

First Quarter Consolidated Financial Report

for the Three Months Ended June 30, 2015 (Japan GAAP)

July 27, 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: August 7, 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 Three Months Ended June 30, 2015 (April 1-June 30, 2015)

(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, 2015	9,199	78.1	(316)	—	(532)	—	(410)	—
Three months ended June 30, 2014	5,165	(63.3)	(468)	—	(689)	—	(403)	—

(Note) Comprehensive income: Three months ended June 30, 2015: ¥(390) million (—%) / Three months ended June 30, 2014: ¥(403) million (—%)

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
Three months ended June 30, 2015	(3.69)	—
Three months ended June 30, 2014	(3.53)	—

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio
	Millions of yen	Millions of yen	%
As of June 30, 2015	100,518	29,993	29.7
As of March 31, 2015	101,738	31,189	30.6

<Reference> Shareholders' equity at end of period: June 30, 2015: ¥29,894 million / March 31, 2015: ¥31,111 million

2. Cash Dividends

	Annual Cash Dividends per Share				
	1Q	2Q	3Q	Year-End	Total
	Yen	Yen	Yen	Yen	Yen
Year Ending March 31, 2015	-	2.00	-	4.00	6.00
Year Ending March 31, 2016	-				
Year Ending March 31, 2016 (Forecast)		4.00	-	6.00	10.00

(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, 2016 (April 1, 2015-March 31, 2016)

(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	93,800	21.9	13,350	44.2	12,400	45.2	8,150	42.5	73.11

(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: Yes
 - 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.	Three months ended June 30, 2015:	128,000,000 shares	As of March 31, 2015:	128,000,000 shares
b.	Three months ended June 30, 2015:	17,046,507 shares	As of March 31, 2015:	16,531,307 shares
c.	Three months ended June 30, 2015:	111,307,274 shares	Three months ended June 30, 2014:	114,032,358 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 2016, sales from the real estate sales business amounted to ¥6,394 million, up 83.7% 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 ¥1,055 million, up 142.2% 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 38,895 units of residential condominiums were ¥827 million, up 14.7% on a year-on-year basis.

Sales from other businesses amounted to ¥922 million, up 74.9% on a year-on-year basis, mainly revenues from construction work, 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 ¥9,199 million, up 78.1% on a year-on-year basis; Operating loss amounted to ¥316 million, Operating loss for the same period of the previous year was ¥468 million; Ordinary loss amounted to ¥532million, Ordinary loss for the same period of the previous year was ¥689 million; and Net loss amounted to ¥410 million, Net loss for the same period of the previous year was ¥403 million.

b. Overview

The built-for-sale condominium business delivered 102 units. In the fiscal year ending March 2016, 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 1,076 units, compared with a full-year target of 1,452 units scheduled for delivery. The contract ratio was at 74.1% showing a steady growth in the business.

(New built-for-sale condominiums: Contracts signed versus number of units scheduled for delivery)

	Units scheduled for delivery (units)	Number of contracts signed (units)	Contracted ratio (%)
Three months ended June 30, 2014	1,702	1,169	68.7
Three months ended June 30, 2015	1,452	1,076	74.1

(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 ¥100,518 million, an decrease of ¥1,220 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 ¥3,503 million compared with the end of the previous consolidated fiscal year to ¥63,815 million. This mainly reflected a decrease in cash and deposits as a result of Settlement of notes payable.

(Fixed Assets)

Fixed assets increased ¥2,277 million compared with the end of the previous consolidated fiscal year to ¥36,678 million, mainly reflected an increase in tangible fixed assets as a result of purchases of income-generating properties.

(Current Liabilities)

Current liabilities decreased ¥3,206 million compared with the end of the previous consolidated fiscal year to ¥31,594 million, mainly due to decreased notes payable.

(Fixed Liabilities)

Fixed liabilities increased ¥3,182 million compared with the end of the previous consolidated fiscal year to ¥38,930 million, mainly due to an increase in borrowings in conjunction with new purchases.

(Net Assets)

Total net assets decreased ¥1,196 million compared with the end of the previous consolidated fiscal year to ¥29,993 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 11, 2015.

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

(Application of the Accounting Standard for Business Combination)

The Accounting Standard for Business Combination (ASBJ Statement No. 21, September 13, 2013, hereinafter referred to as the “Accounting Standard for Business Combination”), the Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22, September 13, 2013, hereinafter referred to as the “Accounting Standard for Consolidated Financial Statements”), and the Accounting Standard for Business Divestitures (ASBJ Statement No. 7, September 13, 2013, hereinafter referred to as the “Accounting Standard for Business Divestitures”), and others have been applied from this first-quarter consolidated accounting period under review. Differences caused by changes in the company’s subsidiary holdings that continue to be under its control are recorded as capital surplus, and expenses related to acquisition are now recorded as expenses for the consolidated fiscal year in which it occurred. In addition, regarding business combination conducted after the beginning of this first-quarter consolidated accounting period under review, revisions to the purchase price allocation following determination of provisional accounting methods are now reflected in the quarterly

financial statements of the consolidated fiscal quarter in which the business combination occurred. Also, the net income and other statements have been changed accordingly, and minority interest has been changed to non-controlling interest. To reflect these changes, the company has revised the financial statements for the previous first-quarter year-to-date period and the previous consolidated fiscal year.

The Accounting Standard for Business Combination and other standards are applied in accordance with the transitional provisions stipulated in Paragraph 58-2 (4) of the Accounting Standard for Business Combination, Paragraph 44-5 (4) of the Accounting Standard for Consolidated Financial Statements, and Paragraph 57-4 (4) of the Accounting Standard for Business Divestitures, and is applied from the beginning of the first-quarter consolidated accounting period under review and onwards.

This has no effect on profit/loss.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2015	As of June 30, 2015
ASSETS		
Current assets:		
Cash and deposits	26,281	18,755
Notes and accounts receivable, trade	933	794
Real estate held for sale	4,901	3,076
Real estate held for sale in progress	30,444	36,473
Costs incurred on uncompleted contracts	244	366
Other	4,552	4,388
Allowance for doubtful accounts	(37)	(39)
Total current assets	67,319	63,815
Fixed assets:		
Tangible fixed assets		
Buildings and structures (net)	6,870	7,290
Land	18,758	20,176
Other (net)	4,783	4,827
Total tangible fixed assets	30,412	32,294
Intangible fixed assets	1,627	1,595
Investments and other assets		
Other	2,368	2,808
Allowance for doubtful accounts	(6)	(19)
Total investments and other assets	2,361	2,788
Total fixed assets	34,400	36,678
Deferred assets	18	24
Total assets	101,738	100,518
LIABILITIES		
Current liabilities:		
Notes and accounts payable, trade	10,023	5,482
Short-term borrowings	4,742	8,038
Current portion of long-term bonds	200	200
Current portion of long-term borrowings	10,378	10,284
Income taxes payable	1,928	46
Reserve	415	314
Other	7,111	7,227
Total current liabilities	34,800	31,594
Noncurrent liabilities		
Long-term borrowings	33,235	36,381
Reserve	29	29
Liabilities related to retirement benefits	255	270
Other	2,227	2,249
Total noncurrent liabilities	35,748	38,930
Total liabilities	70,549	70,524

(Millions of yen)

	As of March 31, 2015	As of June 30, 2015
NET ASSETS		
Shareholders' equity		
Capital stock	4,819	4,819
Capital surplus	4,817	4,860
Retained earnings	26,251	25,395
Treasury stock	(4,806)	(5,231)
Total shareholders' equity	31,081	29,844
Accumulated other comprehensive income		
Net unrealized losses on available-for-sale		
Securities	30	50
Total accumulated other comprehensive income	30	50
Subscription rights to shares	77	98
Total net assets	31,189	29,993
Total liabilities and net assets	101,738	100,518

(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, 2014	Three Months Ended June 30, 2015
Net sales	5,165	9,199
Cost of sales	3,845	7,238
Gross profit	1,319	1,961
Selling, general and administrative expenses	1,788	2,277
Operating income (loss)	(468)	(316)
Non-Operating income:		
Interest income	1	0
Dividend income	2	2
Commissions received	6	9
Miscellaneous income	9	18
Total Non-Operating income	19	31
Non-Operating expenses:		
Interest expense	190	216
Losses from equity method investment	35	18
Miscellaneous losses	14	12
Total Non-Operating expenses	240	247
Ordinary income (loss)	(689)	(532)
Extraordinary gains		
Gain on negative goodwill	82	—
Total extraordinary gains	82	—
Extraordinary losses		
Loss on disposal of fixed assets	0	—
Total extraordinary losses	0	—
Net income (loss) before income taxes	(607)	(532)
Income taxes, inhabitant taxes and business taxes	36	44
Income tax adjustments	(241)	(166)
Total income and other taxes	(204)	(121)
Income (loss) before minority interests	(403)	(410)
Net income (loss)	(403)	(410)

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

(Millions of yen)

	Three Months Ended June 30, 2014	Three Months Ended June 30, 2015
Income (loss) before minority interests	(403)	(410)
Other comprehensive income:		
Net unrealized gains on available-for-sale securities	(0)	20
Total other comprehensive income	(0)	20
Comprehensive income	(403)	(390)
(Comprising)		
Comprehensive income attributable to parent	(403)	(390)

(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 ¥452 million, by resolution of the meeting of the Board of Directors held on May 11, 2015.

Additionally, with the disposal of treasury stock for ¥28 million due to the exercise of stock options, the Company held treasury stock for ¥5,231 million as of June 30, 2015.