

First Quarter Consolidated Financial Report

for the Three Months Ended June 30, 2014 (Japan GAAP)

July 28, 2014

Takara Leben CO., LTD.

Shares listed on: First Section of the Tokyo Stock Exchange
 Security code: 8897
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Scheduled date for release of Quarterly Report: August 8, 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 Three Months Ended June 30, 2014 (April 1-June 30, 2014)

(Amounts are rounded down to the nearest million)

(1) Consolidated Operating Results (Year-to-Date)

(Percentage figures represent year-on-year change)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended June 30, 2014	5,165	(63.3)	(468)	-	(689)	-	(403)	-
Three months ended June 30, 2013	14,062	(17.0)	1,393	(0.3)	1,192	(7.2)	716	(19.3)

(Note) Comprehensive income: Three months ended June 30, 2014: (403) (-%) / Three months ended June 30, 2013: 706((19.6)%)

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
Three months ended June 30, 2014	(3.53)	-
Three months ended June 30, 2013	6.10	6.09

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio
	Millions of yen	Millions of yen	%
As of June 30, 2014	93,691	26,453	28.1
As of March 31, 2014	95,891	27,138	28.2

<Reference> Shareholders' equity at end of period: June 30, 2014: ¥26,366 million / March 31, 2014: ¥27,084 million

2. Cash Dividends

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

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

3. Consolidated Operating Results Forecast for the Fiscal Year Ending March 31, 2015 (April 1, 2014-March 31, 2015)

(Percentage figures represent year-on-year change)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	yen
Full year	77,050	7.1	10,300	5.1	9,500	3.5	5,900	0.5	51.74

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

4. Other Matters

- (1) Changes in significant subsidiaries during the current fiscal year
(Changes in specified subsidiaries resulting in changes in scope of consolidation): No
Newly consolidated companies (--) Newly excluded companies (--)
- (2) Application of Special Accounting Treatment Made in Preparation of the Quarterly Consolidated Financial Statements: No
- (3) Changes in Accounting Policies, Changes in Accounting Estimates or Restatement
 - A. Changes in accounting policies accompanying revision of accounting standards: No
 - B. Changes in accounting policies other than those in (1): No
 - C. Changes in accounting estimates: No
 - D. Restatement: No
- (4) Number of shares issued (common stock)
 - a. Number of shares outstanding at the end of the period (including treasury stock)
 - b. Number of shares of treasury stock at the end of the period
 - c. Average number of shares during the period (quarter year-to-date)

a.	As of June 30, 2014:	130,000,000 shares	As of March 31, 2014:	130,000,000 shares
b.	As of June 30, 2014:	15,986,807 shares	As of March 31, 2014:	15,974,807 shares
c.	Three months ended June 30, 2014:	114,032,358 shares	Three months ended June 30, 2013:	117,456,976 shares

(Note) Explanation concerning implementation status of quarterly review procedure

This quarterly earnings report is exempt from the quarterly review procedure based on the Financial Instruments and Exchange Act. At the time of disclosure of this quarterly earnings report, the Company has not completed a quarterly review procedure for financial statements based on the Financial Instruments and Exchange Act.

(Note) Explanation concerning appropriate use of the projected operating results and other items to note

The forward-looking statements, including business results forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Actual business results may differ substantially due to a number of factors.

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1. Qualitative Information Pertaining to Consolidated Operating Results for the Quarter

(1) Qualitative Information Pertaining to Consolidated Operating Performance

a. Performance by business segment

In the first-quarter year-to-date period of the Takara Leben Group's fiscal year ending in March 2015, sales from the real estate sales business amounted to ¥3,481 million, down 72.5% 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.

The gross margin in the built-for-sale condominium business improved to 26.6%, compared with 25.7% in the previous consolidated fiscal year.

In the real estate rental business, sales totaled ¥435 million, up 6.7% on a year-on-year basis. This reflected sales from the rental of apartments, condominium units, and offices.

In the real estate management business, sales from the management of 36,306 units of residential condominiums were ¥720 million, up 7.3% on a year-on-year basis.

Sales from other businesses amounted to ¥527 million, up 56.9% on a year-on-year basis, mainly revenues from large-scale repair work and revenues from electric power selling in mega-solar business.

As a result, Net sales for the first-quarter year-to-date period of the current consolidated fiscal year amounted to ¥5,165 million, down 63.3% on a year-on-year basis; Operating loss amounted to ¥468 million, Operating income for the same period of the previous year was ¥1,393 million; Ordinary loss amounted to ¥689million, Ordinary loss for the same period of the previous year was ¥1,192 million; and Net loss amounted to ¥403 million, Net income for the same period of the previous year was ¥716 million.

b. Overview

The built-for-sale condominium business delivered 69 units including LEBEN Kitasenju). In the fiscal year ending March 2015, although there has been a steady rate of contract signings, because delivery is concentrated in the second half, the majority of sales and income from those contracts is expected to be recorded in the second half.

c. Contracted ratio status

With regard to sales performance in the first-quarter year-to-date period of the current consolidated fiscal year, contracts were concluded for 1,169 units, compared with a full-year target of 1,702 units scheduled for delivery. The contract ratio was at 68.7% showing a steady growth in the business.

(Contracts signed versus number of units forecast for delivery)

	Units scheduled for delivery (units)	Number of contracts signed (units)	Contracted ratio (%)
New built-for-sale condominium	1,702	1,169	68.7

(2) Qualitative Information Pertaining to Consolidated Financial Position

Assets, Liabilities and Net Assets

With regard to the assets, liabilities, and net assets of the Group at the end of the first-quarter consolidated accounting period under review, total assets were ¥93,691 million, an decrease of ¥2,199 million compared with the end of the previous consolidated fiscal year. The decrease mainly reflected a decrease in cash and deposits as

a result of Settlement of notes payable.

(Current Assets)

Current assets decreased ¥2,563 million compared with the end of the previous consolidated fiscal year to ¥69,961 million. This mainly reflected a decrease in cash and deposits as a result of Settlement of notes payable.

(Fixed Assets)

Fixed assets increased ¥364 million compared with the end of the previous consolidated fiscal year to ¥23,730 million, mainly reflected an increase in tangible fixed assets as a result of an increase in the number of consolidated subsidiaries,.

(Current Liabilities)

Current liabilities decreased ¥2,722 million compared with the end of the previous consolidated fiscal year to ¥34,988 million, mainly due to decreased notes payable.

(Fixed Liabilities)

Fixed liabilities increased ¥1,207 million compared with the end of the previous consolidated fiscal year to ¥32,249 million, mainly due to an increase in borrowings in conjunction with new purchases.

(Net Assets)

Total net assets decreased ¥684 million compared with the end of the previous consolidated fiscal year to ¥26,453 million. The decrease was attributed to the net loss for the first quarter and a decrease in capital surplus due to dividends paid.

(3) Qualitative Information Pertaining to Forecasted Consolidated Operating Results

There is no change from the projected consolidated operating results released on May 12, 2014.

2. Summary Information (Notes)

(1) Changes to Material Subsidiaries during the First-Quarter Year-to-Date Period

The Company had no pertinent matters to report.

(2) Application of Special Accounting Treatment Made in Preparation of the Quarterly Consolidated Financial Statements

The Company had no pertinent matters to report.

(3) Changes in Accounting Policies, Changes in Accounting Estimates or Restatement

The Company had no pertinent matters to report.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2014	As of June 30, 2014
ASSETS		
Current assets:		
Cash and deposits	35,964	26,690
Notes and accounts receivable, trade	405	400
Real estate held for sale	1,156	535
Real estate held for sale in progress	32,288	38,228
Other	2,753	4,148
Allowance for doubtful accounts	(43)	(43)
Total current assets	72,524	69,961
Fixed assets:		
Tangible fixed assets		
Buildings and structures (net)	5,108	5,155
Land	14,100	14,303
Other (net)	2,024	2,131
Total tangible fixed assets	21,233	21,590
Intangible fixed assets	513	516
Investments and other assets		
Other	1,729	1,680
Allowance for doubtful accounts	(109)	(56)
Total investments and other assets	1,619	1,623
Total fixed assets	23,366	23,730
Total assets	95,891	93,691
LIABILITIES		
Current liabilities:		
Notes and accounts payable, trade	20,692	12,180
Short-term borrowings	2,590	6,843
Current portion of long-term borrowings	5,101	8,393
Income taxes payable	3,356	42
Reserve	388	287
Other	5,580	7,241
Total current liabilities	37,711	34,988
Noncurrent liabilities		
Long-term borrowings	29,861	31,034
Reserve	26	26
Liabilities related to retirement benefits	220	231
Other	933	956
Total noncurrent liabilities	31,041	32,249
Total liabilities	68,752	67,238

(Millions of yen)

	As of March 31, 2014	As of June 30, 2014
NET ASSETS		
Shareholders' equity		
Capital stock	4,819	4,819
Capital surplus	4,817	4,818
Retained earnings	21,623	20,913
Treasury stock	(4,179)	(4,189)
Total shareholders' equity	27,080	26,363
Accumulated other comprehensive income		
Net unrealized losses on available-for-sale Securities	4	3
Total accumulated other comprehensive income	4	3
Subscription rights to shares	53	87
Total net assets	27,138	26,453
Total liabilities and net assets	95,891	93,691

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

(Millions of yen)

	Three Months Ended June 30, 2013	Three Months Ended June 30, 2014
Net sales	14,062	5,165
Cost of sales	10,649	3,845
Gross profit	3,413	1,319
Selling, general and administrative expenses	2,019	1,788
Operating income (loss)	1,393	(468)
Non-Operating income:		
Interest income	1	1
Dividend income	2	2
Commissions received	20	6
Income from equity method investment	2	-
Miscellaneous income	2	9
Total Non-Operating income	28	19
Non-Operating expenses:		
Interest expense	196	190
Losses from equity method investment	-	35
Miscellaneous losses	32	14
Total Non-Operating expenses	229	240
Ordinary income (loss)	1,192	(689)
Extraordinary gains		
Gain on negative goodwill	-	82
Total extraordinary gains	-	82
Extraordinary losses		
Loss on disposal of fixed assets	0	0
Total extraordinary losses	0	0
Net income (loss) before income taxes	1,192	(607)
Income taxes, inhabitant taxes and business taxes	333	36
Income tax adjustments	142	(241)
Total income and other taxes	475	(204)
Income (loss) before minority interests	716	(403)
Net income (loss)	716	(403)

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

(Millions of yen)

	Three Months Ended June 30, 2013	Three Months Ended June 30, 2014
Income (loss) before minority interests	716	(403)
Other comprehensive income:		
Net unrealized gains on available-for-sale securities	(9)	(0)
Total other comprehensive income	(9)	(0)
Comprehensive income	706	(403)
(Comprising)		
Comprehensive income attributable to parent	706	(403)

(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 first quarters of the consolidated fiscal year under review, the Company purchased shares of treasury stock at ¥30 million, by resolution of the meeting of the Board of Directors held on May 12, 2014.

Additionally, with the disposal of treasury stock for ¥20 million due to the exercise of stock options, the Company held treasury stock for ¥4,189 million as of June 30, 2014.