of yen)

	Previous Consolidated Fiscal Year (March 31, 2016)	Current Consolidated Fiscal Year (March 31, 2017)
Investment securities	200	–
Investments and other assets, Other (Affiliates' stock)	748	755

*2. Assets pledged as collateral and corresponding liabilities are as follows.

(1) Assets pledged as collateral

(Millions of yen)

	Previous Consolidated Fiscal Year (March 31, 2016)	Current Consolidated Fiscal Year (March 31, 2017)
Cash and deposits	28	10
Notes and accounts receivable – trade	150	252
Real estate held for sale	1,151	7,442
Power generation facilities for sale	–	1,624
Real estate held for sale in progress	33,490	29,082
Buildings and structures	9,981	12,710
Machinery and equipment	10,704	3,424
Tools, furniture and fixtures	0	0
Land	20,310	18,065
Leased assets (tangible)	–	2
Construction in progress	23	273
Other (intangible fixed assets)	224	224
Total	76,065	73,112

(2) Corresponding liabilities

(Millions of yen)

	Previous Consolidated Fiscal Year (March 31, 2016)	Current Consolidated Fiscal Year (March 31, 2017)
Short-term borrowings	3,820	11,831
Current portion of long-term borrowings	11,749	10,528
Current portion of bonds	–	60
Long-term borrowings	46,310	42,169
Bonds	–	1,440
Other (non-current liabilities)	–	449
Total	61,880	66,479

*3. Change in purpose of asset holding

Previous consolidated fiscal year (as of March 31, 2016)

Due to the change in the purpose of asset holding from development and lease to resale for some of the real estate held, buildings and structures of ¥638 million, tools, furniture and fixtures of ¥0 million and land of ¥1,495 million have been transferred to real estate held for sale and real estate held for sale in progress in this consolidated fiscal year.

Current consolidated fiscal year (as of March 31, 2017)

Because of the change in the purpose of asset holding from resale to lease for some of the real estate held, real estate held for sale in progress of ¥616 million has been transferred to buildings and structures of ¥141 million and land of ¥475 million in this consolidated fiscal year.

In addition, following the change in the purpose of asset holding from development and lease to resale for some of the real estate held, buildings and structures of ¥2,699 million, tools, furniture and fixtures of ¥0 million and land of ¥6,997 million have been transferred to real estate held for sale and real estate held for sale in progress in this consolidated fiscal year.

In addition, due to the change in the purpose of asset holding to resale for some of the mega solar power generation plants, buildings and structures of ¥578 million, machinery, equipment and vehicles of ¥10,706 million and land of ¥1,626 million have been transferred to power generation facilities for sale in this consolidated fiscal year. Because some of these assets were sold in this consolidated fiscal year, ¥5,025 million of ¥12,911 million of the assets that have been transferred to power generation facilities for sale are recorded in cost of sales.

4. Contingent liabilities (Guarantee liability)

Guarantee liability for borrowings from financial institutions by customers of the Company

(Millions of yen)

	Previous Consolidated Fiscal Year (March 31, 2016)	Current Consolidated Fiscal Year (March 31, 2017)
Joint and several guarantees in favor of financial institutions until the customers' residential mortgage loans are registered	8,168	9,405
Total	8,168	9,405

5. The Group maintains overdraft and credit line agreements with 27 financial institutions (March 31, 2016: 23) in order to ensure the efficient funding of operating capital. The unused balance of borrowings under these agreements at the consolidated fiscal year-end is as follows.

(Millions of yen)

	Previous Consolidated Fiscal Year (March 31, 2016)	Current Consolidated Fiscal Year (March 31, 2017)
Total maximum amount of overdraft and credit lines	17,716	20,280
Outstanding borrowing balance	8,444	12,997
Difference	9,271	7,282

(Consolidated Statement of Income)

*1. Inventories are stated at the amount after the write-down reflecting the decline in profitability. Loss on valuation of inventories included in Cost of sales is as follows.

(Millions of yen)

Previous Consolidated Fiscal Year (From April 1, 2015 to March 31, 2016)	Current Consolidated Fiscal Year (From April 1, 2016 to March 31, 2017)
(138)	212

*2. Selling expenses account for approximately 46% and General and administrative expenses account for approximately 38% for the year ended March 31, 2016, and 59% and 62%, respectively, for the year ended March 31, 2017.

Major components of Selling, general and administrative expenses and their amounts are as follows.

(Millions of yen)

	Previous Consolidated Fiscal Year (From April 1, 2015 to March 31, 2016)	Current Consolidated Fiscal Year (From April 1, 2016 to March 31, 2017)
Advertising expenses	2,641	2,693
Sales promotion expenses	1,391	1,532
Salaries	1,849	1,997
Provision for allowance for bonuses	353	425
Retirement benefit costs	78	78
Provision for allowance for directors' retirement benefits	5	24
Provision for allowance for doubtful accounts	16	114

*3. Impairment loss

Previous consolidated fiscal year (From April 1, 2015 to March 31, 2016)

Not applicable.

Current consolidated fiscal year (From April 1, 2016 to March 31, 2017)

Mainly due to the declining profitability of rental properties, the Group recorded impairment losses (¥651 million) for the following assets or asset groups in the consolidated fiscal year under review.

Use	Type	Location	Amount (Millions of yen)
Warehouses	Land and buildings	Saitama, Saitama	7
Idle assets	Land	Koriyama, Fukushima	27
	Land	Saitama, Saitama	2
	Land and buildings	Itabashi-ku, Tokyo	71
Rental properties	Buildings	Tsurugashima, Saitama	44
	Land and buildings	Kasukabe, Saitama	143
	Land	Tsukuba, Ibaraki	3
	Land	Nagano, Nagano	65
	Land and buildings	Koto-ku, Tokyo	142
	Land	Toshima-ku, Tokyo	3
	Land	Shinagawa-ku, Tokyo	36
	Land and buildings	Kawagoe, Saitama	104
Total			651

The breakdown by item is land of ¥247 million and buildings of ¥404 million.

The Group classifies warehouses, idle assets and rental properties by individual property.

The recoverable amount is measured using net sale value, which is assessed based on the appraisal value by a real estate appraiser.

*4. Office transfer expenses

Previous consolidated fiscal year (From April 1, 2015 to March 31, 2016)

Not applicable.

Current consolidated fiscal year (From April 1, 2016 to March 31, 2017)

Office transfer expenses represent the amortization of guarantee deposits of the Company and office transfer expenses of some of the consolidated subsidiaries.

*5. Loss on liquidation of subsidiaries and associates

Previous consolidated fiscal year (From April 1, 2015 to March 31, 2016)

Not applicable.

Current consolidated fiscal year (From April 1, 2016 to March 31, 2017)

Loss on liquidation of subsidiaries and associates was due to the liquidation of Marunouchi Servicer Co., Ltd. and Takara Investments Co., Ltd.

(Consolidated Statement of Comprehensive Income)

*1. Reclassification adjustments of other comprehensive income and their tax effects

(Millions of yen)

	Previous Consolidated Fiscal Year (From April 1, 2015 to March 31, 2016)	Current Consolidated Fiscal Year (From April 1, 2016 to March 31, 2017)
Unrealized gains (losses) on available-for-sale securities:		
Recognized during the current year	(42)	16
Reclassification adjustments	–	–
Before tax effects	(42)	16
Tax effects	–	–
Unrealized gains (losses) on available-for-sale securities	(42)	16
Total other comprehensive income	(42)	16

(Consolidated Statement of Changes in Shareholders' Equity)

Previous consolidated fiscal year (From April 1, 2015 to March 31, 2016)

1. Class and number of shares issued and outstanding and class and number of treasury stock

	Number of shares at April 1, 2015 (Shares)	Increase (Shares)	Decrease (Shares)	Number of shares at March 31, 2016 (Shares)
Shares issued and outstanding				
Common stock (Note 1)	128,000,000	–	2,000,000	126,000,000
Total	128,000,000	–	2,000,000	126,000,000
Treasury stock				
Common stock (Notes 2, 3)	16,531,307	1,531,000	2,124,000	15,938,307
Total	16,531,307	1,531,000	2,124,000	15,938,307

(Notes) 1. The decrease in the number of common stock outstanding of 2,000,000 shares is due to the cancellation of treasury stock based on the resolution made at the Board of Directors meeting.

2. The increase in the number of common stock in treasury stock of 1,531,000 shares is due to the acquisition of treasury stock based on the resolution made at the Board of Directors meeting.

3. The decrease in the number of common stock in treasury stock of 2,124,000 shares is due to the exercise of stock options of 124,000 shares and the cancellation of treasury stock of 2,000,000 shares based on the resolution made at the Board of Directors meeting.

2. New share subscription rights and treasury new share subscription rights

Classification	Description of new share subscription rights	Class of shares to be issued upon the exercise of new share subscription rights	Number of shares to be issued upon the exercise of new share subscription rights				Balance at March 31, 2016 (Millions of yen)
			Number of shares at April 1, 2015 (Shares)	Increase (Shares)	Decrease (Shares)	Number of shares at March 31, 2016 (Shares)	
Submitting company (Parent company)	New share subscription rights as stock options	–	–	–	–	–	140
Total		–	–	–	–	–	140

3. Dividends

(1) Dividends paid

(Resolution)	Class of shares	Total dividends paid (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
General meeting of shareholders on June 24, 2015	Common stock	445	4	March 31, 2015	June 25, 2015
Board of Directors meeting on October 26, 2015	Common stock	440	4	September 30, 2015	December 8, 2015

(2) Dividends with a record date belonging to the current consolidated fiscal year but to be effective in the following fiscal year

(Resolution)	Class of shares	Total dividends to be paid (Millions of yen)	Source	Dividend per share (Yen)	Record date	Effective date
Board of Directors meeting on June 27, 2016	Common stock	990	Retained earnings	9	March 31, 2016	June 28, 2016

Current consolidated fiscal year (From April 1, 2016 to March 31, 2017)

1. Class and number of shares issued and outstanding and class and number of treasury stock

	Number of shares at April 1, 2016 (Shares)	Increase (Shares)	Decrease (Shares)	Number of shares at March 31, 2017 (Shares)
Shares issued and outstanding				
Common stock (Note 1)	126,000,000	–	2,000,000	124,000,000
Total	126,000,000	–	2,000,000	124,000,000
Treasury stock				
Common stock (Notes 2, 3)	15,938,307	2,471,000	2,386,800	16,022,507
Total	15,938,307	2,471,000	2,386,800	16,022,507

(Notes) 1. The decrease in the number of common stock outstanding of 2,000,000 shares is due to the cancellation of treasury stock based on the resolution made at the Board of Directors meeting.

2. The increase in the number of common stock in treasury stock of 2,471,000 shares is due to the acquisition of treasury stock based on the resolution made at the Board of Directors meeting.

3. The decrease in the number of common stock in treasury stock of 2,386,800 shares is due to the exercise of stock options of 386,800 shares and the cancellation of treasury stock of 2,000,000 shares based on the resolution made at the Board of Directors meeting.

2. New share subscription rights and treasury new share subscription rights

Classifi-cation	Description of new share subscription rights	Class of shares to be issued upon the exercise of new share subscription rights	Number of shares to be issued upon the exercise of new share subscription rights				Balance at March 31, 2017 (Millions of yen)
			Number of shares at April 1, 2016 (Shares)	Increase (Shares)	Decrease (Shares)	Number of shares at March 31, 2017 (Shares)	
Submitting company (Parent company)	New share subscription rights as stock options	–	–	–	–	–	157
Total		–	–	–	–	–	157

3. Dividends

(1) Dividends paid

(Resolution)	Class of shares	Total dividends paid (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
General meeting of shareholders on June 27, 2016	Common stock	990	9	March 31, 2016	June 28, 2016
Board of Directors meeting on October 24, 2016	Common stock	542	5	September 30, 2016	December 6, 2016

(2) Dividends with a record date belonging to the current consolidated fiscal year but to be effective in the following fiscal year

(Resolution)	Class of shares	Total dividends to be paid (Millions of yen)	Source	Dividend per share (Yen)	Record date	Effective date
Board of Directors meeting on June 27, 2017	Common stock	1,079	Retained earnings	10	March 31, 2017	June 28, 2017

(Consolidated Statement of Cash Flows)

*1. A reconciliation of Cash and cash equivalent and the account balance on the Consolidated Balance Sheet

(Millions of yen)

	Previous Consolidated Fiscal Year (From April 1, 2015 to March 31, 2016)	Current Consolidated Fiscal Year (From April 1, 2016 to March 31, 2017)
Cash and deposits	28,515	29,780
Time deposits with maturity in excess of three months	(125)	(156)
Cash and cash equivalent	28,390	29,623

2. Significant non-cash transactions

(Millions of yen)

	Previous Consolidated Fiscal Year (From April 1, 2015 to March 31, 2016)	Current Consolidated Fiscal Year (From April 1, 2016 to March 31, 2017)
The amounts transferred from Real estate held for sale and Real estate held for sale in progress to fixed assets due to change in the purpose of real estate holding	–	616
The amounts transferred from fixed assets to Real estate held for sale and Real estate held for sale in progress due to change in the purpose of real estate holding	2,134	9,697
The amounts transferred from fixed assets to power generation facilities for sale due to change in the purpose of real estate holding	–	12,911

*3. Major components of assets and liabilities of the company newly included in the scope of consolidation as a result of the acquisition of shares

Previous consolidated fiscal year (From April 1, 2015 to March 31, 2016)

Not applicable.

Current consolidated fiscal year (From April 1, 2016 to March 31, 2017)

Details of assets and liabilities at the time of the consolidation of the companies that have recently become consolidated subsidiaries as a result of the acquisition of the equity interests of members and the equity interests of silent partners, and their relationship with expenditure (net amount) for investment are as follows:

ACMP2 LLC. and ACMP3 LLC.

	(Millions of yen)
Current assets	66
Fixed assets	2,714
Current liabilities	(3)
Noncurrent liabilities	(0)
Acquisition price of equity interests of members and equity interests of silent partners	2,777
Cash and cash equivalent of newly consolidated subsidiary's stock	(21)
Difference: Cash inflow due to acquisition of newly consolidated subsidiary's shares	(2,755)

(Rental Properties, etc.)

The Company and its certain consolidated subsidiaries own office buildings for lease (including land) and condominiums for lease in Tokyo and other areas. During the consolidated fiscal year ended March 31, 2016, net rent income from these rental properties amounted to ¥952 million (rent income is recorded in net sales and major rent expenses are recorded in cost of sales). During the consolidated fiscal year ended March 31, 2017, net rent income from these rental properties amounted to ¥1,041 million (rent income is recorded in net sales and major rent expenses are recorded in cost of sales), and impairment losses came to ¥643 million (recorded in extraordinary losses).

The carrying amount of these rental properties on the Consolidated Balance Sheet, changes during the year and market value are as follows.

(Millions of yen)

		Previous Consolidated Fiscal Year (From April 1, 2015 to March 31, 2016)	Current Consolidated Fiscal Year (From April 1, 2016 to March 31, 2017)
Consolidated Balance Sheet			
	Beginning balance	23,774	33,447
	Changes during the year	9,672	3,319
	Ending balance	33,447	36,766
Market value at end of year		34,366	38,197

(Notes) 1. The carrying amount on the Consolidated Balance Sheet represents the acquisition cost net of accumulated depreciation and amortization and accumulated impairment loss.

2. Of the changes during the year, the major increases during the year ended March 31, 2016 include the acquisition of real estate (¥12,225 million), and major decreases include transfer to real estate held for sale and real estate held for sale in progress (¥2,134 million) and depreciation (¥363 million). The major increases during the year ended March 31, 2017 include the acquisition of real estate (¥14,446 million), and major decreases include transfer to real estate held for sale and real estate held for sale in progress (¥9,697 million), depreciation (¥731 million) and impairment losses (¥643 million).

3. Market value at the end of the year is based on the appraisal value by a third party real estate appraiser.

4. Assets under construction are not included in the above table as it is not practicable to obtain their market value.

(Segment Information)

a. Segment Information

1. Overview of reportable segments

The reportable segments of the Group are components of the Company for which separate financial information is available that is evaluated regularly by the Board of Directors in deciding how to allocate resources and in assessing performance.

The Group’s core business is construction and sales of built-for-sale condominiums. The Group’s reportable segments consist of three business segments: the real estate sales business, the real estate rental business and the real estate management business.

The real estate sales business primarily engages in construction and sales of new built-for-sale condominiums and detached houses and condominium renovation.

The real estate rental business provides the office and residential condominiums rental service, and the real estate management business provides the condominium management service.

The electric power generation business engages in electric power generation using renewable energy.

Starting in the consolidated fiscal year under review, the electric power generation business, which was previously included in “Other,” has been changed to be stated as a reportable segment as a result of reviewing its business management category.

The disclosed segment information for the previous consolidated fiscal year has been prepared based on the reportable segments for the consolidated fiscal year under review.

2. Calculation methods of net sales, income or loss, assets, liabilities and other items by reportable segment

Accounting policies for the reportable business segments are consistent with those described in “Significant Basis for Preparation of the Consolidated Financial Statements,” except for the valuation of inventories.

Inventories are stated at the value after the write-down, reflecting the decline in profitability.

Reportable segment income represents operating income.

Inter-segment sales and transfers are valued at market prices.

3. Net sales, income or loss, assets, liabilities and other items by reportable segment

Previous consolidated fiscal year (From April 1, 2015 to March 31, 2016)

(Millions of yen)

	Reportable segments					Other (Note)	Total
	Real estate sales business	Real estate rental business	Real estate management business	Electric power generation business	Total		
Net sales							
Net sales to external customers	63,383	4,307	3,362	909	71,962	4,305	76,268
Inter-segment sales and transfers	129	12	159	–	301	413	715
Total	63,512	4,319	3,521	909	72,264	4,719	76,983
Segment income (or loss)	6,450	652	97	(158)	7,041	823	7,865
Segment assets	45,292	34,714	373	16,476	96,857	1,397	98,255
Segment liabilities	47,336	24,478	571	17,485	89,871	802	90,674
Other items							
Depreciation and amortization	109	383	6	668	1,167	14	1,182
Interest expense	526	267	–	153	948	10	958
Increase in tangible and intangible fixed assets	41	12,560	2	10,100	22,705	–	22,705

(Note) "Other" represents business segments that are not included in any reportable segments and includes the construction contract business, the repair work business and the mega solar business.

Current consolidated fiscal year (From April 1, 2016 to March 31, 2017)

(Millions of yen)

	Reportable segments					Other (Note)	Total
	Real estate sales business	Real estate rental business	Real estate management business	Electric power generation business	Total		
Net sales							
Net sales to external customers	79,638	5,056	3,665	11,108	99,469	4,130	103,599
Inter-segment sales and transfers	284	57	211	–	552	1,059	1,611
Total	79,923	5,113	3,876	11,108	100,022	5,189	105,211
Segment income	5,665	987	158	2,971	9,783	708	10,491
Segment assets	48,520	38,079	170	20,542	107,313	1,565	108,878
Segment liabilities	53,276	26,795	620	15,527	96,219	897	97,117
Other items							
Depreciation and amortization	96	732	6	1,506	2,341	20	2,362
Interest expense	439	353	–	202	995	4	1,000
Increase in tangible and intangible fixed assets	75	13,837	1	6,727	20,642	51	20,693

(Note) "Other" represents business segments that are not included in any reportable segments and includes the construction contract business, the repair work business and the mega solar business.

4. Reconciliation of the total reportable segments and the amount on the consolidated financial statements (difference adjustments)

(Millions of yen)

Net sales	Previous Consolidated Fiscal Year	Current Consolidated Fiscal Year
Total reportable segments	72,264	100,022
Net sales of “Other” category	4,719	5,189
Elimination of inter-segment transactions	(715)	(1,611)
Net sales on the consolidated financial statements	76,268	103,599

(Millions of yen)

Income	Previous Consolidated Fiscal Year	Current Consolidated Fiscal Year
Total reportable segments	7,041	9,783
Income of “Other” category	823	708
Elimination of inter-segment transactions	(184)	(24)
Amortization of goodwill	(117)	(117)
Operating income on the consolidated financial statements	7,563	10,349

(Millions of yen)

Assets	Previous Consolidated Fiscal Year	Current Consolidated Fiscal Year
Total reportable segments	96,857	107,313
Assets of “Other” category	1,397	1,565
Elimination of amounts due from the parent administrative division	(2,492)	(3,916)
Corporate assets (Note)	33,981	34,911
Total assets in the consolidated financial statements	129,744	139,874

(Note) Corporate assets represent assets not attributable to any reportable segments and primarily consist of cash and deposits, assets attributable to the administrative division, and deferred tax assets.

(Millions of yen)

Liabilities	Previous Consolidated Fiscal Year	Current Consolidated Fiscal Year
Total reportable segments	89,871	96,219
Liabilities of “Other” category	802	897
Elimination of amounts due to the parent administrative division	(1,699)	(2,630)
Corporate liabilities (Note)	7,092	8,594
Total liabilities in the consolidated financial statements	96,066	103,081

(Note) Corporate liabilities represent liabilities not attributable to any reportable segments and primarily consist of borrowings.

(Millions of yen)

Other items	Total reportable segments		Other		Adjustments		Consolidated financial statements	
	Previous FY	Current FY	Previous FY	Current FY	Previous FY	Current FY	Previous FY	Current FY
Depreciation and amortization	1,167	2,341	14	20	9	35	1,192	2,397
Amortization of goodwill	–	–	–	–	117	117	117	117
Interest expense	948	995	10	4	39	37	998	1,037
Increase in tangible and intangible fixed assets	22,705	20,642	–	51	50	120	22,756	20,814

(Note) Adjustments for increase in tangible and intangible fixed assets represent goodwill incurred but not allocated to reportable segments, capital expenditure for the headquarters building and the elimination of inter-segment transactions.

b. Impairment loss on fixed assets by reportable segment

Previous consolidated fiscal year (From April 1, 2015 to March 31, 2016)

Not applicable.

Current consolidated fiscal year (From April 1, 2016 to March 31, 2017)

	Real estate sales business	Real estate rental business	Real estate management business	Electric power generation business	Other	Corporate / Elimination	Total
Impairment loss	–	643	–	–	–	7	651

(Per Share Information)

	Previous Consolidated Fiscal Year (From April 1, 2015 to March 31, 2016)	Current Consolidated Fiscal Year (From April 1, 2016 to March 31, 2017)
Net assets per share	¥304.71	¥339.29
Earnings per share	¥38.99	¥56.14
Diluted earnings per share	¥38.82	¥55.85

(Notes) The basis for the calculation of earnings per share and diluted earnings per share is as follows.

	Previous Consolidated Fiscal Year (From April 1, 2015 to March 31, 2016)	Current Consolidated Fiscal Year (From April 1, 2016 to March 31, 2017)
Earnings per share		
Net income attributable to owners of parent (millions of yen)	4,308	6,107
Amount not attributable to common stockholders (millions of yen)	–	–
Net income attributable to owners of parent with respect to common stock (millions of yen)	4,308	6,107
Average number of shares during the year (thousand shares)	110,491	108,790
Diluted earnings per share		
Adjustments to net income attributable to owners of parent (millions of yen)	–	–
Increase in number of common stock (thousand shares)	482	562
(Of those, new share subscription rights (thousand shares)	(482)	(562)
Overview of dilutive shares not included in the calculation of diluted earnings per share due to its anti-dilutive effect	–	–

(Significant Subsequent Events)

(Transfer of Assets)

The Company entered into a sale and purchase agreement with Takara Leben Infrastructure Fund Inc. on April 4, 2016 regarding the transfer of mega solar power generation plants owned by the Company.

1. Reason for transfer

   Takara Asset Management Co., Ltd., a wholly owned subsidiary of the Company, will transfer the power generation plants to Takara Leben Infrastructure Fund, Inc., which is entrusted with asset management, based on a sponsor support agreement. The Company will continue to support Takara Leben Infrastructure Fund, Inc. on a full scale as the sponsor and contribute to the development of the infrastructure fund market.

2. Description of transferred assets and use before transfer

   7 mega solar power generation plants

3. Name of transferee

   Takara Leben Infrastructure Fund Inc.

4. Date of transfer

   Scheduled transfer date: June 1, 2017

5. Transfer price

   ¥12,607 million (Total of 7 plants)

5. Other

(1) Changes of Officers

To be disclosed when the information to be disclosed is determined.

(2) Production, Orders Received and Sales

(i) Number of units contracted during the year

Segment name	Previous Consolidated Fiscal Year (From April 1, 2015 to March 31, 2016)		Current Consolidated Fiscal Year (From April 1, 2016 to March 31, 2017)		Year-on-Year (%)
	Number of units	Amounts (Millions of yen)	Number of units	Amounts (Millions of yen)	
Real estate sales business	1,575	55,523	1,576	72,068	129.8
Total	1,575	55,523	1,576	72,068	129.8

(Note) The above amounts do not include consumption tax.

(ii) Balance of contract

Segment name	Previous Consolidated Fiscal Year-End (March 31, 2016)		Current Consolidated Fiscal Year-End (March 31, 2017)		Year-on-Year (%)
	Number of units	Amounts (Millions of yen)	Number of units	Amounts (Millions of yen)	
Real estate sales business	842	27,307	575	19,737	72.3
Total	842	27,307	575	19,737	72.3

(Note) The above amounts do not include consumption tax.

(iii) Net sales

Segment name		Current Consolidated Fiscal Year (From April 1, 2016 to March 31, 2017)	Year-on-Year (%)
Real estate sales business	(millions of yen)	79,638	125.6
Real estate rental business	(millions of yen)	5,056	117.4
Real estate management business	(millions of yen)	3,665	109.0
Electric power generation business	(millions of yen)	11,108	1,220.9
Total reportable segments	(millions of yen)	99,469	138.2
Other	(millions of yen)	4,130	95.9
Total	(millions of yen)	103,599	135.8

(Notes) 1. Inter-segment transactions are eliminated.

2. The above amounts do not include consumption tax.