

Third Quarter Consolidated Financial Report

for the Nine Months Ended December 31, 2014 (Japan GAAP)

January 26, 2015

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: February 9, 2015
 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, 2014 (April 1-December 31, 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	%
Nine months ended December 31, 2014	39,858	4.2	3,559	0.9	2,912	(1.4)	1,864	(5.5)
Nine months ended December 31, 2013	38,269	(30.4)	3,528	(41.0)	2,952	(47.3)	1,973	(48.6)

(Note) Comprehensive income: Nine months ended December 31, 2014: ¥1,883million ((4.4)% / Nine months ended December 31, 2013: ¥1,970million((48.6)%)

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
Nine months ended December 31, 2014	16.44	16.39
Nine months ended December 31, 2013	16.98	16.94

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio
	Millions of yen	Millions of yen	%
As of December 31, 2014	101,443	27,682	27.2
As of March 31, 2014	95,891	27,138	28.2

<Reference> Shareholders' equity at end of period: December 31, 2014: ¥27,600 million / March 31, 2014: ¥27,084 million

2. Cash Dividends

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

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

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

(Percentage figures represent year-on-year change)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	yen
Full year	77,150	7.2	10,500	7.2	9,700	5.6	6,000	2.2	52.95

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

4. Other Matters

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

a	As of December 31, 2014:	128,000,000 shares	As of March 31, 2014:	130,000,000 shares
b.	As of December 31, 2014:	15,926,507 shares	As of March 31, 2014:	15,974,807 shares
c.	Nine months ended December 31, 2014:	113,384,703 shares	Nine months ended December 31, 2013:	116,232,624 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 Third-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 ¥34,050 million, up 0.3% on a year-on-year basis. This reflected sales in the new built-for-sale condominium business, as well as sales in the newly-built detached housing business.

In the real estate rental business, sales totaled ¥1,866 million, up 47.4% 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 37,734 units of residential condominiums were ¥2,188 million, up 7.4% on a year-on-year basis.

Sales from other businesses amounted to ¥1,752 million, up 72.3% 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 Third-quarter year-to-date period of the current consolidated fiscal year amounted to ¥39,858 million, up 4.2% on a year-on-year basis; Operating income amounted to ¥3,559 million, up 0.9% on a year-on-year basis; Ordinary income amounted to ¥2,912 million, down 1.4% on a year-on-year basis; and Net income amounted to ¥1,864 million, down 5.5% on a year-on-year basis;

b. Overview

The built-for-sale condominium business delivered 846 units including solar-powered condominiums (LEBEN Kitasenju, and LEBEN Fujimino solahills).

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 1,572 units, compared with a full-year target of 1,702 units scheduled for delivery. In addition, the total number of contracts signed, including units scheduled for delivery the fiscal year ending March 31, 2016, was 2,172 units, showing that sales remained brisk as in the fiscal year ended March 31, 2014.

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

	Units scheduled for delivery (units)	Number of contracts signed (units)	Number of contracts signed of units scheduled for delivery from the fiscal year ending March 31, 2016	Total number of contracts signed
Nine months ended December 31, 2013	1,710	1,688	637	2,325
Nine months ended December 31, 2014	1,702	1,572	600	2,172

(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 third-quarter consolidated accounting period under review, total assets were ¥101,443 million, an increase of ¥5,552 million compared with the end of the previous consolidated fiscal year. The increase mainly reflected an increase in purchasing of business assets..

(Current Assets)

Current assets decreased ¥128 million compared with the end of the previous consolidated fiscal year to ¥72,396 million. This mainly reflected a decrease in cash and deposits as a result of Settlement of notes payable.

(Fixed Assets)

Fixed assets increased ¥5,679 million compared with the end of the previous consolidated fiscal year to ¥29,046 million, mainly reflected, due to purchase of business assets.

(Current Liabilities)

Current liabilities increased ¥5,972 million compared with the end of the previous consolidated fiscal year to ¥43,684 million, mainly because of the shift in debt maturities from long-term debt to short-term borrowings.

(Fixed Liabilities)

Fixed liabilities decreased ¥965 million compared with the end of the previous consolidated fiscal year to ¥30,076 million, mainly because of the shift in debt maturities from long-term debt to short-term borrowings.

(Net Assets)

Total net assets increased ¥544 million compared with the end of the previous consolidated fiscal year to ¥27,682 million as net income for the year exceeded distribution of surplus and acquisition of treasury stock.

(3) Qualitative Information Pertaining to Forecasted Consolidated Operating Results

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

2. Summary Information (Notes)

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

The Company had no pertinent matters to report.

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

The Company had no pertinent matters to report.

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

The Company had no pertinent matters to report.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2014	As of December 31, 2014
ASSETS		
Current assets:		
Cash and deposits	35,964	24,336
Notes and accounts receivable, trade	405	486
Real estate held for sale	1,156	2,912
Real estate held for sale in progress	32,288	40,248
Costs incurred on uncompleted contracts	-	1,041
Other	2,753	3,405
Allowance for doubtful accounts	(43)	(35)
Total current assets	72,524	72,396
Fixed assets:		
Tangible fixed assets		
Buildings and structures (net)	5,108	5,500
Land	14,100	16,424
Other (net)	2,024	3,778
Total tangible fixed assets	21,233	25,702
Intangible fixed assets	513	1,196
Investments and other assets		
Other	1,729	2,193
Allowance for doubtful accounts	(109)	(45)
Total investments and other assets	1,619	2,147
Total fixed assets	23,366	29,046
Deferred assets	-	0
Total assets	95,891	101,443
LIABILITIES		
Current liabilities:		
Notes and accounts payable, trade	20,692	11,738
Short-term borrowings	2,590	6,950
Bonds redeemed within one year	-	10
Current portion of long-term borrowings	5,101	15,318
Income taxes payable	3,356	286
Reserve	388	255
Other	5,580	9,125
Total current liabilities	37,711	43,684
Noncurrent liabilities		
Long-term borrowings	29,861	27,741
Reserve	26	29
Liabilities related to retirement benefits	220	262
Other	933	2,042
Total noncurrent liabilities	31,041	30,076
Total liabilities	68,752	73,760

(Millions of yen)

	As of March 31, 2014	As of December 31, 2014
NET ASSETS		
Shareholders' equity		
Capital stock	4,819	4,819
Capital surplus	4,817	4,817
Retained earnings	21,623	22,397
Treasury stock	(4,179)	(4,456)
Total shareholders' equity	27,080	27,578
Accumulated other comprehensive income		
Net unrealized losses on available-for-sale Securities	4	22
Total accumulated other comprehensive income	4	22
Subscription rights to shares	53	81
Total net assets	27,138	27,682
Total liabilities and net assets	95,891	101,443

(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, 2013	Nine Months Ended December 31, 2014
Net sales	38,269	39,858
Cost of sales	28,814	29,901
Gross profit	9,455	9,956
Selling, general and administrative expenses	5,926	6,396
Operating income	3,528	3,559
Non-Operating income:		
Interest income	3	3
Dividend income	4	4
Commissions received	56	56
Income from equity method investment	14	-
Miscellaneous income	12	47
Total Non-Operating income	92	111
Non-Operating expenses:		
Interest expense	632	647
Miscellaneous losses	35	31
Losses from equity method investment	-	78
Total Non-Operating expenses	668	758
Ordinary income	2,952	2,912
Extraordinary gains		
Legal settlement received	330	-
Gain on negative goodwill	-	82
Gain on sale of investment securities	-	16
Total extraordinary gains	330	98
Extraordinary losses		
Loss on sales of noncurrent assets	39	-
Loss on disposal of fixed assets	0	0
Loss on valuation of investment securities	-	9
Other	9	-
Total extraordinary losses	49	9
Net income before income taxes	3,233	3,001
Income taxes, inhabitant taxes and business taxes	938	358
Income tax adjustments	321	777
Total income and other taxes	1,260	1,136
Income before minority interests	1,973	1,864
Net income	1,973	1,864

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

(Millions of yen)

	Nine Months Ended December 31, 2013	Nine Months Ended December 31, 2014
Income before minority interests	1,973	1,864
Other comprehensive income:		
Net unrealized gains on available-for-sale securities	(2)	18
Total other comprehensive income	(2)	18
Comprehensive income	1,970	1,883
(Comprising)		
Comprehensive income attributable to parent	1,970	1,883

(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 quarters of the consolidated fiscal year under review, the Company purchased shares of treasury stock at ¥862 million, by resolution of the meeting of the Board of Directors held on May 12, 2014. And 2,000,000 shares of treasury stock were cancelled.

Additionally, with the disposal of treasury stock for ¥25 million due to the exercise of stock options, the Company held treasury stock for ¥4,456 million as of December 31, 2014.