Second Quarter Consolidated Financial Report for the Six Months Ended September 30, 2009

October 26, 2009

Takara Leben Co., Ltd.

Shares listed on: First Section of the Tokyo Stock Exchange
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Scheduled date of Quarterly Report release: November 13, 2009
Scheduled date of dividend payment commencement: —

1. Consolidated Financial Results for the Six Months Ended September 30, 2009 (April 1-September 30, 2009)

(1) Operating Results

(¥ millions, rounded down; percentage figures represent year-on-year change)

	Net Sales		Operating Income		Ordinary Income		Net Income	
Six Months Ended Sep.30, 2009	27,500	11.5%	1,909	(15.7)%	1,532	(8.8)%	1,656	78.8%
Six Months Ended Sep.30, 2008	24,663	−%	2,264	−%	1,680	−%	926	−%

	Net Income per Share (Yen)	Diluted Income per Share (Yen)
Six Months Ended Sep. 30, 2009	100.05	−
Six Months Ended Sep. 30, 2008	55.96	−

(2) Financial Position

(¥ millions, rounded down)

	Total Assets	Total Net Assets	Equity Ratio (%)	Net Assets per Share (Yen)
As of Sep. 30, 2009	61,444	8,061	13.1	486.86
As of March 31, 2009	71,486	6,420	9.0	387.80

<Reference> Equity at term-end: At September 30, 2009: ¥8,061 million / At March 31, 2009: ¥6,420 million

2. Cash Dividends

	Cash Dividends per Share (Yen)				
Term-end	1Q	2Q	3Q	Year-End	Full-Year
Year Ended March 31, 2009	—	12.00	—	0.00	12.00
Year Ending March 31, 2010	—	0.00			
Year Ending March 31, 2010 (Forecast)			—	2.00	2.00

(Note) Changes in dividend forecast for the current term: None

3. Forecast for Fiscal Year Ending March 31, 2010

(April 1, 2009-March 31, 2010)

(¥ millions, rounded down; percentage figures represent year-on-year change)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income per Share (Yen)
Year Ending March 31, 2010	52,120	(9.6)%	2,935	−%	1,970	−%	1,800	−%	108.71

(Note) Changes in performance forecast for the current term: None

4. Other

(1) Changes in the status of material subsidiaries during period (changes in the scope of consolidation as a result of changes in the status of specific subsidiaries): None

(2) Use of simplified accounting method or special accounting method for quarterly financial reporting: Yes
(For details, see “4. Other” section on page 6.)

(3) Changes to consolidated financial statement principles, preparation processes, disclosure methods, etc. (Description of changes to important items fundamental to financial statement preparation)

a. Changes accompanying amendment of accounting principles: None
b. Other changes: None
(For details, see “4. Other” section on page 6.)

(4) Number of outstanding shares at term-end (common stock)

a. Shares outstanding (including treasury stock)
As of September 30, 2009: 17,540,333 shares
As of March 31, 2009: 17,540,333 shares
b. Treasury stock
As of September 30, 2009: 982,682 shares
As of March 31, 2009: 682,682 shares
c. Average shares outstanding (term under review)
As of September 30, 2009: 16,557,651 shares
As of September 30, 2008: 16,557,691 shares

Explanation of proper use of performance forecasts and other matters

The above forecasts are estimated based on information available at the time of the release of this report. Actual results may differ significantly from these forecasts due to various factors in the future. For more information, see “3. Qualitative Information Pertaining to Forecasted Consolidated Results” under Qualitative Information/Financial Statements on page 6.

Qualitative Information/Financial Statements

1. Qualitative Information Pertaining to Consolidated Operating Results

After the global financial crisis that was brought by business practices that trivialized risk and pursued short-term gains, the world market has begun to stabilize. Prospect for economic growth and employment are still unpredictable because it is still uncertain when a full recovery will come about. Without international cooperation to avoid another crisis, recovery will take even longer.

Although the Japanese economy is showing signs of recovery, the real economy is still in turmoil. The financial crisis and economic instability lead to more severe conditions for consumers and price collapse in various areas. If consumers' orientation towards the low-end goes too far, excessive price reductions will weaken financial stability of companies and could negatively influence the balance of supply and demand.

There continues to be a gap between large business and small and medium businesses. Among others, a distorted recovery that failed to eliminate the concern that exists the financing of small and medium businesses lead to the next crisis, and if reduced effect from government policies is not avoided, delays in improvements will continue. And if handled poorly, double-dip recession could occur.

In this environment, the Company must press forward in reconstructing a medium- to long-term business model focused on consumers, who are the ultimate supporters of recovery, while actively fulfilling its corporate role and responsibilities.

(1) Operating Results

For built-for-sale condominium business, Takara Leben Co., Ltd. delivered 208 units in Tokyo and 100 units in Saitama, accounting for approximately 50% of the share in both areas. Regarding the 558 completed unit inventories from the previous term, the delivery of 284 of those units was completed at the end of the second quarter, which is behind projections, so further effort is necessary in marketing. The gross profit margin was 15.5%.

Sales of newly built detached housing business saw the delivery of 28 units, meeting projections. The gross profit margin was 16.0%.

Sales of resale of pre-owned condominium business proceeded smoothly with the delivery of 51 units in the first half of the year with renovations. Properties in the Chuo Ward of Chiba City have completed contracts for 122 of the 150 units, with delivery being implemented as the renovations finish on each property.

The resale business saw all 112 units in Saitama City, Saitama Prefecture sold within 3 months of sales beginning, continuing to show high turnover and a high profit ratio, with delivery of 111 units being completed in the second quarter of fiscal year. While acquisitions were restrained, the purchase of 97 units in Aoba Ward in Yokohama City was completed and some deliveries are planned for the second half of the year. For short-term business plans, potential acquisitions will be carefully examined before purchasing. The gross profit margin for pre-owned sales was 28.1%.

In the real estate rental business, sales increased by 50.2%, following projections.

As a result of the above factors, non-consolidated results were net sales of ¥25,900 million, operating income of ¥1,679 million, ordinary income of ¥1,312 million, and quarterly net income of ¥1,531 million. The gross profit margin was 19.9%.

On a consolidated basis, Leben Community Co., Ltd. increased the number of units consigned for management to 21,824, an increase of 1,845 units from the end of the last term that demonstrates growth as projected. In particular, there has been a steady increase in properties consigned to us for management by other companies, now comprising 1,073 units at 31 properties, compared with 772 units at 11 of the Company's own properties. The renovation and construction departments had consignments increase more than expected, with the insurance broker business also getting more contracts than originally projected.

Tafuko Co., Ltd., posted slight decreases in results, but overall continued to perform steadily.

Marunouchi Servicer Co., Ltd. is acting in order to purchase loans.

Takara Live Net Co., Ltd. had greater revenue from sales consignment fees than original projected, showing an increase compared to projections and demonstrating their sales potential.

As a result of the above, the Group's overall net sales were ¥27,500 million, operating income was ¥1,909 million, ordinary income was ¥1,532 million, and quarterly net income was ¥1,656 million.

(2) Yearly Outlook

There are various unclear factors affecting the future, such as shifts in consumer confidence, but signs of change such as prices slowly returning to normal levels, as can be seen in oil prices, indicate that a recovery may be expected.

The cumulative third-quarter and full-year outlook for real estate sales business are given below by the number of contracts concluded for built-for-sale condominium business against the number of condominium deliveries forecasted.

Contracts Signed versus Delivery Forecast

	Number of Forecasted Deliveries (units)	Number of Contracts Signed (units)	Current Contracted Ratio (%)	Contracted Ratio (same period of previous year) (%)
Cumulative Third Quarter	1,044	972	93.1	86.1
Full-year	1,229	972	79.1	74.0

As indicated above, this forecast for built-for-sale condominium business indicates a contract ratio for the full-year of 79.1%, which is an improvement, compared to the previous term and can be considered satisfactory.

Besides built-for-sale condominium business, the forecasted deliveries compared to the number of contracts concluded for newly built detached housing, renovations and resale business are 268 contracts out of 373 forecasted deliveries, progress of 71.8%.

Contracts Signed versus Delivery Forecast: Detached Houses, Renovations, Resale

	Number of Forecasted Deliveries (units)	Number of Contracts Signed (units)	Current Contracted Ratio (%)	Contracted Ratio (same period of previous year) (%)
Full-year	373	268	71.8	—

The real estate rental business is proceeding near projections.

The real estate management business saw an increase of 49.6% in sales, progressing as projected.

For our other businesses, remodelling has seen an increase greater than projected, showing steady progress.

As a result of the above factors, full-year forecasts are as follows:

Net Sales	¥52,120 million
Operating Income	¥2,935 million
Ordinary Income	¥1,970 million
Net Income	¥1,800 million

2. Qualitative Information Pertaining to Consolidated Financial Position

(1) Assets, Liabilities and Net Assets

At the end of this second quarter, the Group had consolidated total assets of ¥61,444 million yen, down ¥10,042 million yen since the end of the last year. Changes in assets, liabilities and net assets were primarily attributable to decrease of inventories and repayment of loans.

(Current Assets)

Current assets declined ¥8,343 million from the end of the last fiscal year to ¥39,023 million, due mainly to decreases in inventories from curbing purchasing and decrease in accounts due from such factors as refund of income taxes.

(Fixed Assets)

Fixed assets declined ¥1,699 million from the end of the last year to ¥22,421 million, due mainly to using business assets to purchase inventories, and a reduction in investment securities due to a refund from an investment silent partnership.

(Current Liabilities)

Current liabilities decreased ¥8,708 million since the previous year to ¥39,890 million, due mainly to repayment of loans and a decrease in accounts payable.

(Fixed Liabilities)

Long-term liabilities decreased ¥2,973 million from the end of previous fiscal year to ¥13,492 million, due mainly to transfer of loans from long term to short term.

(Net Assets)

Net assets increased ¥1,640 million compared to the end of the previous fiscal year, to a total of ¥8,061 million.

(2) Cash Flow Analysis

At the end of this second quarter of fiscal year, cash and cash equivalents (hereinafter referred to as ‘cash’) increased by ¥531 million compared to the end of the previous year, to ¥4,264 million.

(Cash Flow from Operating Activities)

Net cash provided by operating activities was by ¥9,680 million. This was mainly due to a decrease in inventories.

(Cash Flow from Investing Activities)

Net cash used in investing activities was by ¥632 million. This is mainly due to refunds from an investment silent partnership.

(Cash Flow from Financing Activities)

Net cash provided by financing activities was by ¥9,781 million. This is mainly due to repayment of debt.

3. Qualitative Information Pertaining to Forecasted Consolidated Results

There are no changes to the forecasted consolidated results announced on October 13, 2009.

4. Other

(1) Changes to Important Subsidiaries within the Term (changes of specific subsidiaries that would alter the scope of consolidation)

None.

(2) Use of Simplified Accounting Method or Special Accounting Method for Quarterly Financial Reporting

1. Simplified Accounting Method

Method for Calculating Depreciation of Fixed Assets

The method of calculating the depreciation of fixed assets to which the declining-balance method applies is based on the value of depreciation for the entire year, divided proportionally according to the reporting period.

2. Use of Special Accounting Method for Quarterly Financial Reporting

None.

(3) Changes in Accounting Principles, Processes, or Disclosure Methods for Quarterly Financial Reporting

None

(4) Key Events Pertaining to Going Concern Assumptions

The previous fiscal year saw a net loss of ¥12,471 million for the period, along with a decrease in equity ratio and a sudden worsening of cash position.

Under those circumstances, the Group worked to improve things by actively proceeding with the “Building Project”, attempting to decrease interest-bearing debt by decreasing inventories, through early sales of completed inventory with appropriate prices for the current market, and proceed with the resale business. These efforts to rebuild the business strategy were to stabilize finances with improved efficiency and profitability. At the same time, by clarifying roles, responsibilities and authority within the Company and the Group, the mobility of the organization was also strengthened.

Through improved placement of human resources and movement of offices, business locations were eliminated and consolidated, in concentrated efforts to reduce costs for marketing and management, including compensation for board members.

As a result, during the period under review, resale and renovation property sales proceeded satisfactorily, with price reductions for sales largely restricted, and the decrease in costs for marketing and management proceeding faster than originally expected, leading to a return to profitability with a net income of ¥1,656 million. This meant an equity ratio of 13.1%, a recovery of 4.1 points from the previous period, which greatly improves the situation that was causing doubts about going concerns assumptions.

However, the real estate industry remains in an unclear position, so although we are anticipating a significant improvement in profitability in this fiscal period, the cash position has not improved to a level where we can be too optimistic yet, and we are aware that we have not completely escaped from the crisis situation yet.

Therefore, the strategies listed above will continue to be implemented in the second half of the year, with the Group making an effort to quickly escape the difficult situation it is facing and achieve stable, healthy corporate growth.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of September 30, 2009	As of March 31, 2009
ASSETS		
Current Assets:		
Cash and cash equivalents	4,298	3,865
Notes and accounts receivable, trade	24	49
Marketable securities	—	34
Real property for sale	12,617	16,535
Real property for sale in progress	19,688	23,017
Other	2,417	3,876
Allowance for doubtful accounts	(23)	(12)
Total Current Assets	**39,023**	**47,366**
Fixed Assets:		
Tangible fixed assets		
Buildings and structures (net)	5,500	5,708
Land	15,611	16,376
Other (net)	230	287
Total Tangible Fixed Assets	**21,342**	**22,372**
Intangible fixed assets	449	412
Investments and other assets		
Other	902	1,626
Allowance for doubtful accounts	(273)	(292)
Total Investments and Other Assets	**629**	**1,334**
Total Fixed Assets	**22,421**	**24,120**
Total Assets	**61,444**	**71,486**
LIABILITIES		
Current Liabilities:		
Notes and account payable, trade	7,991	9,393
Short-term borrowings	5,775	12,147
Long-term debt due within one year	23,653	24,134
Income taxes payable	120	121
Reserve	138	170
Other	2,210	2,631
Total Current Liabilities	**39,890**	**48,599**
Fixed Liabilities:		
Long-term debts	12,588	15,516
Reserve	148	169
Other	755	779
Total Fixed Liabilities	**13,492**	**16,466**
Total Liabilities	**53,383**	**65,065**

(Millions of yen)

	As of September 30, 2009	As of March 31, 2009
NET ASSETS		
Shareholders' Capital:		
Capital	2,442	2,442
Additional paid-in capital	2,572	2,572
Retained earnings	4,364	2,707
Treasury stock	(1,295)	(1,295)
Total Shareholders' Capital	**8,084**	**6,428**
Valuation and Translation Adjustments:		
Net unrealized holding gains on other securities	(23)	(7)
Total Valuation and Translation Adjustments	**(23)**	**(7)**
Total Net Assets	**8,061**	**6,420**
Total Liabilities and Net Assets	**61,444**	**71,486**

(2) Consolidated Statements of Income

Six Months Ended September 30, 2009

(Millions of yen)

	Six Months Ended September 30, 2008	Six Months Ended September 30, 2009
Net Sales	**24,663**	**27,500**
Cost of sales	**18,149**	**21,917**
Gross Profit	**6,513**	**5,582**
Selling, general and administrative expenses	**4,249**	**3,673**
Operating Income	**2,264**	**1,909**
Non-Operating Income:		
Interest income	4	3
Dividend income	4	1
Commissions received	27	46
Investment returns from silent investment partnerships	60	110
Miscellaneous income	32	40
Total Non-Operating Income	**129**	**203**
Non-Operating Expenses:		
Interest expenses	641	569
Other	71	11
Total Non-Operating Expenses	**713**	**581**
Ordinary Income	**1,680**	**1,532**
Extraordinary Gains:		
Gain on sales of investment securities	50	1
Reversal of allowance for doubtful accounts	—	15
Reversal of reserve for bonuses	—	29
Gain from settlement of silent investment partnership	—	232
Other	—	11
Total Extraordinary Gains	**50**	**289**
Extraordinary Losses:		
Loss on disposal of fixed assets	—	25
Loss on valuation of contribution to capital	—	2
Impairment loss	53	28
Office relocation expenses	—	8
Loss on valuation of investments in securities	49	—
Loss on sale of investment securities	8	—
Other	—	7
Total Extraordinary Losses	**111**	**72**
Net income before tax adjustments	**1,618**	**1,748**
Income taxes, inhabitant taxes and business taxes	**461**	**110**
Income tax refund	—	**(9)**
Income tax adjustments	**219**	**(9)**
Total income tax	**681**	**91**
Minority stockholder income	**10**	—
Net income	**926**	**1,656**

Three Months Ended September 30, 2009

(Millions of yen)

	Three Months Ended September 30, 2008	Three Months Ended September 30, 2009
Net Sales	**10,153**	**18,053**
Cost of sales	**8,100**	**14,507**
Gross Profit	**2,052**	**3,545**
Selling, general and administrative expenses	**2,148**	**1,731**
Operating Income (Loss)	**(95)**	**1,814**
Non-Operating Income:		
Interest income	2	2
Commissions received	15	32
Investment returns from silent investment partnerships	30	97
Miscellaneous income	13	27
Total Non-Operating Income	**62**	**159**
Non-Operating Expenses:		
Interest expenses	332	274
Other	62	1
Total Non-Operating Expenses	**394**	**276**
Ordinary Income (Loss)	**(427)**	**1,697**
Extraordinary Gains:		
Reversal of allowance for doubtful accounts	—	15
Reversal of reserve for bonuses	—	1
Gain from settlement of silent investment partnership	—	232
Other	—	11
Total Extraordinary Gains	—	**260**
Extraordinary Losses:		
Loss on disposal of fixed assets	—	1
Loss on valuation of contribution to capital	—	2
Impairment loss	14	15
Office relocation expenses	—	0
Other	—	7
Total Extraordinary Losses	**14**	**27**
Net income (loss) before tax adjustments	**(442)**	**1,930**
Income taxes, inhabitant taxes and business taxes	**(343)**	**57**
Income tax adjustments	**165**	**8**
Total income tax	**(177)**	**65**
Minority stockholder income	**2**	—
Net income (loss)	**(266)**	**1,864**

(3) Consolidated Statements of Cash Flow

(Millions of yen)

	Six Months Ended September 30, 2008	Six Months Ended September 30, 2009
Net Cash Provided by (used in) Operating Activities		
Income before income taxes	1,618	1,748
Depreciation and amortization	171	187
Impairment losses	53	28
Reversal of reserve for bonuses	—	(29)
Increase (Decrease) in reserves	20	3
Interest and dividend income	(8)	(5)
Amortization of goodwill	0	—
(Gain) Loss from silent investment partnership	(60)	(110)
Loss (Gain) on sales of investment securities and valuation	8	(1)
Interest expenses	641	569
Loss on disposal of fixed assets	—	25
Gain from settlement of silent investment partnership	—	(232)
Decrease (Increase) in accounts receivable	301	25
Decrease (Increase) in inventories	2,331	8,518
Increase (Decrease) in accounts payable	(2,481)	(1,411)
Other	(1,639)	1012
Subtotal	**957**	**10,329**
Cash receipts of interest and dividend income	8	5
Cash payments of interest expense	(671)	(543)
Income taxes paid	(1,513)	(111)
Net Cash Provided by (used in) Operating Activities	**(1,219)**	**9,680**
Net Cash Provided by (used in) Investing Activities		
Payments for time deposits	(101)	(2)
Withdrawals from time deposits	—	100
Purchase of marketable and investment securities	(34)	—
Increase in redemption from investment securities	34	34
Purchase of tangible fixed assets	(2,805)	(359)
Purchase of intangible fixed assets	(6)	(62)
Sales of investment securities	61	13
Repayment from silent investment partnership	—	924
Other	1	(16)
Net Cash Provided by (used in) Investing Activities	**(2,849)**	**632**
Net Cash Provided by (used in) Financing Activities		
Increase (Decrease) in short-term debt	1,528	(5,972)
Increase (Decrease) in commercial paper	(2,000)	
Proceeds from long-term debt	4,950	2,799
Repayment of long-term debt	(8,183)	(6,608)
Cash dividends paid	(198)	(0)
Net Cash Provided by (used in) Financing Activities	**(3,903)**	**(9,781)**
Increase (decrease) in Cash and Cash Equivalents	**(7,972)**	**531**
Cash and Cash Equivalents at Beginning of Period	**12,896**	**3,733**
Cash and Cash Equivalents at End of Period	**4,923**	**4,264**

(4) Notes regarding the conditions of going business

None

(5) Segment Information

[Performance by Business Segment]

Six Months Ended September 30, 2008 (April 1 to September 30, 2008)

(Millions of yen)

	Real estate sales business	Other business	Total	Eliminations or corporate	Consolidated
Sales					
(1) Sales to outside customers	21,741	2,921	24,663	—	24,663
(2) Sales and transfer-Inter-segment	16	458	474	(474)	—
Total	21,758	3,380	25,138	(474)	24,663
Operating income	1,867	363	2,231	32	2,264

Six Months Ended September 30, 2009 (April 1 to September 30, 2009)

(Millions of yen)

	Real estate sales business	Real estate rental business	Real estate Management business	Other business	Total	Elimination or corporate	Consolidated
Sales							
(1) Sales to outside customers	25,333	649	952	564	27,500	—	27,500
(2) Sales and transfer-Inter-segment	—	4	5	661	671	(671)	—
Total	25,333	653	958	1,225	28,171	(671)	27,500
Operating income	1,470	171	80	179	1,902	7	1,909

(Notes) 1. Method for Segmenting Businesses

Business segments are created considering the type of business involved.

2. Main Contents of Each Business Segment

Real Estate Sales: Built-for-sale condominiums, etc.

Real Estate Rentals: Renting of offices, storefronts, etc.

Real Estate Management: Management of condominiums, etc.

Other: Sales representation

3. The above values do not include taxes.

4. Previously, real estate rentals and real estate management were included in the “other” business segment, but since the importance of these segments increased, as of the first quarter of this financial reporting period they have been included in segments as “real estate sales” and “real estate management”.

(Geographical Segment Reporting

During the period of the previous second quarter consolidated report (April 1, 2008 to September 30, 2008) and this report (April 1, 2009 to September 30, 2009), the Company had no consolidated subsidiaries or branches located in countries or regions outside of Japan. For this reason, geographical segment information is not included in this report.

(Overseas Sales)

During the period of the previous second quarter consolidated report (April 1, 2008 to September 30, 2008) and this report (April 1, 2009 to September 30, 2009), the Company did not post overseas sales. For this reason, overseas sales information is not included in this report.

(6) Notes in the Case of Major Changes in Shareholders' Equity

None.