**Financial Report for the Fiscal Year Ended March 31, 2010**

May 10, 2010

Shares listed on the First Section of the Tokyo Stock Exchange

Takara Leben CO., LTD.
Security Code: 8897 URL http://www.leben.co.jp
Representative: (Title) President and Representative Director; (Name) Yoshio Murayama
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Scheduled date of Regular General Meeting of Shareholders: June 22, 2010 Scheduled date of dividend payment commencement: June 23, 2010 Scheduled date of Release of Annual Report (Yuka Shoken Hokoku-sho): June 22, 2010

(Amounts rounded down to millions of yen)

1. Consolidated financial results for the fiscal year ended March 31, 2010 (April 1, 2009 to March 31, 2010)

(1) Operating Results (% column indicates percentage change from previous period)

| | Net sales | | Operating income | | Ordinary income | | Current net income | |
|---|---|---|---|---|---|---|---|---|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| Year ended March 31, 2010 | 51,955 | (9.9) | 3,212 | — | 2,378 | — | 2,244 | — |
| Year ended March 31, 2009 | 57,652 | (11.0) | (8,751) | — | (9,787) | — | (12,471) | — |

| | Current net income per share | Diluted net income per share | Net income to shareholders' equity | Recurring profit to total assets | Operating profit to net sales |
|---|---|---|---|---|---|
| | Yen | Yen | % | % | % |
| Year ended March 31, 2010 | 135.56 | — | 29.8 | 3.8 | 6.2 |
| Year ended March 31, 2009 | (753.21) | — | (96.9) | (11.4) | (15.2) |

Reference: Equity in net income of affiliates:Fiscal year ended March 31, 2010 (¥ 8 million)
Fiscal year ended March 31, 2009 (¥ — million)

(2) Financial Position (consolidated)

| | Total assets | Total net assets | Equity ratio | Net assets per share |
|---|---|---|---|---|
| | Million yen | Million yen | % | % |
| Year ended March 31, 2010 | 54,540 | 8,651 | 15.9 | 522.51 |
| Year ended March 31, 2009 | 71,486 | 6,420 | 9.0 | 387.80 |

Note: Shareholders' equity: Fiscal year ended March 31, 2010 (¥ 8,651 million)
Fiscal year ended March 31, 2009: (¥ 6,420 million)

(3) Cash Flow Position (consolidated)

| | Cash flows from operating activities | Cash flows from investing activities | Cash flows from financing activities | Cash and cash equivalents at the end of the period |
|---|---|---|---|---|
| | Million yen | Million yen | Million yen | Million yen |
| Year ended March 31, 2010 | 12,218 | (451) | (11,783) | 3,717 |
| Year ended March 31, 2009 | 6,653 | (4,144) | (11,671) | 3,733 |

2. Dividends

| | Dividends per share | | | | | Total dividends (annual) | Dividend payout ratio (consolidated) | Net assets-to-dividend ratio (consolidated) |
|---|---|---|---|---|---|---|---|---|
| (Record date) | Q1 | Q2 | Q3 | Year-end | Total annual | | | |
| | Yen | Yen | Yen | Yen | Yen | Million yen | % | % |
| Year ended March 31, 2009 | — | 12.00 | — | 0.00 | 12.00 | 198 | — | 1.5 |
| Year ended March 31, 2010 | — | 0.00 | — | 2.00 | 2.00 | 33 | 1.5 | 0.4 |
| Year ended March 31, 2011 (forecast) | — | 0.00 | — | 6.00 | 6.00 | | 3.9 | |

3. Consolidated results forecast for fiscal year ended March 31, 2011 (From April 1, 2010 to March 31, 2011)
(Percentage figures for the full fiscal year represent the change from the previous fiscal year, while percentage figures for the interim period represent the change from the previous interim period.)

| | Net sales | | Operating income | | Ordinary income | | Current net income | | Net income per share |
|---|---|---|---|---|---|---|---|---|---|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % | Yen |
| Interim | — | — | — | — | — | — | — | — | — |
| Full-year | 50,100 | (3.6) | 4,330 | 34.8 | 2,985 | 25.5 | 2,530 | 12.7 | 152.80 |

(Note) The forecasts for the six months ended September 30, 2011 are not included in the above as the results for the fiscal year ended March 21, 2011 are calculated in annual bases only due to uncertainties derived from market changes and others.

4. Other

(1) Changes in the status of material subsidiaries during the current fiscal year (changes in the status of specific subsidiaries as a result of changes in the scope of consolidation) None.

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

(i) Changes accompanying amendment of accounting principles: None.

(ii) Changes other than (i) above: None.

(Note) For further details, please refer to "Changes to Important Items Fundamental for Consolidated Financial Statement Preparation" on page 26.

(3) Number of outstanding shares (common stock)

(i) Outstanding shares at fiscal year end (including treasury stock)

Fiscal year ended March 31, 2010: 17,540,333 shares; Fiscal year ended March 31, 2009: 17,540,333 shares

(ii) Treasury stock at fiscal year end

Fiscal year ended March 31, 2010: 982,771 shares; Fiscal year ended March 31, 2009: 982,682 shares

(Note) For information on the number of shares which serve as the basis for calculation of current net income per share (consolidated), please refer to "Per Share Information" on page 45.

(Reference) Non-consolidated Earnings Overview

1. Non-consolidated Financial Results for Year Ended March 31, 2010 (April 1, 2009 to March 31, 2010)

(1) Non-consolidated Operating Results

(The percentage figures shown in the net sales, operating income, ordinary income, and current net income columns represent year-on-year changes.)

| | Net sales | | Operating income | | Ordinary income | | Current net income | |
|---|---|---|---|---|---|---|---|---|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| Year Ended March 31, 2010 | 48,691 | (7.1) | 2,720 | — | 1,898 | — | 1,950 | — |
| Year Ended March 31, 2009 | 52,388 | (10.1) | (9,292) | — | (10,311) | — | (12,817) | — |

| | Current net income per share | Diluted net income per share |
|---|---|---|
| | Yen | Yen |
| Year Ended March 31, 2010 | 117.81 | — |
| Year Ended March 31, 2009 | (774.13) | — |

(2) Non-consolidated Financial Position

| | Total assets | Total net assets | Equity ratio | Net assets per share |
|---|---|---|---|---|
| | Million yen | Million yen | % | Yen |
| Year Ended March 31, 2010 | 52,154 | 7,423 | 14.2 | 448.36 |
| Year Ended March 31, 2009 | 69,349 | 5,487 | 7.9 | 331.40 |

(Reference) Shareholders' equity: Fiscal year ended March 31, 2010: 7,423 million yen
Fiscal year ended March 31, 2009: 5,487 million yen

2. Non-consolidated Earnings Forecasts for the Fiscal Year Ended March 31, 2011 (April 1, 2010 to March 31, 2011)

(Percentage figures for the full fiscal year represent the change from the previous fiscal year, while percentage figures for the interim period represent the change from the previous interim period.)

| | Net sales | | Operating income | | Ordinary income | | Current net income | | Net income per share |
|---|---|---|---|---|---|---|---|---|---|
| | Million | % | Million | % | Million | % | Million | % | Yen |
| Interim | — | — | — | — | — | — | — | — | — |
| Full-year | 47,050 | (3.4) | 3,850 | 41.5 | 2,515 | 32.4 | 2,300 | 17.9 | 138.91 |

(Note) The forecasts for the six months ended September 30, 2011 are not included in the above as the results for the fiscal year ended March 21, 2011 are calculated in annual bases only due to uncertainties derived from market changes and others.

* <u>Explanation of the proper use of these earnings forecasts and other matters:</u>

1. The above forecasts are estimated based on information available at the time of the release of this report. Actual results may differ from these forecasts due to various factors in the future.
2. Takara Leben CO., LTD. (the "Company") issued share subscription right without contribution on April 1, 2010. One common stock will be issued per one subscription right. The number of common stocks to be increased upon exercise of these new share subscription rights is not certain at this point. The potential number of common stock to be increased upon the exercise of these new subscription rights is not considered when calculating the consolidated dividend forecast, consolidated earnings forecast and net income per share forecast, respectively, for the fiscal year ended March 31, 2011.

1. Operating Results

(1) Analysis of operating results

Overview

The world economy maintains favorable state mainly in Asia and other emerging countries, while developed countries are still in the midst of recovering. Particularly, China maintains high growth rate by carrying out a series of policies that stimulate its economy. However, it could give further damages to the world economy depending on how China manages its political and economic responsibilities as one of the largest countries in the world.

With respect to the Japanese economy, while the economy has been slightly improved, the prospects remains unclear. The government cannot spend much expenditures to stimulate the economy, nor to carry out speedy, effective policies as people has expected.

Under such circumstances, although the real estate industry has gradually recovered contract rate for newly constructed condominiums, as the supplies for such condominiums have not been increased, the industry has not yet recovered.

Thus, under the mantra of "ideal, affordable housing that anyone can buy with confidence", the Company will utilize a consistent sales concept focused on first-time buyers with its "Leben Heim" planned condominium series as its main brand, and guided by its corporate vision of "Thinking of Happiness; Making Happiness" and its corporate mission of "creating together with eager minds, sincere efforts and ample talent". Takara Leben will actively implement needed corporate activities which emphasize the customers who constitute its bedrock supporters.

(i) Operating Results during the Fiscal Year

a) Performance Review

In addition to having a roughly 60% share of the condominium market in Saitama Prefecture and Tokyo, we have maintained a balanced placement. Our business has been recovering in good pace including complete collections from all units in 4 condominium buildings which include large-scale properties in Adachi-ku, Tokyo, as well as the complete sale of all units in 8 condominium buildings, making its overall profit margin rate 14.8%.

Regarding sales of newly built detached houses, progress has been proceeded in accordance with the plan; however, the gross profit margin rate stayed at 16.6%. In order to improve the profit margin rate, we are considering to take in the business of detached houses that are built by ourselves.

With respect to renewal business (the sales of pre-owned residences) including Le Art Series items, all 150 units in Chuo Ward, Chiba City were sold, demonstrating the ample price advantage of Takara Leben properties have over other surrounding new properties, resulting in a high profit margin rate of 36.7%.

With respect to the resale business, a property in Minami ward, Saitama-City has been fully sold within 3 months, indicating better performance of short-term collection business. Also, the sales of another property that was purchased during this fiscal year went smoothly. Going forward Takara Leben will, judging from the market situation, continue to take in properties at fair value to supplement its new condominium business.

With respect to the lease income, while reviewing the overall asset balances, Takara Leben was able to achieve progress in accordance with the plans.

As a result of above, the nonconsolidated results of Takara Leben showed net sales of 48,691 million yen; operating income of 2,720 million yen; ordinary income of 1,898 million yen; and current net income of 1,950 million yen.

For Leben Community Co., Ltd., the number of residential units under its commissioned management has achieved to 23,147, indicating a firmly increase. In particular, the number of units newly managed on behalf of other companies showed a significant 67.1% increase, demonstrating that its efforts to acquire other companies' properties have been steadily paying off. The fields of renovation and remodeling, property sales, construction orders and other peripheral business are also progressing.

For TAFUKO Co., Ltd., it has sustained a stable commission income in its financial business as well as peripheral business fields and was, therefore, progressing in accordance with the plans.

For Takara Live Net Co., Ltd., it has made progressive performances in its sales agent services and its current net income indicates 31 million yen.

For As Partners Co., Ltd., among the nursing care business, it has added two facilities during the current fiscal year, resulting in seven facilities in total. The utilization ratio for the seven facilities has been maintained at a steady 90.4%, signaling the stability.

Overall results for the Takara Lebel Group show net sales of 51,955 million yen, operating income of 3,212 million yen, ordinary income of 2,378 million yen and current net income of 2,244 million yen.

b) Performance by Business Segment

<Real Estate Sales Business>

Revenues from the real estate sales business amounted to 47.529 billion yen, down 7.7% from the previous fiscal year, including net sales of 34.522 billion yen for 1,183 condominium units and net sales of 13.006 billion from sales of newly built detached houses, renewal business and reselling business.

<Real Estate Rental Business>

Net sales for real estate rental business amounted to 1.288 billion yen, down 10.7% from the previous fiscal year, including leasing revenues from the rental of condominium units, offices and store space.

<Management Services Business>

In the management services business, revenues totaled 1.971 billion yen, up 9.9% from the previous fiscal year, including the management commission for 464 condominium buildings with 23,147 condominium units.

<Other Business>

Revenues from other businesses amounted to 1.166 billion yen, down 60.1% from the previous fiscal year, including revenues from construction work associated with condominium sales and real estate sales agency commissions.

c) Consolidated Performance by Performance Indicators

<Net Sales>

Net sales amounted to 51.955 billion yen, down 9.9% from the previous fiscal year, reflecting 47.529 billion yen in net sales in the real estate sales business from the sale of 1,183 built-for-sale condominium units as well as the sale of newly built detached houses and other renewal and reselling business; 1.288 billion yen in net sales from the rental fees of rental condominium units, offices and store space; and 1.971 billion yen in net sales from management services business.

Net sales from other businesses, mainly from orders for optional construction work associated with condominium sales and real estate sales agency commissions, amounted to 1.166 billion yen.

<Cost of Sales>

Cost of sales amounted to 41.650 billion yen, down 26.8% from the previous fiscal year, mainly reflecting the cost of sales associated with built-for-sale condominium units and the cost of newly built detached houses and the renewal and reselling business. The cost of sales ratio decreased 18.4 points, down 80.2% from the previous fiscal year, as a result of valuation loss for real estate held for sale and construction in progress during the previous period.

<Selling and General Administrative Expenses>

Selling and general administrative expenses totaled 7.092 billion yen, down 25.6% from the previous fiscal year, reflecting the thorough execution of cost reduction measures such as the consolidation of business locations through appropriate allocation of personnel staffing and office relocations, and a reduction in directors' remuneration.

<Non-Operating Income and Expenses>

Non-operating income totaled 310 million yen, up 20.1% from the previous fiscal year, mainly reflecting an increase in loan handling fees.

Non-operating expenses totaled 1.144 billion yen, down 11.6% from the previous fiscal year, mainly reflecting a decrease in interest expense associated with repayment to projects funds.

<Extraordinary Gains and Losses>

Extraordinary gains totaled 318 million yen, up 226.4% from the previous fiscal year, mainly reflecting income from liquidation of Tokumei Kumiai.

Extraordinary losses totaled 877 million yen, down 55.8% from the previous fiscal year, mainly reflecting posted impairment losses.

As a result, consolidated sales for the Group totaled 51.955 billion yen, down 9.9% from the previous fiscal year. Operating income totaled 3.212 billion yen, comparing against operating loss of 8.751 billion yen for the previous fiscal year; ordinary income totaled 2.378 billion yen, comparing against ordinary loss of 9.787 billion yen for the previous fiscal year; and the current net income totaled 2.244 billion yen, comparing against current net loss of 12.471 billion yen for the previous fiscal year.

(ii) Outlook for Next Fiscal Year (for the year ended March 31, 2011)

After spending much time to correct the mistakes that the Industry brought upon itself, the Company has gotten back on track, and always keeping to its mantra of —ideal, affordable housing that anyone can buy with confidence, a plan and projection have been formulated for the next business year.

In the real estate sales business, regarding built-for-sale condominiums, the focus in the current fiscal year was on the reduction of completed stock. As a result, the progress of obtaining contracts for the delivery of stock for the next fiscal year has been getting slowed, and it is expected that in the next fiscal year there will be a delivery of 1,080 units.

With respect to the newly built detached houses, the Company's construction system has been completed and the full-scale provision of these housing units will commence in the next term. As a result, it is expected that there will be a delivery of 170 units in the next term.

With regard to the renewal business centered on the Le Art Series, the Company will continue its business development in the future by purchasing properties that show superiority in cost compared with new condominiums.

In the real estate rental business, it is anticipated that the current situation will be maintained for the stable stock business through purchases and sales in order to increase asset values and establish the ongoing stability of this business.

For management services business, the number of residential units under the Company's commissioned management for the next fiscal year is estimated at 25,500 units, and the Company is planning to expand the management service business for the commissioned management of condominiums on behalf of other companies and related business.

Consequently, the consolidated performance projections for the fiscal year ended March 31, 2011 are as follows:

Net sales 50.100 billion yen (down 3.6% YOY)
Operating income 4.330 billion yen (up 34.8% YOY)
Ordinary income 2.985 billion yen (up 25.5% YOY)
Current net income 2.530 billion yen (up 12.7% YOY)

(iii)Progress in Implementing the Medium-Term Management Plan, Etc.

With the application of Accounting Principles relating to the Assessment of Inventory Assets last year, there was a large revision to the asset value and a large deficit was posted, which made last year a severe year. However, signs of recovery have begun to show, and the reduction of selling and general administrative expenses has yielded positive results, resulting in four times revision of improved business results. For the renewal business there is a sense of stability which accompanies accumulating performance results, and with the completion of the Company's construction system, preparations for a new stage are ready, and a regrowth strategy is being drafted which includes a revision of medium-term issues.

In revising the issues that pertain to re-growth after the next fiscal year, the Company believes that it is necessary to aim for the further improvement of industry values by putting the industry mission and industry vision into practice and creating a new medium-term management plan. The new medium-term management plan, scheduled to be released next term, will include plans that go past the next term.

(iv) Achievement of Targeted Operating Index

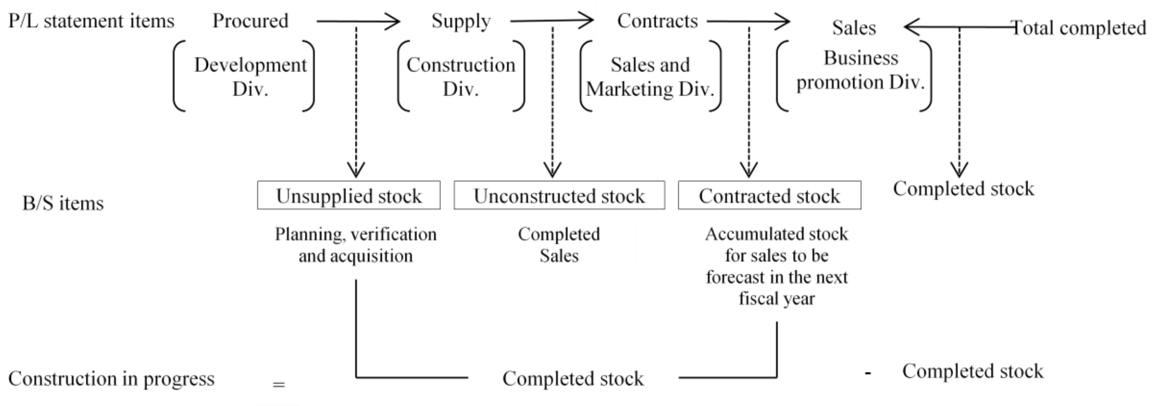
a) Reasons to be selected as index for the management

Management's present policy is to focus on return on shareholders' equity (ROE) and return on assets (ROA) as the main operating index. As our management objective is to ensure efficiency in how we manage funds in our operations, these main index will change during the course of our efforts to pursue this objective.

To raise the turnover of capital used, a key component of both ROE and ROA, it is important to shorten the inventory turnover period, as it has an especially large impact on turnover of capital used in the real estate sector. However, the stability and balance of this indicator are more important than lowering the inventory turnover period per se. To accomplish this, the Group has developed a proprietary balance factor chart for more effective inventory management.

This chart below tracks the linear progression of inventories from procurement to sales, and helps to ensure the proper balance by avoiding excessive buildups at each stage. The Group believes that the checks and balances mechanism embedded in the chart is one form of corporate governance.

b) Structure of the balance factor chart




Brief explanatory comments:

- All items (both from the income statement and balance sheet) in the process are wholly linked;
- The income statement and balance sheet items in the schematic in effect provide for a system of multiple checks and balances;
- This chart is used as the organizational chart for the interrelationships between respective divisions;
- This chart is used as a time management adjustments for time and volume from a long-term and short-term perspective;
- In addition to medium- and long-term management with annual charts, a monthly balance chart is used to make unit adjustments on a half-yearly and quarterly basis through the respective divisions. The Group is using these tools together with a progress chart that sets out specific projects to manage activities, and is gradually making progress in standardizing how the relevant items are recorded.

c) Specific Performance

| | FY08 | FY09 | FY10 |
|---|---|---|---|
| Number of units procured | 1,350 | 16 | 330 |
| Number of units suppplied | 1,484 | 686 | 813 |
| Number of units contracted | 1,257 | 897 | 1,017 |
| Number of units sold | 1,625 | 1,151 | 1,183 |
| Unsupplied stock | 2,989 | 2,319 | 1,836 |
| Uncontracted stock | 1,076 | 865 | 661 |
| Contracted stock | 700 | 446 | 280 |
| Total stock | 4,765 | 3,630 | 2,777 |
| Completed stock | 200 | 558 | 174 |
| Contracted ratio | 50.0% | 34.5% | 25.9% |

(Figures for numbers of units are for newly built condominium units only.)

Evaluation of Balance Coefficients for the Year Ended March 31, 2010

- Supply has shown signs of improvement compared to the last fiscal year, mainly due to a decline in construction fees and the feasibility of new supplies. However, as new supplies are not yet stable, we believe that this situation has to be improved quickly.
- While the number of new contracts has risen compared to the last fiscal year, in order for the Company to achieve its aim for the stable sales of 1,400 units, we believe that it is important to take prompt action to strengthen the marketing system.
- While the current fiscal year has indicated signs of favorable change, completed stock has decreased steeply, and the share of contracted units within the completed unit inventory has decreased comparing to the last fiscal year. Thus, a theme for the next fiscal year is what can be done to improve this ratio.

ROA Trends

- ROA increased to 3.8% from the last fiscal year as a result of a rise in total asset turnover and recurring profit margins.

ROE Trends

- ROE increased to 29.8% from the last fiscal year as a result of the ability of the three elements comprising ROE to secure a high profit-to-turnover ratio and a rise in the equity turnover ratio.

Management Based on Consideration of a Set of These and Other Indicators

- Management measures are being undertaken based on a balanced consideration of a set of indicators that include the components of the balance coefficient chart along with trends in the equity ratio, cash flows, and the Company’s share price and credit rating.

(2) Analyses Related to Financial Position

At the end of this fiscal year, the Group's total assets amounted to 54.540 billion yen, decreased 16.946 billion yen from the end of the previous fiscal year. This was primarily due to a loss of real estate held for sale and the repayment of debt.

(i) Analyses of Financial Position Related to Assets, Liabilities and Net Assets

a) Current Assets

Current assets totaled 32.884 billion yen, decreased 14.482 billion yen from the end of the previous fiscal year, as a result of a decrease in real estate held for sale due to shrinkage of completed stock.

b) Fixed Assets

Fixed assets totaled 21.656 billion yen, decreased 2.463 billion yen from the end of the previous fiscal year as a result of a transfer of administrative assets to real estate for sale and a decrease in investment securities following the repayment of contribution to Tokumei Kumiai.

c) Current Liabilities

Current liabilities totaled 29.233 billion yen, decreased 19.366 billion yen from the end of the previous fiscal year as a result of the repayment of debt and a decrease in accounts payable.

d) Fixed Liabilities

Fixed liabilities totaled 16.656 billion yen, increased 190 million yen from the end of the previous fiscal year as a result of an increase in long-term borrowings.

e) Net Assets

Net assets totaled 8.651 billion yen, decreased 2.230 billion yen from the end of the previous fiscal year as a result of a net profit recorded for the current fiscal year.

(ii) Cash Flow Analysis

Cash and cash equivalents (hereinafter, the "funds") at the end of the current consolidated fiscal year, totaled 3.717 billion yen, decreased 16 million yen from the end of the previous fiscal year.

a) Cash Flows from Operating Activities

Cash flows from operating activities increased 12.218 billion yen (comparing against 6.653 billion yen increase in the previous fiscal year). This is primarily the result of a decrease in inventory.

b) Cash Flows from Investing Activities

Cash flows from investing activities decreased 451 billion yen (comparing against 4.144 billion yen decrease in the previous fiscal year). This is primarily the result of the acquisition of tangible fixed assets.

c) Cash flows from Financing Activities

Cash flows from financing activities decreased 11.783 billion yen (comparing against 11.671 billion yen decrease in the previous fiscal year.) This is primarily the result of the repayment of debt.

(iii) Shift in Indicators Related to Cash Flow

| | FY2008 | FY2009 | FY2010 |
|---|---|---|---|
| Shareholders' Equity Ratio (%) | 19.3 | 9.0 | 15.9 |
| Shareholders' Equity Ratio at market value (%) | 9.0 | 3.9 | 12.7 |
| Debt Repayment from Cash Flow (Years) | — | 7.8 | 3.3 |
| Interest Coverage Ratio (multiples) | — | 5.5 | 11.2 |

Shareholders' Equity ratio: shareholders' equity / total assets
Shareholders' Equity Ratio at market value (%): Equity Market Capitalization / Total Assets
Debt Repayment from Cash Flow (Years): Interest-Bearing Debt / Operating Cash Flow
Interest Coverage Ratio (Times): Operating Cash Flow / Interest Expense
* These indicators are all calculated using consolidated financial data.

* Interest-bearing debt is defined to include all debt recorded on the consolidated balance sheet on which interest is paid.
* Since operating cash flows were negative in fiscal 2009, the debt repayment from cash flow and interest coverage ratio were not recorded in the above table.

(iv)Business Risks

The following items present potential risk for the operating results, share value, financial position, etc. of the Takara Leben Group.

Forward-looking items hereby is the assessment by the Group as of the end of the current consolidated fiscal year.

a) Legal Regulations

The business of the Group is subject to the National Land Use Planning Act, Building Lots and Buildings Transaction Business Act, Building Standards Act, City Planning Act, Moneylending Control Act, Act on Advancement of Proper Condominium Management, Long-Term Care Insurance Act and other applicable national laws as well as applicable ordinances, etc., of the various local governments. Should these laws, ordinances, etc., be revised or new ones created, this will create new burdens for the Group and may potentially impact its performance and business development.

Also, the amended Building Standards Act which was effective since June 20, 2007, requires lengthened building certification and more precise certification applications. As a result, it becomes difficult to apply for changes once certification has been granted. The increased cost burden associated with these amendments may potentially impact the performance and financial situation of the Group.

b) Impact of Home Loans

The Group makes use of home loans from home financing support organizations and financial institutions for the sale of condominiums, etc.; however, when increased interest, changed financial conditions or other unfavorable circumstances arise, this may potentially impact the performance and financial situation of the Group.

c) Degree of Dependency on Borrowing

From the purchase of land to the completion of construction for condominiums, etc., development funds are procured primarily through loans from financial institutions, and the percentage of interest-bearing debt accounting for total assets is 73.4% at the end of the current consolidated fiscal year. Thus, factors such as interest-rate changes, worsened financial conditions, or lowered creditworthiness for the Group can restrict fund procurement and may potentially impact the performance and financial situation of the Group.

d) Impact of Demands Trends amongst Buyers

Sales of condominiums which is a core Group business, are greatly affected by demand trends amongst buyers, and buyers’ demand is easily affected by such factors as economic trends, interest-rate changes, housing taxes, consumption taxes, and fluctuations in land price. Thus, conditions which impact buyers’ demand amongst buyers may potentially impact the performance and financial situation of the Group.

e) Impact of Supply Trends

Sales of condominiums which is a core Group business, are greatly affected by supply trends, such as land procurement cost and subcontracting cost fluctuations and interest-rate changes. Also, the primary areas where the Group operates (Saitama, Tokyo and its surrounding environs) is highly popular as commercial land, and thus there are many competitors operating in the same areas.

For these reasons, conditions which impact trends amongst suppliers may potentially impact the performance and financial situation of the Group.

Also, properties intended for delivery at the end of the current fiscal year may have their delivery delayed until the next fiscal year as a result of the progress of construction, and this may potentially impact the performance and financial situation of the Group.

f) Opposition to Condominium Construction from Surrounding Residents

When constructing condominiums, the Group carefully considers the environment surrounding the construction location; reviews relevant national laws and local ordinances when creating a development plan; and holds information sessions for local residents prior to the start of construction in order to facilitate understanding. However, due to concerns such as construction noise, sunlight block or environmental disruption, opposition to construction by surrounding residents sometimes occurs; and as a result, the plan changes, construction delays, and additional costs occus, etc., which may potentially impact the performance and financial situation of the Group.

g) Personal Information

The Group handles a large amount of personal information in the course of selling and managing condominiums, etc. Extreme care is taken in collecting and administering this information, evidenced by measures such as the introduction of software designed to prevent the leaking of personal information, the creation and maintenance of rules for collecting and administering personal information, the creation of manuals aimed at employees, and the hosting of employee training seminars; however, if a leak of personal information occurred, it may potentially impact the performance and financial situation of the Group.

h) Possibility of Lawsuits

From the procurement of land for condominiums, etc., to the completion of construction, the Group takes careful considerations from a variety of perspectives; however, lawsuits maybe brought against the Group as a result of building defects, soil contamination, etc., and as a result, the building plans may have to be changed. Such cases may potentially impact the performance and financial situation of the Group.

i) Fabrication of Structural Calculation Sheets

With regard to the legitimacy of structural calculation sheets, quality control is carried out through the confirmation of structural calculation results from the architectural office, regular onsite inspections by the construction site supervisor, additional inspections by another person besides the construction site supervisor, confirmation testing of any corrections made and other measures. However, in the event that an architectural or construction-related defect is discovered after completion of construction, the additional costs created by the delays, compensation, etc., may potentially impact the performance and financial situation of the Group.

j) Impact of Competition

The Group sells real estate in and around the Tokyo Metropolitan Area, and this area contains a great deal of competition which can lead to excessive cost competition that can have an effect on marketing or can make it difficult to sell at the price anticipated by the Company. Such situations may potentially impact the performance and financial situation of the Group.

(3) Fundamental Policy Regarding Profit Distribution and Dividends Applicable to the Current Fiscal Year and Next Fiscal Year

Returning profits to the shareholder is one of the most important tasks for the Company. And the Company has the fundamental policy of striving to sustain stable levels of dividends at levels deemed appropriate based on due consideration of corporate performance trends and of the amount of internally retained funds required to expand and strengthen business operations.

Specifically, the plans for dividends are set as follows:

| | | 1st half dividends | Year-end dividends | Total |
|---|---|---|---|---|
| 38th fiscal year (forecast) | Ordinary dividends | 0.0 yen | 2.0 yen | 2.0 yen |
| | | 1st half dividends | Year-end dividends | Total |
| 39th fiscal year (forecast) | Ordinary dividends | 0.0 yen | 6.0 yen | 6.0 yen |

Rather than focusing exclusively on dividend payout ratio levels, basic decisions regarding dividend levels are made based on a comprehensive evaluation of dividend payout ratio levels along with various other factors such as dividends on equity (DOE) and dividend yield, and dividend levels are set with an eye to long-term stability rather than short-term optimization. Moreover, the Company is aiming to build a company that is highly appealing to shareholders who maintain their shareholdings over the long term regardless of fluctuations in share prices.

## 2. The Takara Leben Group

The Takara Leben Group, consisting of the Company, four subsidiaries and one affiliate, is developing real estate business in a region centered on Tokyo, Saitama, Chiba, and Kanagawa prefectures.

The Company mainly engages in the planning, development, and marketing of Leben Heim-series condominium units, detached houses, and other real properties.

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

Consolidated subsidiary TAFUKO Co., Ltd., primarily provides bridge financing services.

Consolidated subsidiary Takara Live Net Co., Ltd., primarily provides real estate sales agent services and marketing services for previously owned properties.

Consolidated subsidiary Marunouchi Servicer Co., Ltd., primarily engages in collection on claims pursuant to the Act on Special Measures concerning the Claims Servicing Business.

Affiliate company (equity method) As Partners Co., Ltd., primarily operates residential facilities with nursing capabilities for elderly people.

### (1) Real estate sales business

The Company undertakes the planning, development, and marketing of Leben Heim-series condominium units, detached houses, and other real properties in the greater Tokyo metropolitan area, including Tokyo as well as Saitama, Chiba, and Kanagawa prefectures.

### (2) Real estate rental business

The Company owns rental apartment and rental condominium units, primarily in Tokyo and Saitama Prefecture, as well as other rental store and rental office properties, and it conducts rental business with these properties.

### (3) Management services business

Consolidated subsidiary Leben Community Co., Ltd., provides a comprehensive range of management services for condominium buildings, including cleaning and security management services.

### (4) Financial agency business

Consolidated subsidiary TAFUKO Co., Ltd., provides bridge financing services.

### (5) Claims collection business

Consolidated subsidiary Marunouchi Servicer Co., Ltd., engages in collection on claims pursuant to the Act on Special Measures concerning the Claims Servicing Business.

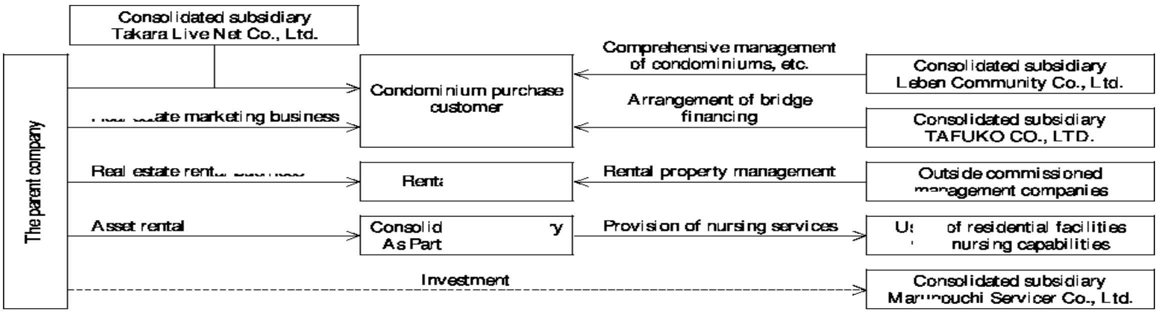
### (6) Nursing Care Business

Affiliate company (equity method) As Partners Co., Ltd., operates residential facilities with nursing capabilities for elderly people.

### (7) Other business

The Group also engages in other businesses such as commissioned real estate marketing agency business.

The Group's businesses are organized as follows.



3. Management Policies

**(1)** The Company's Fundamental Management Policies

The following are the Company's corporate vision and corporate mission.

<u>Takara Leben's Corporate Vision: The Way We Should Be</u>

Thinking of Happiness. Making Happiness.

As a builder, we take your happiness more seriously than anyone else; when we build for you, we build to make your living dreams come true.

When we develop, we consider the well-being of the community more deeply than anyone else, the world gets new towns where all people live in comfort.

To build a happy future, we plan and work more fruitfully than anyone else; we propose earth-friendly, sustainable development for the environment.

Thinking of Happiness. Making Happiness.
That's Takara Leben's corporate vision.

<u>Takara Leben's Corporate Mission: The Beliefs We Value</u>

Creating Together

with Eager Minds
Putting our heads together with customers, eagerly,
to think up and create new market values.

with Sincere Efforts
Prizing the sincere efforts of our partners,
for the comfort and security of living together.

with Ample Talent
Prizing the talents of every corporate member,
for the rich and seamless development of a shared tomorrow.

**(2)** The Company's Medium-to-Long-Term Management Policies

<Overview of Strategies>

The current long-term strategy for stable growth calls for structural reforms to be carried out under the strong leadership of mangers and top executives as well as an emphasis on a strengthened product strategy with cyclic elements that supplement core operations in condominiums with diverse operations of detached housing, renewal, and real estate rental business. On the other hand, the strategy requires each Group company handling these products strategy to make fuller use of the products' potential value in order to further increase their own value and cooperatively provide an array of excellent products that inspire customer loyalty. In this way, the Group can create loyal fans and gain recognition of its value throughout society.

<Specific Strategies>

A. Overview

- Within the context of "the Building Project", developing a foothold for future growth while promoting and spreading the corporate vision and mission Group-wide.
- While allowing each Group company in each business segment to allocate resources and grow in line with the circumstances of each business segment, just as the condominium business is not growing independently without consideration of overall Group operations, the operations in each segment are not growing independently but are striving to grow while maximizing synergies with other Group units.

B. Individual Strategies

(i) Product Strategies

a) Area Strategies

While there is no change in the Company's basic stance of maintaining a 40% share in Saitama Prefecture and a 20% share in Tokyo where the Company has strong presence, an area strategy which establishes certain location requirements and maintains competitive superiority in those regions has been established. Also, business development aimed at narrow, medium-sized and wide areas where supported by the customers is being carried out while maintaining a balance between supply and demand in those areas.

b) Product Scale Strategies

As the market slowly makes its recovery, keeping consumer interest in mind, it is important to analyze target areas in order to find the optimum property size, and careful product planning and risk diversification is needed in order to ensure that the pricing, planning and scale of products will allows for the complete sale of completed stock.

c) Price Strategies

By keeping from being misled by market fluctuations and by staying focused on the marketing concept of "ideal, affordable housing that anyone can buy with confidence" which always catch first-time buyers' attention, the Company will provide ideal, affordable housing which will lead to stable corporate growth. It is important that sale prices be set at a level which allows for properties to be sold within an appropriate timeframe at a fair market price.

Sales Strategies

The Company will carry out product planning and sales which utilize meticulous customer service to build up a sense of familiarity, trust and lasting relationship with the customers.

a) Sales Systems

While the market shows signs of recovery and the Group begins to demonstrate a return to its usual market strength, it is still necessary to foster an environment which encourages sales superiority through the reinvigoration of synergy between divisions; enhances the standard for balancing personnel placement for each property against sales speed; fosters sufficient marketing strength; and raises the level of customer loyalty.

b) Internet Marketing

Because of the introduction of a selection system for use in Internet marketing which allows customers to find the exact information they seek, the number of requests for materials has increased 18.9% over the previous fiscal year, and the number of visitors to model rooms has increased 26.1% over the previous fiscal year. As a result, the contract ratio achieved via the homepage increased 35.4%, making the number of contracts achieved via Internet marketing 47.8% of the total number of contracts, demonstrating the considerable strength of Internet marketing.

c) Leben Club

The goal under the three year plan is to achieve a club membership of 50,000 people, and now in the second year of the plan, due to membership-boosting efforts, such as renewal of the homepage, the number of members increased approximately 13,000 from the previous year to around 46,000 (a year-on-year increase of 39.7%); and this increase in membership has greatly increased recognition of the Company. In addition, by providing club members with timely information via a members-only Web page, they receive a service which serves to increase their support for the Company's real properties.

d) Corporate Partnerships (Corporate Intranet Advertising)

The Company is involved in corporate partnerships with 149 groups comprising 4.27 million people, and for the current fiscal year there were approximately 270 visits from corporate partner, of which around 100 visits resulted in a contract, demonstrating that ample strength continues to be found in the Group's corporate partnerships. In the future, a service providing corporate partners with a variety of information suited to their needs will continue to be implemented, and a more active effort will be made in order to increase recognition of the Company.

e) Construction Planning Strategy

With a 25% drop in construction costs from their peak, a balanced adjustment with sale price in order to enable a steady supply to the market has become the basic concern again. As the construction and real estate businesses improve slowly, further coordination with construction firms is needed as well as the creation of a business model which enables construction and real estate businesses to form partnerships.

Thus the Company has worked with construction firms to put in motion the Naka-Itabashi Project: a first salvo in addressing the existing situation.

Also, the LUIC PROJECT, which is a standard feature that centers on the theme of "water", a fundamental motivating force in lifestyles, offers the *Takara-no-Mizu* water purifying system and the built-in *Takara-no-Microbubble* micro-bubble bath device for general household use (a first in Japan), both of which are in great demand. In the future, new design plans will be developed to offer further improvements in living spaces.

C. Product Diversification Strategy

(i) Detached Houses Strategy

The Company has continued to develop its detached housing sales business, and it aims for further improvements in competitive prices and profitability by investigating and planning the sales business for Company-constructed units. The business system for these units has been put into place, and provision of these units will begin in the next fiscal year. By providing high quality housing at low prices, the Company remains consistent with its sales concept of "ideal, affordable housing that anyone can buy with confidence", and plans to supplement its housing business with a short-term revenue generating business.

For stage one of the Company's construction business, construction and sale of 12 buildings has begun in Hiki-gun Ogawa-cho in Saitama prefecture. Plans for the second stage include the construction and sale of properties in Toride City in Ibaraki prefecture and Sanbu-gun Ohami Shirasato-cho in Chiba prefecture. It is expected that 170 buildings will be delivered by fiscal year 2011.

In terms of business development in the future, it is expected that the number of buildings will be increased to reflect movements in the market.

(ii) Renewal Business Strategy

With regard to the renewal business, because only those properties which meet certain conditions can be utilized, many of these condominiums are left unutilized; however, the performance of the Le Art Series is becoming increasingly recognized, and it is planned that two to three buildings will be stably supplied each year. Also, in light of the fact that customer needs for newly built condominiums are clearly defined, pre-owned condominium business is expected to move beyond simply supplementing new condominium business to becoming a revenue generating short-term business on par with detached homes.

(iii) Resale Business Strategy

In the resale business, which has been operating as a supplement to the condominium business, demonstrated short-term revenue generating superiority through the successful delivery of 112 units of properties in Saitama City, Minami-ku in three months. However, it is a limited-term business, and business development in this area will require a careful assessment of the market environment while balancing optimal sale price with procurement.

(iv) Income-Generating Properties Strategy

With regard to income-generating properties, by repeating a well-balanced cycle of procurement and sales in order to increase asset value, profitability can be increased and an optimal portfolio balance can be achieved which will allow for growth as a stable business.

D. Group Strategy

In order to continue building a even stronger public company, information exchanges should be increased among Group units in order to more effectively generate mutually beneficial synergies. In addition, because the Company's main business is developing and marketing condominiums which is a flow-type business, an essential task for the Company is working to supplement it with stock-type businesses including income-generating properties business, property management services, and nursing services businesses in order to create a multidimensional service company that generates various kinds of synergies between its various components.

Leben Community Co., Ltd., is aiming to increase the number of buildings it manages to 30,000 over the medium term and has achieved its target of 23,000 for the current fiscal year. It is working to offer an even greater range of services to its customers and plays a central role in enabling the Group to develop stock-type business operations. And expectation is high that, by serving as a contact point with customers that have already purchased properties from the Group, it will help develop opportunities for new business.

Takara Live Net Co., Ltd. is working to develop a broad distribution network not dependent upon intra-Group commissioned sales in order that it can restructure itself as a multifunctional sales company over the medium to long term.

TAFUKO Co., Ltd. is, as its primary tasks, aiming to assist customers in finding solutions, and to strengthen cohesiveness amongst the Group in order to achieve stable business development.

Marunouchi Servicer Co., Ltd. helps to dispose of bad debt, fostering Group synergy and rejuvenating business through the valuation, processing, disposal, etc., of real estate which represents debt collateral, thereby providing a service which contributes to society.

**(3)** Issues to be addressed by the Company

Due to the worsening business conditions in the real estate industry, the Group has recorded a net loss of 12.471 billion yen and saw a rapid worsening in its cash position at the end of the last fiscal year. Among a declining equity ratio and other unfavorable business factors, a serious concern has arisen about the Group as a going concern. To resolve these issues, the Group has actively promoted its “Building Project” in fiscal year 2010, conducted sales operations based on market-based prices sought to create financial stability through improved efficiency and profitability via a restructured business strategy that includes the decrease of interest-bearing debt through reduction in inventory and promotion of the resale business. Also, a concerted effort was made to strengthen the driving force of the organization through clarification of roles, responsibilities and rights both within the Company and the Group. Furthermore, the thorough execution of cost reduction measures such as the consolidation of business locations through appropriate allocation of personnel staffing and office relocation, and a reduction in selling and general administrative expenses including a reduction of directors’ remuneration.

In addition to implement such measures and policies, the Group has also promoted “The Sustaining of Stable Profitability” and “The Restructuring of Financial Characteristics” throughout the year in order to establish a system that will be able to withstand changes in the business environment. With respect to profitability in particular, stable profits were secured through the exercise of cost reductions under the mid-term business plan, which was based on austere estimations of profitability.

As a result, the conditions that raised serious concerns about the Group as a going concern have been resolved.

Having overcome a number of difficult situations in the past, including the collapse of Japan’s bubble economy, Takara Leben will continue to seek to create financial stability through improved efficiency and profitability in the future by promoting its project focused on market-based prices. At the same time, a concerted effort will be made to strengthen the driving force of the organization through clarification of roles, responsibilities and rights both within the Company and the Group.

As a result of these efforts to raise the added value of the Company, we believe contributing to a sustainable society through the housing that we created is linked with a sound and stable corporate growth.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Units: million yen)

| | Last consolidated fiscal year (Fiscal year ended March 31, 2009) | Current consolidated fiscal year (Fiscal year ended March 31, 2010) |
|---|---|---|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | 3,865 | 3,766 |
| Notes and accounts receivable | 49 | 291 |
| Marketable securities | 34 | - |
| Real estate held for sale | *2, *3 16,535 | *2, *3 5,896 |
| Real estate under construction | *2, *3 23,017 | *2 19,987 |
| Deferred tax assets | 359 | 983 |
| Other | 3,517 | *2 1,997 |
| Allowance for doubtful accounts | (12) | (39) |
| Total current assets | 47,366 | 32,884 |
| Fixed assets | | |
| Tangible fixed assets | | |
| Buildings and structures | *2, *3 7,685 | *2, *3 7,685 |
| Cumulative depreciation | (1,976) | (2,164) |
| Buildings and structures (net) | 5,708 | 5,520 |
| Tools, instruments and fixtures | *2, *3 187 | *2, *3 212 |
| Cumulative depreciation | (158) | (158) |
| Tools, instruments and fixtures (net) | 29 | 53 |
| Land | *2, *3 16,376 | *2, *3 14,961 |
| Lease assets | 8 | 8 |
| Cumulative depreciation | (1) | (3) |
| Lease assets (net) | 7 | 5 |
| Construction in progress | *2 251 | *2 19 |
| Total tangible fixed assets | 22,372 | 20,560 |
| Intangible fixed assets | | |
| Lease assets | 87 | 68 |
| Software suspense account | 65 | 161 |
| Other | *2, *3 259 | *2 266 |
| Total intangible fixed assets | 412 | 496 |
| Investments and other assets | | |
| Investment securities | *2 725 | 122 |
| Long-term loans | 100 | 111 |
| Deferred tax assets | 52 | 19 |
| Other | *1 748 | *1 584 |
| Allowance for doubtful accounts | (292) | (238) |
| Total investments and other assets | 1,334 | 599 |
| Total fixed assets | 24,120 | 21,656 |
| Total assets | 71,486 | 54,540 |

(Units: million yen)

| | Last consolidated fiscal year (Fiscal year ending March 31, 2009) | Current consolidated fiscal year (Fiscal year ending March 31, 2010) |
|---|---|---|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable | *2 9,393 | *1 2,881 |
| Short-term borrowings | *2 12,147 | *1 5,334 |
| Long-term debt due within one year | *2 24,134 | *1 18,958 |
| Lease obligations | 21 | 21 |
| Income taxes payable | 121 | 102 |
| Advances | 1,330 | 791 |
| Reserve for bonuses | 164 | 138 |
| Reserve for directors' bonuses | 6 | 6 |
| Other | 1,279 | 997 |
| Total current liabilities | 48,599 | 29,233 |
| Fixed liabilities | | |
| Long-term borrowings | *2 15,516 | *1 15,723 |
| Lease obligations | 77 | 55 |
| Reserve for employees' retirement benefits | 109 | 119 |
| Reserve for directors' retirement benefits | 60 | 44 |
| Other | 702 | 713 |
| Total fixed liabilities | 16,466 | 16,656 |
| Total liabilities | 65,065 | 45,889 |
| Net assets | | |
| Shareholders' capital | | |
| Capital | 2,442 | 2,442 |
| Additional paid-in capital | 2,572 | 2,572 |
| Retained earnings | 2,707 | 4,952 |
| Treasury stock | (1,295) | (1,295) |
| Total shareholders' capital | 6,428 | 8,672 |
| Valuation and conversion adjustments | | |
| Net unrealized holding gains on other securities | (7) | (21) |
| Total valuation and conversion adjustments | (7) | (21) |
| Total net assets | 6,420 | 8,651 |
| Total liabilities and net assets | 71,486 | 54,540 |

(2) Consolidated Income Statement

(Units: million yen)

| | Last consolidated fiscal year (From April 1, 2008 To March 31, 2009) | Current consolidated fiscal year (From April 1, 2009) To March 31, 2010) |
|---|---|---|
| Net sales | 57,652 | 51,955 |
| Cost of sales | *1 56,867 | *1 41,650 |
| Gross profit / gross loss on sales (minus) | 784 | 10,305 |
| Selling and general administrative expenses | *2 9,536 | *2 7,092 |
| Operating income / operating loss (minus) | (8,751) | 3,212 |
| Non-operating income | | |
| Interest income | 8 | 16 |
| Dividend income | 5 | 2 |
| Commissions received | 70 | 96 |
| Dividends on Tokumei Kumiai | 123 | 110 |
| Personnel transfer expenses | 18 | 16 |
| Miscellaneous income | 31 | 59 |
| Income from equity method investments | – | 8 |
| Total non-operating income | 258 | 310 |
| Non-operating expenses | | |
| Interest paid | 1,218 | 1,080 |
| Miscellaneous losses | 75 | 63 |
| Total non-operating expenses | 1,294 | 1,144 |
| Ordinary income / ordinary loss (minus) | (9,787) | 2,378 |
| Extraordinary gains | | |
| Gain on sale of investment securities | 50 | 1 |
| Gain on sale of stock of affiliated companies | 12 | – |
| Reversal of reserve for loans | – | 44 |
| Reversal of reserve for directors’ bonuses | 16 | – |
| Reversal of reserve for bonuses | 16 | 29 |
| Gain on liquidation of Tokumei Kumiai | – | *3 232 |
| Gain on exempted loans of affiliated companies | – | *4 11 |
| Other | 1 | 0 |
| Total extraordinary gains | 97 | 318 |
| Extraordinary losses | | |
| Loss on disposal of fixed assets | *5 13 | *5 25 |
| Investment securities valuation losses | 73 | – |
| Goodwill amortization valuation losses | 73 | – |
| Contribution valuation losses | – | 2 |
| Loss on sale of investment securities | 8 | – |
| Impairment loss | *6 1,810 | *6 825 |
| Losses from defaulted affiliate companies | | *4 7 |
| Office relocation expenses | | 8 |
| Other | 5 | 7 |
| Total extraordinary losses | 1,985 | 877 |

| | Last consolidated fiscal year (From April 1, 2008 To March 31, 2009) | Current consolidated fiscal year (From April 1, 2009) To March 31, 2010) |
|---|---|---|
| Current net income before tax adjustments / Current net loss before tax adjustments (minus) | (11,675) | 1,820 |
| Corporate taxes, inhabitant taxes and business taxes | 203 | 180 |
| Refund of corporate taxes | – | (9) |
| Corporate tax adjustments | 590 | (596) |
| Total corporate tax | 793 | (424) |
| Minority stockholder income | 2 | – |
| Current net income / current net loss (minus) | (12,471) | 2,244 |

(3) Consolidated Statement of Changes in Shareholders' Capital

(Units: million yen)

| | Last consolidated fiscal year (From April 1, 2008 To March 31, 2009) | Current consolidated fiscal year (From April 1, 2009) To March 31, 2010) |
|---|---|---|
| Shareholders' capital | | |
| Capital | | |
| Ending balance for last fiscal year | 2,442 | 2,442 |
| Changes for the current fiscal period | | |
| Total changes for the current fiscal period | – | – |
| Ending balance for the current fiscal year | 2,442 | 2,442 |
| Additional paid-in capital | | |
| Ending balance for last fiscal year | 2,572 | 2,572 |
| Changes for the current fiscal period | | |
| Total changes for the current fiscal period | – | – |
| Ending balance for the current fiscal year | 2,572 | 2,572 |
| Retained earnings | | |
| Ending balance for last fiscal year | 15,549 | 2,707 |
| Changes for the current fiscal period | | |
| Distribution of retained earnings | (397) | – |
| Current net income / current net loss (minus) | (12,471) | 2,244 |
| Changes in the scope of consolidation | 27 | – |
| Total changes for the current fiscal period | (12,841) | 2,244 |
| Ending balance for the current fiscal year | 2,707 | 4,952 |
| Treasury stock | | |
| Ending balance for last fiscal year | (1,294) | (1,295) |
| Changes for the current fiscal year | | |
| Acquisition of treasury stock | (0) | (0) |
| Total changes for the current fiscal year | (0) | (0) |
| Ending balance for the current fiscal year | (1,295) | (1,295) |
| Total shareholders' capital | | |
| Ending balance for last fiscal year | 19,269 | 6,428 |
| Changes for the current fiscal year | | |
| Distribution of retained earnings | (397) | – |
| Current net income / current net loss (minus) | (12,471) | 2,244 |
| Changes in the scope of consolidation | 27 | – |
| Acquisition of treasury stock | (0) | (0) |
| Total changes for the current fiscal year | (12,841) | 2,244 |
| Ending balance for the current fiscal year | 6,428 | 8,672 |

(Units: million yen)

| | Last consolidated fiscal year (From April 1, 2008 To March 31, 2009) | Current consolidated fiscal year (From April 1, 2009) To March 31, 20010) |
|---|---|---|
| Valuation and conversion adjustments | | |
| Net unrealized holding gains on other securities | | |
| Ending balance for last fiscal year | 48 | (7) |
| Changes for the current fiscal year | | |
| Net change in items other than shareholders' capital for the current fiscal year | (56) | (14) |
| Total changes for the current fiscal year | (56) | (14) |
| Ending balance for the current fiscal year | (7) | (21) |
| Total valuation and conversion adjustments | | |
| Ending balance for last fiscal year | 48 | (7) |
| Changes for the current fiscal year | | |
| Net change in items other than shareholders' capital for the current fiscal year | (56) | (14) |
| Total changes for the current fiscal year | (56) | (14) |
| Ending balance for the current fiscal year | (7) | (21) |
| Total net assets | | |
| Ending balance for last fiscal year | 19,318 | 6,420 |
| Changes for the current fiscal year | | |
| Distribution of retained earnings | (397) | – |
| Current net income / current net loss (minus) | (12,471) | 2,244 |
| Changes in the scope of consolidation | 27 | – |
| Acquisition of treasury stock | (0) | (0) |
| Net change in items other than shareholders' capital for the current fiscal year | (56) | (14) |
| Total changes for the current fiscal year | (12,897) | 2,230 |
| Ending balance for the current fiscal year | 6,420 | 8,651 |

(4) Consolidated Statements of Cash Flows

(Units: million yen)

| | Last consolidated fiscal year (From April 1, 2008 To March 31, 2009) | Current consolidated fiscal year (From April 1, 2009 To March 31, 2010) |
|---|---|---|
| Cash flows from operating activities | | |
| Current net income before tax adjustments (current net loss before tax adjustments) | (11,675) | 1,820 |
| Depreciation and amortization | 362 | 369 |
| Gain / Loss on sale of investment securities (gain) | (54) | (1) |
| Impairment loss | 1,810 | 825 |
| Goodwill amortization | 1 | – |
| Increase / Decrease in reserves (decrease) | 228 | (55) |
| Interest income and dividend income | (13) | (18) |
| Dividends on Tokumei Kumiai | (123) | (110) |
| Valuation gain / loss on investment securities (gain) | 73 | – |
| Goodwill amortization valuation losses | 73 | – |
| Interest paid | 1,218 | 1,080 |
| Loss on disposal of fixed assets | 13 | 25 |
| Gain on liquidation of Tokumei Kumiai | – | (232) |
| Increase / Decrease in trade receivables (increase) | 389 | (241) |
| Increase / Decrease in loans, trade (increase) | (29) | 61 |
| Increase / Decrease in inventories (increase) | 19,304 | 15,078 |
| Increase / Decrease in joint project investments (increase) | (181) | 313 |
| Increase / Decrease in accounts payable (decrease) | 242 | (6,270) |
| Increase / Decrease in advances (decrease) | (704) | (538) |
| Other | (1,143) | 1,385 |
| Subtotal | 9,790 | 13,492 |
| Interest and dividend received | 13 | 18 |
| Interest paid | (1,199) | (1,089) |
| Corporate taxes paid | (1,950) | (202) |
| Cash flows from operating activities | 6,653 | 12,218 |
| Cash flows from investing activities | | |
| Placements in time deposits | (232) | (17) |
| Withdrawals from time deposits | 139 | 100 |
| Increase / Decrease in short-term loans (increase) | (6) | 34 |
| Long-term loans made | (82) | (48) |
| Proceeds from collection of long-term loans | 4 | 19 |
| Purchase of bonds | (34) | – |
| Proceeds from redemption of bonds | 34 | 34 |
| Acquisition of tangible fixed assets | (3,368) | (1,367) |
| Acquisition of intangible fixed assets | (77) | (145) |
| Acquisition of investment securities | (0) | – |
| Income from sale of investment securities | 68 | 13 |
| Income resulting from the acquisition of subsidiaries' shares as a result of changes in the scope of consolidation | *3 48 | – |
| Expenses resulting from the sale of subsidiaries' shares as a result of changes in the scope of consolidation | *4 (656) | – |

(Units: million yen)

| | Last consolidated fiscal year (From April 1, 2008 To March 31, 2009) | Current consolidated fiscal year (From April 1, 2009) To March 31, 2010) |
|---|---|---|
| Income from refunds of contribution to Tokumei Kumiai | – | 924 |
| Other | 18 | 0 |
| Cash flows from investing activities | (4,144) | (451) |
| Cash flows from financing activities | | |
| Net increase / decrease in short-term borrowings (decrease) | 311 | (6,413) |
| Increase / Decrease in commercial paper (decrease) | (2,000) | – |
| Proceeds from long-term borrowings | 7,044 | 9,618 |
| Repayment of long-term borrowings | (16,630) | (14,987) |
| Payment for acquisition of treasury stock | (0) | (0) |
| Dividend payment | (396) | (0) |
| Cash flows from financing activities | (11,671) | (11,783) |
| Increase / decrease in cash and cash equivalents (decrease) | (9,162) | (16) |
| Cash and cash equivalents at the beginning of the year | 12,896 | 3,733 |
| Cash and cash equivalents at the end of the year | *1 3,733 | *1 3,717 |

Notes Regarding the Going Concern of the Company

No applicable items.

Important Items fundamental to the Creation of Consolidated Financial Statements

<table>
<tr><th>Item</th><th>Last consolidated fiscal year<br>(From April 1, 2008<br>To March 31, 2009)</th><th>Current consolidated fiscal year<br>(From April 1, 2009)<br>To March 31, 2010)</th></tr>
<tr><td>1. Items related to the scope of consolidation</td><td>(1) Number of consolidated subsidiaries: 4<br>Names of consolidated subsidiaries:<br>Leben Community Co., Ltd.<br>TAFUKO Co., Ltd.<br>Takara Live Net Co., Ltd.<br>Marunouchi Servicer Co., Ltd.<br><br>Marunouchi Servicer Co., Ltd. was acquired during the current consolidated fiscal year and as a result, listed as a consolidated subsidiary.<br>Also, due to a decrease in equity holding, AS PARTNERS Co., Ltd. (listed as a consolidated subsidiary in the last consolidated fiscal year) has been removed from the scope of consolidated subsidiaries for the current consolidated fiscal year.<br><br>(2) Names of important nonconsolidated subsidiaries<br>Takara Housing Co., Ltd.<br>(Reason for removing from scope of consolidation)<br>Nonconsolidated subsidiary’s total assets, net sales, current net income and retained earnings were small and had no significant impact upon the consolidated financial statements.<br><br>(3) Special purpose corporations for disclosure<br>An overview of special purpose corporations for disclosure; an overview of transactions utilizing special purpose corporations for disclosure; and amounts of transactions conducted with special purpose corporations for disclosure are disclosed under “Items related to Special Purpose Corporations for Disclosure”.</td><td>(1) Number of consolidated subsidiaries: 4<br>Names of consolidated subsidiaries:<br>Leben Community Co., Ltd.<br>TAFUKO Co., Ltd.<br>Takara Live Net Co., Ltd.<br>Marunouchi Servicer Co. Ltd.<br><br>(2) Names of important nonconsolidated subsidiaries<br>Takara Housing Co., Ltd.<br>(Reason for removing from scope of consolidation)<br>Same as in the left column.<br><br>(3) Special purpose corporations for disclosure<br>Same as in the left column.</td></tr>
<tr><td>2. Items related to the application of the equity method</td><td>(1) Number of affiliates for which equity method is applied: 1<br>Name of the affiliate:<br>AS PARTNERS Co., Ltd.<br>As a result of the sale of equity holding, AS PARTNERS Co., Ltd. has been removed from the consolidated subsidiaries and became an affiliate for which the equity method is applied for the current consolidated fiscal year.<br><br>(2) Names of nonconsolidated subsidiaries for which equity method is not applied:<br>Takara Housing Co., Ltd.<br>Takara Housing Co., Ltd. is excluded from the scope of equity method application because its current net income (as equity method applied) and retained earnings (as equity method applied) had no significant impact upon consolidated financial statements and has no overall significance.</td><td>(1) Number of affiliates for which equity method is applied: 1<br>Name of the affiliate:<br>AS PARTNERS Co., Ltd.<br>Same as in the left column.<br><br>(2) Names of nonconsolidated subsidiaries for which equity method is not applied:<br>Takara Housing Co., Ltd.<br>Same as in the left column.</td></tr>
</table>

| Item | Last consolidated fiscal year<br>(From April 1, 2008<br>To March 31, 2009) | Current consolidated fiscal year<br>(From April 1, 2009)<br>To March 31, 2010) |
|---|---|---|
| 3. Items related to the fiscal year for consolidated subsidiaries | Accounting dates for all consolidated subsidiaries are the same as the date for consolidated accounting. | Same as in the left column. |
| 4. Items related to accounting standard<br>(1) Assessment standards and methods for important assets | (i) Marketable securities<br>a. Bonds held to maturity<br>Amortized cost method (straight-line method)<br>b. Other marketable securities<br>Those at market value:<br>Market value method based on market value at date of consolidated accounting (valuation difference is reported as a component of net assets, and the cost of securities sold is calculated using the moving average method)<br>Those not at market value:<br>Cost method based on the moving average method, *provided however*, Tokumei Kumiai contributions to capital are based on the specific cost method; specifics are given in "((5) Important items related to the creation of other consolidated financial statements, (ii) Accounting procedures for Tokumei Kumiai contributions to capital)".<br>(ii) Inventories<br>Cost method based on specific cost method<br>(Balance sheet amounts are calculated according to a write-down method based on decreased profitability)<br>(Change in accounting policy)<br>From the current consolidated fiscal year, "Accounting Principles relating to the Assessment of Inventory Assets" (Corporate Accounting Principles No. 9, July 5, 2006) is applied.<br>As a result, operating losses, ordinary losses and current net losses before tax adjustments have each shown an increase of 10,448 million yen.<br>Impact on segment information is disclosed in the relevant sections. | (i) Marketable securities<br>a. Bonds held to maturity<br>Same as in the left column.<br>b. Other marketable securities<br>Same as in the left column.<br>(ii) Inventories<br>Cost method based on specific cost method<br>(Balance sheet amounts are calculated according to a write-down method based on decreased profitability) |

<table>
<tr><th>Item</th><th>Last consolidated fiscal year<br>(From April 1, 2008<br>To March 31, 2009)</th><th>Current consolidated fiscal year<br>(From April 1, 2009)<br>To March 31, 2010)</th></tr>
<tr><td>(2) Depreciation method for important depreciable assets</td><td>(i) Tangible fixed assets (excluding lease assets)<br>a. Buildings<br>The declining balance method is adopted for headquarters, offices and other buildings.<br>Durability and residual value are determined according to standards stipulated in corporation tax law.<br>However, the straight-line method is used for buildings (excluding attached structures) acquired after April 1, 1998.<br>In order to logically accommodate profit from rental buildings, an economically usable period estimate is created and a straight-line method based upon individual durability is applied. The individual durability for rental buildings is shown below.<br>
<table>
<tr><th></th><th>Individual durability (Years)</th></tr>
<tr><td>Reinforced concrete buildings</td><td>40</td></tr>
<tr><td>Steel-frame buildings</td><td>30</td></tr>
<tr><td>Wood buildings</td><td>15</td></tr>
<tr><td>Fixture</td><td>15</td></tr>
</table>
b. Tangible fixed assets other than those given above<br>The declining balance method is applied.<br>Durability and residual value are determined according to standards stipulated in corporation tax law.<br><br>(ii) Intangible fixed assets (excluding lease assets)<br>A straight-line method based on the expected availability period (five years) has been applied for all software used.<br>(iii) Lease assets<br>Lease assets related to finance and lease transactions not involving transfer of ownership<br>A straight-line method was applied where the lease period was set as the serviceable life and the residual value was set as zero.<br>Amongst finance and lease transactions not involving transfer of ownership, those lease transactions starting prior to March 31, 2008 follow accounting procedures based on methods for normal lease transactions<br>(iv) Long-term prepaid expenses<br>A straight-line method has been applied.</td><td>(i) Tangible fixed assets (excluding lease assets)<br>a. Buildings<br>Same as in the left column.<br><br>b. Tangible fixed assets other than those given above<br>Same as in the left column.<br><br>(ii) Intangible fixed assets (excluding lease assets)<br>Same as in the left column.<br><br>(iii) Lease assets<br>Same as in the left column.<br><br>(iv) Long-term prepaid expenses<br>Same as in the left column.</td></tr>
</table>

| Item | Last consolidated fiscal year<br>(From April 1, 2008<br>To March 31, 2009) | Current consolidated fiscal year<br>(From April 1, 2009)<br>To March 31, 2010) |
|---|---|---|
| (3) Standards for recording important allowances | (i) Allowance for doubtful accounts<br>In order to provide reserve for loss resulting from bad debt, the loan loss ratio is used for general debt, and specified claims, such as claims with default possibility, have their recoverability evaluated individually and the expected irrecoverable amount is posted.<br>(ii) Reserve for bonuses<br>The expected amount of future payments for employee bonuses is recorded as an expense in the current consolidated fiscal year.<br>(iii) Reserve for directors' bonuses<br>The expected amount of future payments for directors' bonuses is recorded as an expense in the current consolidated fiscal year.<br>(iv) Reserve for employees' retirement benefits<br>Recording reserve for employees' retirement benefits are based on the retirement allowance at the end of the current consolidated fiscal year<br>(v) Reserve for directors' retirement benefits<br>Director retirement benefits are based on internal regulations which govern such benefits and are recorded as a necessary payment at the end of the current consolidated fiscal year. | (i) Allowance for doubtful accounts<br>Same as in the left column.<br>(ii) Reserve for bonuses<br>Same as in the left column.<br>(iii) Reserve for directors' bonuses<br>Same as in the left column.<br>(iv) Reserve for employees' retirement benefits<br>Same as in the left column.<br>(v) Reserve for directors' retirement benefits<br>Same as in the left column. |
| (4) Important items related to the creation of other consolidated financial statements | (i) Accounting procedures for consumption taxes<br>Accounting procedures for national and local consumption taxes are based on the tax excluded method. Also, consumption taxes not eligible for asset-related deduction are treated as period costs for the consolidated fiscal year in which they occur.<br>(ii) Accounting procedures for Tokumei Kumiai contributions to capital<br>With regard to Tokumei Kumiai contributions to capital, the amount of equity for the assets of Tokumei Kumiai is recorded as "investment securities". When capital injections are made to Tokumei Kumiai, it is recorded as an "investment security" and the equity-equivalent of net profit or loss for the Tokumei Kumiai is recorded as "Tokumei Kumiai allocated profit/loss" and "investment securities" are adjusted by an equivalent amount; repayment of contributions to capital from the manager is deducted from "investment securities". | (i) Accounting procedures for consumption taxes<br>Same as in the left column.<br>(ii) Accounting procedures for Tokumei Kumiai contributions to capital<br>Same as in the left column. |

| Item | Last consolidated fiscal year<br>(From April 1, 2008<br>To March 31, 2009) | Current consolidated fiscal year<br>(From April 1, 2009)<br>To March 31, 2010) |
|---|---|---|
| 5. Items related to the valuation of assets and debts of consolidated subsidiaries | With regard to the valuation of assets and debts of consolidated subsidiaries, an overall marked to market method is applied. | Same as in the left column. |
| 6. Items related to the amortization of positive and negative goodwill | With regard to the amortization of goodwill, equal amortization over a 10 year period is carried out.<br>However with regard to small amounts, amortization is carried out all at once in the year in which it occurs. | Same as in the left column. |
| 7. Scope of funds within the consolidated statement of cash flows | Comprised of cash on hand, deposits which can be drawn on as needed and short-term investments which can easily be converted into cash, which carry small risk with regard to fluctuations in value and reach their date of maturity within three months of the date of acquisition. | Same as in the left column. |

Changes to important items fundamental to consolidated financial statement

| Last consolidated fiscal year<br>(From April 1, 2008<br>To March 31, 2009) | Current consolidated fiscal year<br>(From April 1, 2009)<br>To March 31, 2010) |
|---|---|
| (Accounting Principles for Lease Transactions)<br>Finance and lease transactions not involving transfer of ownership have, traditionally, depended upon lease transaction-based accounting methods; however, from the current fiscal year "Accounting Principles for Lease Transactions" (Accounting Standards No. 13 (June 17, 1993 (First Session of the Business Accounting Council), amended March 30, 2007)) and "Application Guidelines for Lease Transaction Accounting Principles" (Application Guidelines for Accounting Standards No. 16 (January 18, 1994 (Accounting System Committee of the Japanese Institute of Certified Public Accountants), amended March 30, 2007)) are applied and will depend upon normal sales transaction-based accounting methods.<br>For finance and lease transactions not involving transfer of ownership which have started prior to these changes in accounting methods, normal lease transaction-based accounting methods will continue to apply.<br>The effect on profit and loss of these changes for the current fiscal year is minor. | ———— |

Changes to Display Methods

| Last consolidated fiscal year<br>(From April 1, 2008<br>To March 31, 2009) | Current consolidated fiscal year<br>(From April 1, 2009<br>To March 31, 2010) |
|---|---|
| (Consolidated balance sheets)<br>In line with the application of the "Partial Revision to the Cabinet Office Regulations governing Financial Statement Terminology, Formats and Creation Methods" (August 7, 2008, Cabinet Office Regulation No. 50), those items listed as "inventory" for the last consolidated fiscal year, are listed in the "real estate held for sale" and "real estate in progress held for sale" segments from the current consolidated fiscal year. "Real estate held for sale" and "real estate in progress held for sale" included as "inventory" for the last consolidated fiscal year totaled 7,004 million yen and 49,265 million yen respectively. | ———— |

Notes

(Items related to Consolidated Balance Sheets)

| Last consolidated fiscal year (Fiscal year ended March 31, 2009) | Current consolidated fiscal year (Fiscal year ended March 31, 2010) |
|---|---|
| *1 Assets relating to affiliates are shown below.<br>Investments and other assets, others (affiliates equities):<br>5 million yen | *1 Assets relating to affiliates are shown below.<br>Investments and other assets, others (affiliates equities):<br>8 million yen |
| *2 Assets pledged as collateral and the corresponding liabilities are shown below. | *2 Assets pledged as collateral and the corresponding liabilities are shown below. |
| (1) Assets pledged as collateral<br>Real estate held for sale 14,590 million yen<br>Real estate in progress held for sale 22,156<br>Buildings and structures 5,428<br>Tools, instruments and fixtures 1<br>Land 16,187<br>Construction in progress 251<br>Intangible fixed assets (land lease rights) 224<br>Total 58,840 | (1) Assets pledged as collateral<br>Real estate held for sale 5,482 million yen<br>Real estate in progress held for sale 18,355<br>Other current assets 64<br>Buildings and structures 5,272<br>Tools, instruments and fixtures 0<br>Land 14,753<br>Construction in progress 19<br>Intangible fixed assets (land lease rights) 224<br>Affiliates equities 30<br>Total 44,202<br>Affiliates equities in the amount of 30 million yen have been offset in the consolidated balance sheet. |
| (2) Liabilities corresponding to the above<br>Short-term borrowings 11,711 million yen<br>Long-term debt due within one year 23,974<br>Long-term borrowings 14,536<br>Notes and accounts payable 9,075<br>Total 59,299 | (2) Liabilities corresponding to the above<br>Short-term borrowings 5,261 million yen<br>Long-term debt due within one year 18,378<br>Long-term borrowings 14,936<br>Notes and accounts payable 768<br>Total 39,345 |
| (3) In addition to the above, a right of pledge has been established on a 581 million yen Tokumei Kumiai contribution to capital (investments and other assets, "Investment Securities") as collateral of 979 million yen debt borrowed by the Triumph Assets 2 Ltd., a special purpose corporation. | (3) ———— |
| *3 In line with the decision to shift from development and leasing to resale of some properties, 424 million yen for buildings and structures, 0 million yen for tools, instruments and fixtures, 1,077 million yen for land, and 237 million for land lease rights (intangible fixed assets) has been transferred to real estate held for sale during the current consolidated fiscal year.<br>In addition, in line with the decision to shift from resale to development and leasing for some properties, 105 million yen for real estate held in progress for sale and 758 million yen for real estate held for sale has been transferred to 340 million yen for buildings and structures and 523 million yen for land during the current consolidated fiscal year. | *3 In line with the decision to shift from development and leasing to resale of some properties, 1,255 million yen for buildings and structures, 0 million yen for tools, instruments and fixtures and 1,272 million yen for land has been transferred to real estate held for sale during the current consolidated fiscal year.<br>In addition, in line with the decision to shift from resale to development and leasing for some properties, 840 million yen for real estate held for sale has been transferred to 309 million yen for buildings and structures and 530 million yen for land during this fiscal year. |
| *4 Contingent liabilities<br>Guarantee of liabilities has been made for borrowings from financial institutions other than consolidated subsidiaries.<br>Joint and several guarantees and liabilities towards financial institutions until registration of pledge of mortgage is completed 4,135 million yen<br>AS PARTNERS Co., Ltd. 164<br>Aruka Co., Ltd. 35<br>Total 4,335 | *4 Contingent liabilities<br>Guarantee of liabilities has been made for borrowings from financial institutions other than consolidated subsidiaries.<br>Joint and several guarantees and liabilities towards financial institutions until registration of pledge of mortgage is completed 1,214 million yen<br>AS PARTNERS Co., Ltd. 154<br>Aruka Co., Ltd. 41<br>Total 1,410 |

| Last consolidated fiscal year<br>(Fiscal year ended March 31, 2009) | Current consolidated fiscal year<br>(Fiscal year ended March 31, 2010) |
|---|---|
| *5 Takara Leben Group has reached account overdraft agreements and lending commitment agreements with 8 financing banks in order to efficiently procure operating capital. Based on these agreements, the unexercised loan balance for the end of the current consolidated fiscal year is as follows.<br><br>Total amount of account overdraft maximum and lending commitment 8,239 million yen<br>Exercised loan balance 4,207<br>difference 4,032 | *5 Takara Leben Group has reached account overdraft agreements and lending commitment agreements with 8 financing banks in order to efficiently procure operating capital. Based on these agreements, the unexercised loan balance for the end of the current consolidated fiscal year is as follows.<br><br>Total amount of account overdraft maximum and lending commitment 7,234 million yen<br>Exercised loan balance 4,567<br>difference 2,666 |

(Items related to Consolidated Income Statements)

| Last consolidated fiscal year (From April 1, 2008 to March 31 2009) | Current consolidated fiscal year (From April 2009 to March 31, 2010) |
|---|---|
| *1 The inventory at the end of fiscal year has the following post-write-down amount in line with the decrease in profitability, and the following inventory asset valuation losses are included in the cost of sales: 10,448 million yen | *1 The inventory at the end of fiscal year has the following post-write-down amount in line with the decrease in profitability, and the following inventory asset valuation losses are included in the cost of sales: (3,448) million yen |
| *2 Major expenses and amounts for selling and general administrative expenses are given below:<br><br>Advertising expenses 2,801 million yen<br>Sales commissions 285<br>Sales promotion expenses 1,935<br>Remuneration for sales representatives 8<br>Salaries 1,366<br>Miscellaneous salaries 27<br>Provision for employees' bonuses 224<br>Provision for directors' bonuses 11<br>Employee retirement benefit costs 31<br>Provision for directors' retirement benefits 7<br>Depreciation and amortization 64<br>Taxes and public charges 360<br>Transfer to loan reserve 273<br><br>The general percentage of costs belonging to sales expenses is 53%; the general percentage of costs belonging to general administrative expenses is 47%. | *2 Major expenses and amounts for selling and general administrative expenses are given below:<br><br>Advertising expenses 1,681 million yen<br>Sales commissions 1,897<br>Salaries 1,217<br>Provision for employees' bonuses 156<br>Provision for directors' bonuses 39<br>Employee retirement benefit costs 24<br>Provision for directors' retirement benefits 7<br>Transfer to loan reserve 30<br><br>The general percentage of costs belonging to sales expenses is 53%; the general percentage of costs belonging to general administrative expenses is 47%. |
| *3 ――――― | *3 Gain on liquidation of Tokumei Kumiai was profit distribution upon cease of the project for Triumph Assets 2, Ltd., a special purpose company. |
| *4 ――――― | *4 Gain on exempted loans of affiliated companies and losses from defaulted affiliate companies were derived from settlement of debts with former shareholders of Marunouchi Servicer Co., Ltd. when it became a consolidated subsidiary of Takara Leben. |
| *5 The breakdown for loss on disposal of fixed assets is below:<br>Buildings and structures 10 million yen<br>Tools, instruments and fixtures 3<br>Total 13 | *5 The breakdown for loss on disposal of fixed assets is below:<br>Buildings and structures 24 million yen<br>Tools, instruments and fixtures 1<br>Total 25 |

Last consolidated fiscal year
(From April 1, 2008
to March 31 2009)

*6 Impairment loss

Due to the drop in market value for rental properties and unutilized assets during the current consolidated fiscal year, the Takara Leben Group has recorded the following assets and asset groups as impairment losses (1,810 million yen).

| Use | Type | Location | Amount (million yen) |
|---|---|---|---|
| Commercial-use assets | Land, buildings | Nishi Ward, Saitama City, Saitama Prefecture | 13 |
| Rest facilities | Land, buildings, tools, instruments and fixtures | Atami City, Shizuoka Prefecture | 11 |
| Unutilized assets | Land | Nishi Ward, Saitama City, Saitama Prefecture | 1 |
| | Land | Chuo Ward, Tokyo | 369 |
| | Land | Matsudo City, Chiba Prefecture | 84 |
| | Land | Chiyoda Ward, Tokyo | 149 |
| | Land, buildings, tools, instruments and fixtures | Oyama City, Tochigi Prefecture | 8 |
| | Land | Midori Ward, Saitama City, Saitama Prefecture | 18 |
| | Land | Hakone Town, Ashigarashimo District, Kanagawa Prefecture | 12 |
| | Land | Koga City, Ibaraki Prefecture | 10 |
| | Land | Kamisato Town, Kodama District, Saitama Prefecture | 5 |
| | Land, buildings | Itabashi Ward, Tokyo | 39 |
| Rental properties | Land, buildings | Suginami Ward, Tokyo | 30 |
| | Land, buildings, tools, instruments and fixtures | Koshigaya City, Saitama Prefecture | 25 |
| | Land, buildings | Toshima Ward, Tokyo | 97 |
| | Land, buildings | Ota Ward, Tokyo | 26 |
| | Land | Kawaguchi City, Saitama Prefecture | 318 |
| | Land, buildings | Kuki City, Saitama Prefecture | 35 |
| | Land, buildings | Matsudo City, Chiba Prefecture | 13 |
| | Land, buildings | Nishi Ward, Saitama City, Saitama Prefecture | 4 |
| | Land, buildings | Nerima Ward, Tokyo | 190 |
| | Land, buildings | Tsukuba City, Ibaraki Prefecture | 140 |
| | Land, buildings | Kawasaki City, Kanagawa Prefecture | 205 |
| TOTAL | | | 1,810 |

Current consolidated fiscal year
(From April 2009
to March 31, 2010)

*6 Impairment loss

Due to the drop in market value for rental properties and unutilized assets during the current consolidated fiscal year, the Takara Leben Group has recorded the following assets and asset groups as impairment losses (825 million yen).

| Use | Type | Location | Amount (million yen) |
|---|---|---|---|
| Unutilized properties | Land | Nishi Ward, Saitama City, Saitama Prefecture | 1 |
| | Land | Midori Ward, Saitama City, Saitama Prefecture | 14 |
| | Land | Miyoshi-cho, Iruma-Gun, Saitama Prefecture | 2 |
| | Land | Koga City, Ibaraki Prefecture | 0 |
| | Land, buildings, tools, instruments and fixtures | Oyama City, Tochigi Prefecture | 9 |
| | Land | Hakone Town, Ashigarashimo District, Kanagawa Prefecture | 0 |
| Rental properties | Land, buildings, tools, instruments and fixtures | Kawagoe City, Saitama Prefecture | 4 |
| | Land, buildings | Tsukuba City, Ibaraki Prefecture | 15 |
| | Land, buildings | Hayama-cho, Miura-Gun, Kanagawa Prefecture | 4 |
| | Land, buildings | Kawasaki City, Kanagawa Prefecture | 39 |
| | Land, buildings | Yokohama City, Kanagawa Prefecture | 371 |
| | Land, buildings | Chiyoda Ward, Tokyo | 190 |
| | Land | Chuo Ward, Tokyo | 170 |
| TOTAL | | | 825 |

| Last consolidated fiscal year | Current consolidated fiscal year |
|---|---|

| (From April 1, 2008<br>to March 31 2009) | (From April 2009<br>to March 31, 2010) |
|---|---|
| When broken down, buildings account for 302 million yen; tools, instruments and fixtures account for 0 million yen; and land account for 1,507 million yen.<br>As a rule, the Group's commercial-use assets are grouped according to their business type.<br>However, rental properties and unutilized assets are grouped per property units.<br>The recoverable amount is determined according to net sale value and utility value; net sale value is assessed based on the appraisal value, etc. of a real estate appraiser; and utility value is calculated at 6% less of future cash flow. | When broken down, buildings account for 140 million yen; tools, instruments and fixtures account for 0 million yen; and land account for 685 million yen.<br>The rental properties and unutilized assets are grouped per property units.<br>The recoverable amount is determined according to net sale value and utility value; net sale value is assessed based on the appraisal value, etc. of a real estate appraiser; and utility value is calculated at 6% less of future cash flow. |

(Items relating to the Consolidated Statement of Changes in Shareholders' Capital)

Last consolidated fiscal year (From April 1, 2008 To March 31, 2009)

1. Type and Total of Shares Issued and Outstanding as well as Type and Number of Shares of Treasury Stock

| | Outstanding shares at end of last consolidated fiscal year (shares) | Increase in shares for current consolidated fiscal year (shares) | Decrease in shares for current consolidated fiscal year (shares) | Outstanding shares at end of current consolidated fiscal year (shares) |
|---|---|---|---|---|
| Shares issued and outstanding | | | | |
| Common stock | 17,540,333 | – | – | 17,540,333 |
| Total | 17,540,333 | – | – | 17,540,333 |
| Treasury stock | | | | |
| Common stock (Note) | 982,642 | 40 | – | 982,682 |
| Total | 982,642 | 40 | – | 982,682 |

(Note) The 40 share increase for common treasury stock is a result of purchases of fractional shares.

2. Dividends

(1) Dividends Paid

| (Resolution) | Share type | Total dividends (million yen) | Per-share dividends (yen) | Record date | Effective date |
|---|---|---|---|---|---|
| General meeting of shareholders on June 24, 2008 | Common stock | 198 | 12 | March 31, 2008 | June 25, 2008 |
| Meeting of the Board of Directors on October 27, 2008 | Common stock | 198 | 12 | September 30, 2008 | December 5, 2008 |

(2) Dividends with a Record Date is under Current Consolidated Fiscal Year while the Effective Date is next Consolidated Fiscal Year

Not applicable.

Current consolidated fiscal year (From April 1, 2009 to March 31, 2010)

1. Type and Total of Shares Issued and Outstanding as well as Type and Number of Shares of Treasury Stock Shares

| | Outstanding shares at end of last consolidated fiscal year (shares) | Increase in shares for current consolidated fiscal year (shares) | Decrease in shares for current consolidated fiscal year (shares) | Outstanding shares at end of current consolidated fiscal year (shares) |
|---|---|---|---|---|
| Shares issued and outstanding | | | | |
| Common stock | 17,540,333 | − | − | 17,540,333 |
| Total | 17,540,333 | − | − | 17,540,333 |
| Treasury stock | | | | |
| Common stock (Note) | 982,682 | 89 | − | 982,771 |
| Total | 982,682 | 89 | − | 982,771 |

(Note) The 89 share increase for common treasury stock is a result of purchases of fractional shares.

2. Dividends

(1) Dividends Paid

Not applicable.

(3) Dividends with a Record Date is under Current Consolidated Fiscal Year while the Effective Date is next Consolidated Fiscal Year

| (Resolution) | Share type | Total dividends (million yen) | Sources | Per-share dividends (yen) | Record date | Effective date |
|---|---|---|---|---|---|---|
| June 22, 2010 General meeting of shareholders | common stock | 33 | Retained earnings | 2 | March 31, 2010 | June 23, 2010 |

(Items related to Consolidated Statements of Cash Flows)

<table>
<tr><th>Last consolidated fiscal year<br>(From April 1, 2008<br>To March 31, 2009)</th><th>Current consolidated fiscal year<br>(From April 1, 2009)<br>To March 31, 2010)</th></tr>
<tr><td>*1 Relationship between cash and cash equivalents and item amount recorded on consolidated balance sheets<br><br>(As of March 31, 2009)<br>Cash and cash accounts 3,865 million yen<br>Deposit term over three months<br>Fixed-term deposits (131)<br>Cash and cash equivalents 3,733<br><br>2 Content of important and non-fund transactions<br>Amount transferred from fixed assets to real estate held for sale due to a change in the purpose of real estate holdings:<br>1,739 million yen<br><br>Amount transferred from real estate held for sale or real estate in progress held for sale to fixed assets due to a change in the purpose of real estate holdings:<br>863 million yen<br><br>*3 Breakdown of asset and liabilities of the company which became a consolidated subsidiary of Takara Leben as a result of acquisition of its shares.<br>Breakdown of asset of liabilities of Marunouchi Servicer Co., Ltd. when it became a consolidated subsidiary as a result of acquisition of its shares, acquisition price for the stock and income from the acquisition, are as follows:<br><br>(Million yen)<br>Current assets 63<br>Fixed assets 52<br>Goodwill 73<br>Current liabilities (88)<br>Fixed liabilities –<br>Minority shareholders’ equity (0)<br>Price of shares held before acquisition (100)<br>Acquisition price for the stock 0<br>Cash and cash equivalents (48)<br>Income from acquisition 48</td><td>*1 Relationship between cash and cash equivalents and item amount recorded on consolidated balance sheets<br><br>(As of March 31, 2010)<br>Cash and cash accounts 3,766 million yen<br>Deposit term over three months<br>Fixed-term deposits (49)<br>Cash and cash equivalents 3,717<br><br>2 Content of important and non-fund transactions<br>Amount transferred from fixed assets to real estate held for sale due to a change in the purpose of real estate holdings:<br>2,527 million yen<br><br>Amount transferred from real estate held for sale to fixed assets due to a change in the purpose of real estate holdings:<br>840 million yen<br><br>*3 ————</td></tr>
</table>

<table>
<tr><th>Last consolidated fiscal year<br>(From April 1, 2008<br>To March 31, 2009)</th><th>Current consolidated fiscal year<br>(From April 1, 2009)<br>To March 31, 2010)</th></tr>
<tr><td>*4 Breakdown of asset and liabilities of the company which became a nonconsolidated subsidiary of Takara Leben as a result of sale of its shares.<br>Breakdown of asset of liabilities of AS Partners Co., Ltd. when it became a nonconsolidated subsidiary as a result of sale of its shares, sale prices and expense for the sale, are as follows:<br><br>(Million yen)<br>Current assets 1,111<br>Fixed assets 486<br>Current liabilities (1,195)<br>Fixed liabilities (272)<br>Minority shareholders’ equity (2)<br>Decreased amount of surplus when excluded from consolidation (122)<br>Gain from share sale 12<br>Share sales price 18<br>Cash and cash equivalents (674)<br>Expenses for sales (656)</td><td>*4 ――――</td></tr>
</table>

(Items related to Lease and other Real Estate transactions)

Current consolidated fiscal year (From April 1, 2009 to March 31, 2010)

The Company and certain of its consolidated subsidiaries own real estate for office lease (including lands) as well as condominiums for lease in Tokyo and other areas.

Gains relating to those lease properties for the current fiscal year ended March 31, 2010 was 401 million yen (lease income is recorded as net sales, major expenses relating lease operation is recorded as general sales expenses), the losses relating to the impairment losses is 825 million yen (recorded as extraordinary losses).

In addition, the amount stated in the current consolidated balance sheet, increased or decreased amounts, as well as the market value of such lease properties are, as follows:

| Amount stated in the consolidated balance sheet (million yen) | | | Market value at the end of the current consolidated fiscal year (million yen) |
|---|---|---|---|
| Balance at the end of the previous consolidated fiscal year | Increased (Decreased) amount during the current consolidated fiscal year | Balance at the end of the current consolidated fiscal year | |
| 22,447 | (2,008) | 20,439 | 22,454 |

(Notes)

1. The amount indicated in the consolidated balance sheet was calculated as the amount equivalent to the cost for acquisition deducting cumulative depreciation and amortization as well as the cumulative impairment losses.
2. Among the amount increased (decreased) for the current consolidated fiscal year, the major items increased are: acquisition of real estate (1,043 million yen), transfer from real estate for sale (840 million yen); major items decreased are: transfer to real estate for sale (2,527 million yen), depreciation and amortization (300 million yen) and impairment losses (825 million yen).
3. The market value at the end of the current consolidated fiscal year is based upon the amount appraised by outside independent real estate appraisers.

(Additional information)

“Accounting principles relating disclosure of market value of real estate held for the purpose of leasing” (Corporate Accounting Principle No. 20, November 28, 2008) as well as “Application guidelines for standards relating disclosure of market value of real estate held for the purpose of leasing” (Application Guideline for Corporate Accounting Principle No. 23, November 28, 2008) have been applied from the current consolidated fiscal year.

(Segment information)

a. Business type-specific segment information

Last consolidated fiscal year (from April 1, 2008 to March 31, 2009)

| | Real estate sales business (million yen) | Other business (million yen) | Total (million yen) | Elimination/ Company-wide (million yen) | Consolidated (million yen) |
|---|---|---|---|---|---|
| I. Net sales and operating incomes (losses) | | | | | |
| (1) Net sales to external customers | 51,495 | 6,156 | 57,652 | – | 57,652 |
| (2) Inter-segmental internal net sales / transfers | 291 | 1,276 | 1,567 | (1,567) | – |
| Total | 51,786 | 7,432 | 59,219 | (1,567) | 57,652 |
| Operating expenses | 61,562 | 6,531 | 68,093 | (1,689) | 66,403 |
| Operating income / operating loss (minus) | (9,775) | 901 | (8,874) | 122 | (8,751) |
| II. Asset, depreciation and capital expenditures | | | | | |
| Asset | 41,436 | 24,275 | 65,712 | 5,774 | 71,486 |
| Depreciation | 42 | 320 | 363 | (0) | 362 |
| Impairment losses | – | 1,773 | 1,773 | 37 | 1,810 |
| Capital expenditures | 119 | 3,657 | 3,776 | 43 | 3,819 |

(Note)1. Method of business segmentation

Segment is divided by business segment content.

2. Main content of each business segment

Real estate sales business: sale of newly built condominiums

Other business: management of condominiums, real estate rental business, nursing facility operation, etc.

3. Among the total consolidated assets, the amount included in “elimination/Company-wide” was 6,224 million yen, which was mainly consisted of surplus operation funds (cash and securities) and the assets relating to the general administrative division of the Company.

4. Change in accounting policy (current consolidated fiscal year)

As described in 4. (1) ② of “Important Items fundamental to the Consolidated Financial Statements”, starting from the current consolidated fiscal year, “Accounting Principles relating to the Assessment of Inventory Assets” (Corporate Accounting Principles No. 9, July 5, 2006) has been applied. As a result, operating losses in the real estate sales business segment shows an increase of 10,448 million yen when compared with the traditional accounting method.

Current consolidated fiscal year (from April 1, 2009 to March 31, 2010)

| | Real estate sales business (million yen) | Real estate lease business (million yen) | Real estate management business (million yen) | Other business (million yen) | Total (million yen) | Elimination/ Company-wide (million yen) | Consolidated (million yen) |
|---|---|---|---|---|---|---|---|
| I. Net sales and operating incomes (losses) | | | | | | | |
| (1) Net sales to external customers | 47,529 | 1,288 | 1,971 | 1,166 | 51,955 | – | 51,955 |
| (2) Inter-segmental internal net sales / transfers | – | 8 | 11 | 1,560 | 1,580 | (1,580) | – |
| Total | 47,529 | 1,297 | 1,983 | 2,727 | 53,536 | (1,580) | 51,955 |
| Operating expenses | 45,278 | 930 | 1,774 | 2,478 | 50,461 | (1,717) | 48,743 |
| Operating income / operating loss (minus) | 2,251 | 366 | 208 | 249 | 3,075 | 137 | 3,212 |
| II. Asset, depreciation and capital expenditures | | | | | | | |
| Asset | 27,090 | 20,720 | 210 | 1,619 | 49,642 | 4,898 | 54,540 |
| Depreciation | 50 | 300 | 3 | 10 | 364 | 5 | 369 |
| Impairment losses | – | 825 | – | – | 825 | – | 825 |
| Capital expenditures | 18 | 1,043 | 3 | 6 | 1,071 | 164 | 1,236 |

(Note)1. Method of business segmentation
Segmentation is divided by business segment content.

2. Main content of each business segment
Real estate sales business: sale of newly built condominiums
Real estate lease business: lease of office and store properties
Real estate management business: management of residential condominiums
Other business: real estate sales agent business, etc.

3. Among the total consolidated assets, the amount included in “elimination/Company-wide” was 5,449 million yen, which was mainly consisted of surplus operation funds (cash and securities) and the assets relating to the general administrative division of the Company.

4. Previously, real estate lease business and real estate management business were included in “Other business” segment, however those two have become independent segments since the current consolidated fiscal year as significance of those two were increased. As a result, operating income in the other business segment shows a decrease of 574 million yen compared with the segmentation used previously. In addition, the following table shows the segment information from the last consolidated fiscal year pursuant to the segmentation method applied from the current consolidated fiscal year.

| | Real estate sales business (million yen) | Real estate lease business (million yen) | Real estate management business (million yen) | Other business (million yen) | Total (million yen) | Elimination/ Company-wide (million yen) | Consolidated (million yen) |
|---|---|---|---|---|---|---|---|
| I. Net sales and operating incomes (losses) | | | | | | | |
| (1) Net sales to external customers | 51,495 | 1,442 | 1,792 | 2,921 | 57,652 | − | 57,652 |
| (2) Inter-segmental internal net sales / transfers | 291 | 106 | 16 | 1,152 | 1,567 | (1,567) | − |
| Total | 51,786 | 1,549 | 1,809 | 4,073 | 59,219 | (1,567) | 57,652 |
| Operating expenses | 61,562 | 1,062 | 1,631 | 3,837 | 68,093 | (1,689) | 66,403 |
| Operating income / operating loss (minus) | (9,775) | 486 | 178 | 236 | (8,874) | 122 | (8,751) |
| II. Asset, depreciation and capital expenditures | | | | | | | |
| Asset | 41,436 | 22,569 | 399 | 1,307 | 65,712 | 5,774 | 71,486 |
| Depreciation | 42 | 295 | 9 | 15 | 363 | (0) | 362 |
| Impairment losses | − | 1,773 | − | − | 1,773 | 37 | 1,810 |
| Capital expenditures | 119 | 3,625 | − | 31 | 3,776 | 43 | 3,819 |

b. Location-specific segment information

Last consolidated fiscal year (from April 1, 2008 to March 31, 2009) and
Current consolidated fiscal year (from April 1, 2009 to March 31, 2010)

Not applicable, as the Company had no consolidated subsidiaries or branches located in countries or regions outside of Japan.

c. Overseas sales

Last consolidated fiscal year (From April 1, 2008 to March 31, 2009) and
Current consolidated fiscal year (From April 1, 2009 to March 31, 2010)

Not applicable, as the Company did not have overseas sales.

(Items related to Special Purpose Corporations for Disclosure)
Last consolidated fiscal year (from April 1, 2008 to March 31, 2009)

1. Overview of special purpose corporations for disclosure and overview of transactions utilizing special purpose corporations for disclosure

In order to diversify the sources of its fund procurement and clarify project administration, the Company invests in special purpose corporations (as defined by the Law on Special Limited Liability Companies and Asset Liquidation), and three such special purpose corporations are subject to disclosure. The relevant investments are for anticipated revenues from lease income, sales of real estate acquired by special purpose corporations and sales of newly built condominiums; as of March 31, 2009, each of these businesses was progressing under expectations.

With regard to all of these special purpose corporations, neither the Company nor any of its consolidated subsidiaries has made investments with contingent voting rights, and no director or employee has been sent to these companies.

2. Transaction amounts with special purpose corporations in the current consolidated fiscal year

| | Balance at the end of the consolidated fiscal year (million yen) | Major Losses / Gains | |
|---|---|---|---|
| | | Item | Amount (million yen) |
| Contribution to capital (Note 1) | 581 | Non-operating income (Note 2) | 123 |

(Note 1) The breakdown for contribution to capital is 581 million yen in investment securities as a Tokumei Kumiai contribution to capital. A right of pledge has been set as collateral on 979 billion yen borrowed by the special purpose corporation.
(Note 2) The Company has recorded profit distribution for investments under non-operating income.

The main assets, liabilities, and total net assets (simple total) of special purpose corporations as of the most recent accounting date are as follows:
(Note 3)

| Main assets (million yen) | | Main liabilities and total net assets (million yen) | |
|---|---|---|---|
| Real estate | 1,473 | Loans payable | 1,012 |
| Other | 152 | Investment deposits payable (Note 4) | 79 |
| | | Other | 534 |
| Total | 1,625 | Total | 1,625 |

(Note 3) This does not include two special purpose corporations which have sold all of their real estate as of the end of the consolidated financial year and whose asset amounts are not material.
(Note 4) Investment deposits payable are Tokumei Kumiai investment deposits payable and include the amount of contribution from the Company. Please refer to Note 1 regarding the fiscal year-end balance.

Current consolidated fiscal year (from April 1, 2009 to March 31, 2010)

1. Overview of special purpose corporations for disclosure and overview of transactions utilizing special purpose corporations for disclosure

In order to diversify the sources of its fund procurement and clarify project administration, the Company invests in special purpose corporations (as defined by the Law on Special Limited Liability Companies and Asset Liquidation), and three such special purpose corporations are subject to disclosure. Among the three special purpose corporations, one had been liquidated upon completion of its purpose during the current consolidated financial year. In addition, the rest two of special purpose corporations are in the process of being liquidated and the process are planned to be completed during the next consolidated fiscal year.

With regard to all of these special purpose corporations, neither the Company nor any of its consolidated subsidiaries has made investments with contingent voting rights, and no director or employee has been sent to these companies.

2. Transaction amounts with special purpose corporations in the current consolidated fiscal year

| | Balance at the end of the consolidated financial year (million yen) | Major Losses / Gains | |
|---|---|---|---|
| | | Item | Amount (million yen) |
| Contribution to capital (Note 1) | 692 | Non-operating income (Note 2) | 110 |
| | | Extraordinary income (Note 3) | 232 |

(Note 1) The breakdown for contribution to capital is investment securities as a Tokumei Kumiai contribution to capital.
(Note 2) The Company has recorded profit-sharing for investments under non-operating income.
(Note 3) The Company has recorded distribution from the liquidation under extraordinary income.

The amounts of assets, liabilities and net assets (aggregates) of the respective special purpose corporation as of the most recent fiscal year end are not material and therefore were omitted.

(Per-share Information)

| Last consolidated fiscal year<br>(From April 1, 2008<br>To March 31, 2009) | Current consolidated fiscal year<br>(From April 1, 2009)<br>To March 31, 2010) |
|---|---|
| Net assets per share 387.80 yen<br>Current net loss share 753.21 yen<br>The diluted net income per share is the current net loss per share; and as there are no residual securities, they are not recorded. | Net assets per share 522.51 yen<br>Current net loss per share 135.56 yen<br>The diluted net income per share is the current net loss per share; and as there are no residual securities, they are not recorded. |

(Note) The basis for calculating current net income per share, current net loss per share and diluted net income per share is as follows:

| | Last consolidated fiscal year<br>(From April 1, 2008<br>To March 31, 2009) | Current consolidated fiscal year<br>(From April 1, 2009)<br>To March 31, 2010) |
|---|---|---|
| Current net income per share | | |
| Current net income (loss) (million yen) | (12,471) | 2,244 |
| Amount not belonging to the common stockholders (million yen) | – | – |
| Current net income (loss) relating to common stock (million yen) | (12,471) | 2,244 |
| Interim average share number (thousands of shares) | 16,557 | 16,557 |
| Diluted net income per share | | |
| Adjusted current net income (million yen) | – | – |
| Increase in common stock (thousands of shares) | – | – |
| (Subset which are convertible corporate bonds with new share subscription rights) (thousands of shares) | (–) | (–) |

Important Post Balance Sheet Events

| Last consolidated fiscal year<br>(From April 1, 2008<br>To March 31, 2009) | Current consolidated fiscal year<br>(From April 1, 2009)<br>To March 31, 2010) |
|---|---|
| ――― | Allotment of New Share Subscription Rights without Contribution (the “Free Allotment”)<br>Pursuant to the resolutions of the Board of Directors on March 5, 2010, Takara Leben Group issued new share subscription rights by means of Free Allotment. The details are set forth below:<br>1. Name of new share subscription rights<br>Takara Leben CO., LTD. New Share Subscription Rights No. 1 (the “Subscription Rights”)<br>2. Allotment method of the Subscription Rights<br>The Subscription Rights shall be allotted by the method of Free Allotment, whereby one Subscription Right is being allotted per one common share of the Company (other than the Company’s treasury shares) held by the respective shareholder that are registered or recorded in the Company’s shareholder registry as of March 31, 2010 (the “Allotment Record Date”).<br>3. Total number of the Subscription Rights<br>16,557,562<br>4. Effective Date of the Free Allotment<br>April 1, 2010<br>5. Description of the Subscription Rights<br>(1) Type and number of underlying shares of the Subscription Rights<br>One share of the common stock of the Company shall be issued for each Subscription Right.<br>(2) Amount to be paid in upon exercise of the Subscription Rights<br>300 yen shall be paid for one Subscription Right upon its exercise.<br>(3) Exercise Period of the Subscription Rights<br>The period shall be from May 6, 2010 to May 31, 2010.<br>(4) Increase in common stock and capital reserve upon exercise of Subscription Rights and issuance of new shares |

| | |
|---|---|
| | (i) The amount of capital to be increased upon exercise of Subscription Rights and issuance of new common shares shall be equivalent to one half of the maximum amount of capital increase calculated in accordance with Article 17 Section 1 of the Corporate Calculation Rules, with any fraction of less than one yen as a result of such calculation rounded up to the nearest one yen.<br>(ii) The amount of capital reserve to be increased upon exercise of the Subscription Rights and issuance of new common shares shall be the maximum amount of capital increase minus the amount of capital increased, as referred to in above (i).<br>6. Uses of proceeds<br>All of the proceeds will be used to acquire real properties including used real properties and condominiums under construction for the business of sale of newly built condominium, renewal business (resale of used condominiums) and resale business (resale of acquired condominiums) for the fiscal year ended March 31, 2011.<br>7. Listing of the Subscription rights<br>The Subscription Rights are listed on the Tokyo Stock Exchange, and may be traded in the same market.<br>Listing date: April 1, 2010<br>Last trading date: May 24, 2010<br>Delisting date: May 25, 2010 |

(Disclosure items omitted)

Among the disclosure items, lease transaction related information, financial products related information, marketable securities information, derivatives trading related information, employee retirement benefit information, deferred tax accounting information, related party transaction information are omitted in this financial release as disclosure of these information is not necessarily required.

5. Individual Financial Statements

(1) Balance sheet

(Units: million yen)

| | Last Fiscal Year (Fiscal year ended March 31, 2009) | Current Fiscal Year (Fiscal year ended March 31, 2010) |
|---|---|---|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | 3,358 | 3,005 |
| Trade accounts receivable | 39 | 32 |
| Accounts due | 1,170 | 179 |
| Marketable securities | 34 | – |
| Real estate held for sale | *1, *2 16,528 | *1, *2 5,862 |
| Real estate in progress held for sale | *1, *2 23,015 | *1 19,930 |
| Joint project investments | 275 | 100 |
| Prepaid expenses | 719 | 525 |
| Short-term loans receivable | 44 | 38 |
| Deferred tax assets | 294 | 935 |
| Other | 199 | 295 |
| Allowance for doubtful accounts | (23) | (33) |
| Total current assets | 45,657 | 30,872 |
| Fixed assets | | |
| Tangible fixed assets | | |
| Buildings | *1, *2 7,321 | *1, *2 7,312 |
| Cumulative depreciation | (1,916) | (2,086) |
| Buildings (net) | 5,405 | 5,225 |
| Structures | *1, *2 119 | *1, *2 130 |
| Cumulative depreciation | (47) | (57) |
| Structures (net) | 72 | 72 |
| Tools, instruments and fixtures | *1, *2 160 | *1, *2 180 |
| Cumulative depreciation | (141) | (137) |
| Tools, instruments and fixtures (net) | 19 | 43 |
| Land | *1, *2 16,203 | *1, *2 14,794 |
| Lease assets | 3 | 3 |
| Cumulative depreciation | (0) | (1) |
| Lease assets(net) | 2 | 2 |
| Construction in progress | *1 251 | *1 19 |
| Total tangible fixed assets | 21,954 | 20,157 |
| Intangible fixed assets | | |
| Land lease rights | *1, *2 224 | *1 224 |
| Software | 17 | 30 |
| Lease assets | 73 | 57 |
| Software suspense account | 65 | 161 |
| Total intangible fixed assets | 380 | 473 |
| Investments and other assets | | |
| Investment securities | *1 725 | 122 |

(Units: million yen)

| | Last Fiscal Year (Fiscal year ended March 31, 2009) | Current Fiscal Year (Fiscal year ended March 31, 2010) |
|---|---|---|
| Affiliate companies' shares | 82 | *1 82 |
| Contribution to capital | 11 | 5 |
| Membership | 14 | 14 |
| Security deposits and guarantee deposits | 363 | 225 |
| Long-term loans | 98 | 235 |
| Long-term accounts receivable | 274 | 243 |
| Deferred tax assets | 43 | – |
| Other | 24 | 26 |
| Allowance for doubtful accounts | (281) | (303) |
| Total investments and other assets | 1,356 | 650 |
| Total fixed assets | 23,692 | 21,281 |
| Total assets | 69,349 | 52,154 |
| Liabilities | | |
| Current liabilities | | |
| Notes payable | *1 1,251 | 1,327 |
| Accounts payable | *1 8,377 | *1 1,511 |
| Short-term borrowings | *1 12,147 | *1 5,205 |
| Long-term debt due within one year | *1 24,041 | *1 18,860 |
| Lease obligations | 17 | 17 |
| Payments due | 574 | 524 |
| Accrued expenses | 73 | 59 |
| Income taxes payable | 10 | 7 |
| Advances | 1,258 | 742 |
| Deposits payable | 148 | 69 |
| Revenue received in advance | 30 | 17 |
| Reserve for bonuses | 110 | 83 |
| Other | 0 | 228 |
| Total current liabilities | 48,041 | 28,654 |
| Fixed liabilities | | |
| Long-term borrowings | *1 14,908 | *1 15,196 |
| Security deposits and guarantee deposits | 696 | 707 |
| Lease obligations | 62 | 45 |
| Reserve for employees' retirement benefits | 90 | 85 |
| Reserve for directors' retirement benefits | 57 | 35 |
| Other | 6 | 5 |
| Total fixed liabilities | 15,821 | 16,075 |
| Total liabilities | 63,862 | 44,730 |

(Units: million yen)

| | Last Fiscal Year (Fiscal year ended March 31, 2009) | Current Fiscal Year (Fiscal year ended March 31, 2010) |
|---|---|---|
| Net assets | | |
| Shareholders' capital | | |
| Capital | 2,442 | 2,442 |
| Additional paid-in capital | | |
| Capital surplus reserve | 2,440 | 2,440 |
| Other Additional paid-in capital | 132 | 132 |
| Total additional paid-in capital | 2,572 | 2,572 |
| Retained earnings | | |
| Earned surplus reserve | 92 | 92 |
| Other Retained earnings | | |
| Contingent reserves | 12,700 | 1,681 |
| Earned surplus carried forward | (11,018) | 1,950 |
| Total retained earnings | 1,773 | 3,724 |
| Treasury stock | (1,295) | (1,295) |
| Total shareholders' capital | 5,494 | 7,444 |
| Valuation and conversion adjustments | | |
| Net unrealized holding gains on other securities | (7) | (21) |
| Total valuation and conversion adjustments | (7) | (21) |
| Total net assets | 5,487 | 7,423 |
| Total liabilities and net assets | 69,349 | 52,154 |

(2) Earnings Statement

(Units: million yen)

| | Last Fiscal Year (From April 1, 2008 To March 31, 2009) | Current Fiscal Year (From April 1, 2009 To March 31, 2010) |
|---|---|---|
| Net sales | | |
| Real estate net sales | 50,885 | 47,515 |
| Income from real estate lease | 1,425 | 1,061 |
| Other income | 77 | 115 |
| Total net sales | 52,388 | 48,691 |
| Cost of sales | | |
| Real estate cost of sales | *1 51,896 | *1 38,569 |
| Real estate leasing costs | 956 | 709 |
| Total cost of sales | 52,852 | 39,279 |
| Gross profit / gross loss on sales (minus) | (464) | 9,412 |
| Selling and general administrative expenses | *2 8,828 | *2 6,692 |
| Operating income / operating loss (minus) | (9,292) | 2,720 |
| Non-operating income | | |
| Interest income | 5 | 19 |
| Dividend income | 8 | 5 |
| Commissions received | 62 | 86 |
| Dividends on Tokumei Kumiai | 123 | 110 |
| Personnel transfer expenses | 33 | 23 |
| Miscellaneous income | 26 | 59 |
| Total non-operating income | 259 | 304 |
| Non-operating expenses | | |
| Interest paid | 1,209 | 1,076 |
| Miscellaneous losses | 69 | 49 |
| Total non-operating expenses | 1,278 | 1,126 |
| Ordinary income / ordinary loss (minus) | (10,311) | 1,898 |
| Extraordinary gains | | |
| Reverse from loan reserves | – | 43 |
| Reverse from bonus reserve | – | 27 |
| Gain on sale of investment securities | 50 | 1 |
| Gain on sale of stock of affiliated companies | 6 | – |
| Gain on liquidation of Tokumei Kumiai | – | *3 232 |
| Reversal of reserve for directors' bonuses | 14 | – |
| Total extraordinary gains | 71 | 304 |

(Units: million yen)

| | Last Fiscal Year (From April 1, 2008 To March 31, 2009) | Current Fiscal Year (From April 1, 2009) To March 31, 2010) |
|---|---|---|
| Extraordinary losses | | |
| Loss on disposal of fixed assets | *4 6 | *4 25 |
| Investment securities valuation losses | 73 | – |
| Valuation loss on affiliate companies' shares | 100 | – |
| Evaluation loss on contributions | – | 2 |
| Office relocation expenses | – | 8 |
| Loss on sale of investment securities | 8 | – |
| Impairment loss | *5 1,810 | *4 825 |
| Other | 5 | – |
| Total extraordinary losses | 2,005 | 862 |
| Current net profit / loss before taxes (minus) | (12,245) | 1,341 |
| Corporate, residential and business taxes | 3 | 2 |
| Corporate tax refunds | – | (9) |
| Corporate tax adjustments | 568 | (603) |
| Total corporate tax | 572 | (609) |
| Current net income / current net loss (minus) | (12,817) | 1,950 |

Cost of Sales Statement

1. Real Estate Cost of Sale

| | | Last Fiscal Year (From April 1, 2008 To March 31, 2009) | | Current Fiscal Year (From April 1, 2009) To March 31, 2010) | |
|---|---|---|---|---|---|
| Segment | Note No. | Amount (million yen) | Composition ratio (%) | Amount (million yen) | Composition ratio (%) |
| Land purchase cost | | 26,013 | 50.1 | 10,030 | 26.0 |
| Outsourced construction | | 25,076 | 48.3 | 27,614 | 71.6 |
| Other cost | | 805 | 1.6 | 924 | 2.4 |
| Real Estate Cost of Sale | | 51,896 | 100.0 | 38,569 | 100.0 |

(Note) 1. The method for cost accounting is based on individual cost accounting.
2. The land purchase cost for the last fiscal year includes inventory evaluation loss of 10,448 million yen.
3. The land purchase cost for the current fiscal year includes inventory evaluation loss of (3,448) million yen.

2. Real estate leasing costs

| | | Last Fiscal Year (From April 1, 2008 To March 31, 2009) | | Current Fiscal Year (From April 1, 2009) To March 31, 2010) | |
|---|---|---|---|---|---|
| Segment | Note No. | Amount (million yen) | Composition ratio (%) | Amount (million yen) | Composition ratio (%) |
| Taxes and public charges | | 180 | 18.8 | 124 | 17.5 |
| Depreciation and amortization | | 293 | 30.7 | 295 | 41.6 |
| Administrative and maintenance expenses | | 482 | 50.5 | 290 | 40.9 |
| Real estate leasing costs | | 956 | 100.0 | 956 | 100.0 |

(3) Statements of Shareholders' Equity

(Units: million yen)

| | Last Fiscal Year (From April 1, 2008 To March 31, 2009) | Current Fiscal Year (From April 1, 2009) To March 31, 2010) |
|---|---|---|
| Shareholders' capital | | |
| Capital | | |
| Ending balance for last fiscal year | 2,442 | 2,442 |
| Changes for the current fiscal year | | |
| Total changes for the current fiscal year | – | – |
| Ending balance for the current fiscal year | 2,442 | 2,442 |
| Additional paid-in capital | | |
| Capital surplus reserve | | |
| Ending balance for last fiscal year | 2,440 | 2,440 |
| Changes for the current fiscal year | | |
| Total changes for the current fiscal year | – | – |
| Ending balance for the current fiscal year | 2,440 | 2,440 |
| Other additional paid-in capital | | |
| Ending balance for last fiscal year | 132 | 132 |
| Changes for the current fiscal year | | |
| Total changes for the current fiscal year | – | – |
| Ending balance for the current fiscal year | 132 | 132 |
| Total additional paid-in capital | | |
| Ending balance for last fiscal year | 2,572 | 2,572 |
| Changes for the current fiscal year | | |
| Total changes for the current fiscal year | – | – |
| Ending balance for the current fiscal year | 2,572 | 2,572 |
| Retained earnings | | |
| Earned surplus reserve | | |
| Ending balance for last fiscal year | 92 | 92 |
| Changes for the current fiscal year | | |
| Total changes for the current fiscal year | – | – |
| Ending balance for the current fiscal year | 92 | 92 |
| Other retained earnings | | |
| Contingent reserves | | |
| Ending balance for last fiscal year | 10,250 | 10,700 |
| Changes for the current fiscal year | | |
| Funding for contingent reserves | 2,450 | – |
| Withdrawal from contingent reserves | – | (11,018) |
| Total changes for the current fiscal year | 2,450 | (11,018) |
| Ending balance for the current fiscal year | 12,700 | 1,681 |
| Earned surplus carried forward | | |
| Ending balance for last fiscal year | 4,646 | (11,018) |
| Changes for the current fiscal year | | |
| Funding for contingent reserves | (2,450) | – |

(Units: million yen)

| | Last Fiscal Year (From April 1, 2008 To March 31, 2009) | Current Fiscal Year (From April 1, 2009 To March 31, 2010) |
|---|---|---|
| Withdrawal from contingent reserves | – | 11,018 |
| Distribution of retained earnings | (397) | – |
| Current net income / current net loss (minus) | (12,817) | 1,950 |
| Total changes for the current fiscal period | (15,665) | 12,969 |
| Ending balance for the current fiscal year | (11,018) | 1,950 |
| Total retained earnings | | |
| Ending balance for last fiscal year | 14,988 | 1,773 |
| Changes for the current fiscal year | | |
| Funding for contingent reserves | – | – |
| Distribution of retained earnings | (397) | – |
| Current net income / current net loss (minus) | (12,817) | 1,950 |
| Total changes for the current fiscal year | (13,215) | 1,950 |
| Ending balance for the current fiscal year | 1,773 | 3,724 |
| Treasury stock | | |
| Ending balance for last fiscal year | (1,294) | (1,295) |
| Changes for the current fiscal year | | |
| Acquisition of treasury stock | (0) | (0) |
| Total changes for the current fiscal year | (0) | (0) |
| Ending balance for the current fiscal year | (1,295) | (1,295) |
| Total shareholders' capital | | |
| Ending balance for last fiscal year | 18,709 | 5,494 |
| Changes for the current fiscal year | | |
| Distribution of retained earnings | (397) | – |
| Current net income / current net loss (minus) | (12,817) | 1,950 |
| Acquisition of treasury stock | (0) | (0) |
| Total changes for the current fiscal year | (13,215) | 1,950 |
| Ending balance for the current fiscal year | 5,494 | 7,444 |
| Valuation and conversion adjustments | | |
| Net unrealized holding gains on other securities | | |
| Ending balance for last fiscal year | 48 | (7) |
| Changes for the current fiscal year | | |
| Net change in items other than shareholders' capital for the current fiscal year | (56) | (14) |
| Total changes for the current fiscal year | (56) | (14) |
| Ending balance for the current fiscal year | (7) | (21) |
| Total valuation and conversion adjustments | | |
| Ending balance for last fiscal year | 48 | (7) |
| Changes for the current fiscal year | | |
| Net change in items other than shareholders' capital for the current fiscal year | (56) | (14) |
| Total changes for the current fiscal year | (56) | (14) |
| Ending balance for the current fiscal year | (7) | (21) |

(Units: million yen)

| | Last Fiscal Year (From April 1, 2008 To March 31, 2009) | Current Fiscal Year (From April 1, 2009 To March 31, 2010) |
|---|---|---|
| Total net assets | | |
| Ending balance for last fiscal year | 18,758 | 5,487 |
| Changes for the current fiscal year | | |
| Distribution of retained earnings | (397) | – |
| Current net income / current net loss (minus) | (12,817) | 1,950 |
| Acquisition of treasury stock | (0) | (0) |
| Net change in items other than shareholders' capital for the current fiscal year | (56) | (14) |
| Total changes for the current fiscal year | (13,271) | 1,936 |
| Ending balance for the current fiscal year | 5,487 | 7,423 |

Notes Regarding the Going Concern of the Company

Not applicable.

Significant Accounting Policies

| Item | Last fiscal year<br>(From April 1, 2008<br>To March 31, 2009) | Current fiscal year<br>(From April 1, 2009)<br>To March 31, 2010) |
|---|---|---|
| 1. Assessment standards and methods for marketable securities | (1) Bonds held to maturity<br>Amortized cost method (straight-line method)<br>(2) Equities of the subsidiaries and affiliates<br>Cost method based on the moving average method<br>(3) Other marketable securities<br>Those at market value:<br>Market value method based on market value at date of accounting (valuation difference is reported as a component of net assets, and the cost of securities sold is calculated using the moving average method)<br>Those not at market value:<br>Cost method based on the moving average method, *provided however,* that Tokumei Kumiai contributions to capital are based on the specific cost method; details are given in "6. Important items related to the creation of other financial statements, (ii) Accounting procedures for Tokumei Kumiai contributions to capital". | (1) Bonds held to maturity<br>Same as in the left column.<br>(2) Equities of the subsidiaries and affiliates<br>Same as in the left column.<br>(3) Other marketable securities<br>Those at market value<br>Same as in the left column.<br>Those not at market value<br>Same as in the left column. |
| 2. Assessment standards and methods for inventories | Cost method based on specific cost method (Balance sheet amounts are calculated according to a write-down method based on decreased profitability)<br><br>(Change in accounting policy)<br>From the current fiscal year, "Accounting Principles relating to the Assessment of Inventory Assets" (Corporate Accounting Principles No. 9, July 5, 2006) is applied.<br>As a result, each of operating losses, ordinary losses and current net losses before tax adjustments has shown an increase of 10,448 million yen. | Cost method based on specific cost method (Balance sheet amounts are calculated according to a write-down method based on decreased profitability) |

<table>
<tr><th>Item</th><th>Last fiscal year<br>(From April 1, 2008<br>To March 31, 2009)</th><th>Current fiscal year<br>(From April 1, 2009)<br>To March 31, 2010)</th></tr>
<tr><td>3. Depreciation method for fixed assets</td><td>(1) Tangible fixed assets (excluding lease assets)<br>(i) Buildings<br>The declining balance method is applied for headquarters, offices and other buildings.<br>Durability and residual value are determined pursuant to the standards stipulated in the corporation tax law.<br>However, the straight-line method is used for buildings (excluding fixtures) acquired after April 1, 1998.<br>With respect to the rental buildings, in order to logically accommodate the profits, an estimate of economically usable period is set and a straight-line method based upon individual durability is applied. The individual durability for rental buildings is shown below:
<table>
<tr><th></th><th>Individual durability (Years)</th></tr>
<tr><td>Reinforced concrete buildings</td><td>40</td></tr>
<tr><td>Steel-frame buildings</td><td>30</td></tr>
<tr><td>Wood buildings</td><td>15</td></tr>
<tr><td>Attached structures</td><td>15</td></tr>
</table>
(ii) Tangible fixed assets other than those given above<br>The declining balance method is applied.<br>Durability and residual value are determined pursuant to standards stipulated in the corporation tax law.<br>(2) Intangible fixed assets (excluding lease assets)<br>A straight-line method based on the expected usable period (five years) has been applied for all software used.<br>(3) Lease assets<br>Lease assets related to finance and lease transactions not involving transfer of ownership<br>A straight-line method was applied where the lease term was set as the durability and the residual value was set as zero.<br>Amongst finance and lease transactions not involving transfer of ownership, those lease transactions starting prior to March 31, 2008 follow accounting procedures based on methods for normal lease transactions</td><td>(1) Tangible fixed assets (excluding lease assets)<br>(i) Buildings<br>Same as in the left column.<br>(ii) Tangible fixed assets other than those given above<br>Same as in the left column.<br>(2) Intangible fixed assets (excluding lease assets)<br>Same as in the left column.<br>(3) Lease assets<br>Same as in the left column.</td></tr>
</table>

| Item | Last fiscal year<br>(From April 1, 2008<br>To March 31, 2009) | Current fiscal year<br>(From April 1, 2009)<br>To March 31, 2010) |
|---|---|---|
| 4. Standards for recording important allowances | (1) Allowance for doubtful accounts<br>In order to provide allowances for loss resulting from bad debt, the loan loss ratio is used for general debt, and specified claims, such as claims with default possibility, have their recoverability evaluated individually and the expected irrecoverable amount is recorded.<br>(2) Reserve for bonuses<br>The expected amount of future payments for employee bonuses is recorded as an expense in the current fiscal year.<br>(3) Reserve for directors' bonuses<br>The expected amount of future payments for directors' bonuses is recorded as an expense in the current fiscal year.<br>(4) Reserve for employees' retirement benefits<br>Recording reserve for employees' retirement benefits are based on the retirement allowance at the end of the current consolidated fiscal year.<br>(5) Reserve for directors' retirement benefits<br>Director retirement benefits are based on internal regulations which govern such benefits and are recorded as a necessary payment at the end of the current fiscal year. | (1) Allowance for doubtful accounts<br>Same as in the left column.<br>(2) Reserve for bonuses<br>Same as in the left column.<br>(3) Reserve for directors' bonuses<br>Same as in the left column.<br>(4) Reserve for employees' retirement benefits<br>Same as in the left column.<br>(5) Reserve for directors' retirement benefits<br>Same as in the left column. |
| 5. Important items related to the creation of other financial statements | (1) Accounting procedures for consumption taxes<br>Accounting procedures for national and local consumption taxes are based on the tax excluded method. Also, consumption taxes not eligible for asset-related deduction are treated as period costs for the consolidated fiscal year in which they occur.<br>(ii) Accounting procedures for Tokumei Kumiai contributions to capital<br>With regard to Tokumei Kumiai contributions to capital, the amount of equity for the assets of Tokumei Kumiai is recorded as "investment securities". When capital injections are made to Tokumei Kumiai, it is recorded as an "investment security" and the equity-equivalent of net profit or loss for the Tokumei Kumiai is recorded as "Tokumei Kumiai allocated profit/loss" and "investment securities" are adjusted by an equivalent amount; repayment of contributions to capital from the manager is deducted from "investment securities". | (1) Accounting procedures for consumption taxes<br>Same as in the left column.<br>(2) Accounting procedures for Tokumei Kumiai contributions to capital<br>Same as in the left column. |

Changes to important items fundamental to financial statement preparation

| Last fiscal year<br>(From April 1, 2008<br>To March 31, 2009) | Current fiscal year<br>(From April 1, 2009)<br>To March 31, 2010) |
|---|---|
| (Accounting Principles for Lease Transactions)<br>Finance and lease transactions not involving transfer of ownership have traditionally depended upon lease transaction-based accounting methods; however, from the current fiscal year, "Accounting Principles for Lease Transactions" (Accounting Standards No. 13 (June 17, 1993 (First Session of the Business Accounting Council), amended March 30, 2007)) and "Application Guidelines for Lease Transaction Accounting Principles" (Application Guidelines for Accounting Standards No. 16 (January 18, 1994 (Accounting System Committee of the Japanese Institute of Certified Public Accountants), amended March 30, 2007)) are applied and will depend upon normal sales transaction-based accounting methods.<br>For finance and lease transactions not involving transfer of ownership starting prior to these changes in accounting methods, normal lease transaction-based accounting methods will continue to apply.<br>The effect on profit and loss of these changes for the current fiscal year is minor. | ――― |

Changes to Display Methods

| Last fiscal year<br>(From April 1, 2008<br>To March 31, 2009) | Current fiscal year<br>(From April 1, 2009<br>To March 31, 2010) |
|---|---|
| ――― | ――― |

Notes

(Items Related to Balance Sheets)

## Last fiscal year (Fiscal year ended March 31, 2009)

*1 Assets pledged as collateral and the corresponding liabilities are shown below.

(1) Assets pledged as collateral

| | |
|---|---|
| Real estate held for sale | 14,590 million yen |
| Real estate in progress held for sale | 22,156 |
| Buildings | 5,363 |
| Structures | 65 |
| Tools, instruments and fixtures | 1 |
| Land | 16,187 |
| Construction in progress | 251 |
| Land lease rights | 224 |
| Total | 58,840 |

(2) Liabilities corresponding to the above

| | |
|---|---|
| Short-term borrowings | 11,711 million yen |
| Long-term debt due within one year | 23,974 |
| Long-term borrowings | 14,536 |
| Notes | 1,500 |
| Accounts payable | 7,575 |
| Total | 59,299 |

(3) In addition to the above, a right of pledge has been established on a 581 million yen Tokumei Kumiai contribution to capital (investments and other assets, "Investment Securities") as collateral of 979 million yen debt borrowed by the Triumph Assets 2 Ltd., a special purpose corporation.

*2 In line with the decision to shift from development and leasing to resale for some properties, 423 million yen for buildings, 1 million yen for structures, 0 million yen for tools, instruments and fixtures, 1,077 million yen for land, and 237 million yen for land lease rights has been transferred to real estate held for sale during the current fiscal year.

In addition, in line with the decision to shift from resale to development and leasing for some properties, 714 million yen for real estate held in progress for sale and 63 million yen for real estate held for sale has been transferred to the 299 million yen for buildings and 478 million yen for land during this fiscal year.

*3 Contingent liabilities

Guarantee of liabilities has been made by the following affiliates for borrowings from financial institutions:

| | | |
|---|---|---|
| Joint and several guarantees and liabilities towards financial institutions until registration of settlement of mortgage is completed | 4,135 | million yen |
| TAFUKO Co., Ltd. | 701 | |
| AS PARTNERS Co., Ltd. | 164 | |
| Aruka Co., Ltd. | 35 | |
| Total | 5,037 | |

## Current fiscal year (Fiscal year ended March 31, 2010)

*1 Assets pledged as collateral and the corresponding liabilities are shown below.

(1) Assets pledged as collateral

| | |
|---|---|
| Real estate held for sale | 5,467 million yen |
| Real estate in progress held for sale | 18,355 |
| Buildings | 5,205 |
| Structures | 66 |
| Tools, instruments and fixtures | 0 |
| Land | 14,753 |
| Construction in progress | 19 |
| Intangible fixed assets (land lease rights) | 224 |
| Affiliates equities | 30 |
| Total | 44,123 |

(2) Liabilities corresponding to the above

| | |
|---|---|
| Short-term borrowings | 5,205 million yen |
| Long-term debt due within one year | 18,378 |
| Long-term borrowings | 14,936 |
| Accounts payable | 768 |
| Total | 39,289 |

(3) ―――――

*2 In line with the decision to shift from development and leasing to resale for some properties, 1,204 million yen for buildings, 45 million yen for structures, 0 million yen for tools, instruments and fixtures and 1,262 million yen for land has been transferred to real estate held for sale during the current fiscal year.

In addition, in line with the decision to shift from resale to development and leasing for some properties, 840 million yen for real estate held for sale has been transferred to the 299 million yen for buildings, 10 million yen for structures and 530 million yen for land during the current fiscal year.

*3 Contingent liabilities

Guarantee of liabilities has been made by the following affiliates for borrowings from financial institutions:

| | | |
|---|---|---|
| Joint and several guarantees and liabilities towards financial institutions until registration of settlement of mortgage is completed | 1,214 | million yen |
| TAFUKO Co., Ltd. | 608 | |
| Marunouchi Servicer Co.,Ltd. | 42 | |
| AS PARTNERS Co., Ltd. | 154 | |
| Aruka Co., Ltd. | 41 | |
| Total | 2,060 | |

| Last fiscal year (Fiscal year ending March 31, 2009) | Current fiscal year (Fiscal year ending March 31, 2010) |
|---|---|
| *4 Takara Leben Group has reached account overdraft agreements and lending commitment agreements with 8 financing banks in order to efficiently procure operating capital. Based on these agreements, the unexercised loan balance for the end of the current fiscal year is as follows.<br><br>Total amount of account overdraft maximum and lending commitment 8,239 million yen<br>Exercised loan balance 4,207<br>difference 4,032 | *4 Takara Leben Group has reached account overdraft agreements and lending commitment agreements with 8 financing banks in order to efficiently procure operating capital. Based on these agreements, the unexercised loan balance for the end of the current fiscal year is as follows.<br><br>Total amount of account overdraft maximum and lending commitment 7,234 million yen<br>Exercised loan balance 4,567<br>difference 2,666 |

(Items related to Income Statements)

| Last fiscal year (From April 1, 2008 to March 31 2009) | Current fiscal year (From April 2009 to March 31, 2010) |
|---|---|
| *1 The real estate for sale and real estate in progress for sale at the end of fiscal year indicate the post-write-down amounts due to decrease in profitability, and the following inventory asset valuation losses are included in the cost of sales:<br>10,448 million yen | *1 The real estate for sale and real estate in progress for sale at the end of fiscal year indicate the post-write-down amounts due to decrease in profitability, and the following inventory asset valuation losses are included in the cost of sales:<br>(3,448) million yen |
| *2 Major expenses and amounts for selling and general administrative expenses are given below.<br>Advertising expenses 2,788 million yen<br>Sales commissions 473<br>Sales promotion expenses 1,972<br>Remuneration for sales representatives 8<br>Salaries 1,005<br>Miscellaneous salaries 24<br>Provision for employees' bonuses 170<br>Employee retirement benefit costs 25<br>Depreciation and amortization 42<br>Provision for directors' retirement benefit 7<br>Taxes and public charges 292<br>Transfer to loan reserve 289<br><br>The general percentage of costs belonging to sales expenses is 59%; the general percentage of costs belonging to general administrative expenses is 41%. | *2 Major expenses and amounts for selling and general administrative expenses are given below.<br>Advertising expenses 1,709 million yen<br>Sales commissions 436<br>Sales promotion expenses 1,909<br>Salaries 909<br>Provision for employees' bonuses 115<br>Employee retirement benefit costs 15<br>Provision for directors' bonuses 32<br>Depreciation and amortization 50<br>Provision for directors' retirement benefits 4<br>Transfer to loan reserve 75<br><br>The general percentage of costs belonging to sales expenses is 61%; the general percentage of costs belonging to general administrative expenses is 39% |
| *3 ———— | *3 Gain on liquidation of Tokumei Kumiai was profit distribution upon cease of the project for Triumph Assets 2, Ltd., a special purpose company. |
| *4 The breakdown for loss on disposal of fixed assets is below.<br>Buildings and structures 4 million yen<br>Tools, instruments and fixtures 2<br>Total 6 | *4 The breakdown for loss on disposal of fixed assets is below.<br>Buildings and structures 24 million yen<br>Tools, instruments and fixtures 1<br>Total 25 |

| Last fiscal year (From April 1, 2008 to March 31 2009) | Current fiscal year (From April 2009 to March 31, 2010) |
|---|---|

**Last fiscal year (From April 1, 2008 to March 31 2009)**

*5 Impairment loss

Due to the drop in market value for rental properties and unutilized assets during the current fiscal year, the Company has recorded the following assets and asset groups as impairment losses (1,810 million yen).

| Use | Type | Location | Amount (million yen) |
|---|---|---|---|
| Commercial-use assets | Land, buildings | Nishi Ward, Saitama City, Saitama Prefecture | 13 |
| Rest facilities | Land, buildings, tools, instruments and fixtures | Atami City, Shizuoka Prefecture | 11 |
| Unutilized assets | Land | Nishi Ward, Saitama City, Saitama Prefecture | 1 |
| | Land | Chuo Ward, Tokyo | 369 |
| | Land | Matsudo City, Chiba Prefecture | 84 |
| | Land | Chiyoda Ward, Tokyo | 149 |
| | Land, buildings, tools, instruments and fixtures | Oyama City, Tochigi Prefecture | 8 |
| | Land | Midori Ward, Saitama City, Saitama Prefecture | 18 |
| | Land | Hakone Town, Ashigarashimo District, Kanagawa Prefecture | 12 |
| | Land | Koga City, Ibaraki Prefecture | 10 |
| | Land | Kamisato Town, Kodama District, Saitama Prefecture | 5 |
| | Land, buildings | Itabashi Ward, Tokyo | 39 |
| Rental properties | Land, buildings | Suginami Ward, Tokyo | 30 |
| | Land, buildings, tools, instruments and fixtures | Koshigaya City, Saitama Prefecture | 25 |
| | Land, buildings | Toshima Ward, Tokyo | 97 |
| | Land, buildings | Ota Ward, Tokyo | 26 |
| | Land | Kawaguchi City, Saitama Prefecture | 318 |
| | Land, buildings | Kuki City, Saitama Prefecture | 35 |
| | Land, buildings | Matsudo City, Chiba Prefecture | 13 |
| | Land, buildings | Nishi Ward, Saitama City, Saitama Prefecture | 4 |
| | Land, buildings | Nerima Ward, Tokyo | 190 |
| | Land, buildings | Tsukuba City, Ibaraki Prefecture | 140 |
| | Land, buildings | Kawasaki City, Kanagawa Prefecture | 205 |
| TOTAL | | | 1,810 |

**Current fiscal year (From April 2009 to March 31, 2010)**

*5 Impairment loss

Due to the drop in market value for rental properties and unutilized assets during the current fiscal year, the Company has recorded the following assets and asset groups as impairment losses (825 million yen).

| Use | Type | Location | Amount (million yen) |
|---|---|---|---|
| Unutilized properties | Land | Nishi Ward, Saitama City, Saitama Prefecture | 1 |
| | Land | Midori Ward, Saitama City, Saitama Prefecture | 14 |
| | Land | Miyoshi-cho, Iruma-Gun, Saitama Prefecture | 2 |
| | Land | Koga City, Ibaraki Prefecture | 0 |
| | Land, buildings, tools, instruments and fixtures | Oyama City, Tochigi Prefecture | 9 |
| | Land | Hakone Town, Ashigarashimo District, Kanagawa Prefecture | 0 |
| Rental properties | Land, buildings, tools, instruments and fixtures | Kawagoe City, Saitama Prefecture | 4 |
| | Land, buildings | Tsukuba City, Ibaraki Prefecture | 15 |
| | Land, buildings | Hayama-cho, Miura-Gun, Kanagawa Prefecture | 4 |
| | Land, buildings | Kawasaki City, Kanagawa Prefecture | 39 |
| | Land, buildings | Yokohama City, Kanagawa Prefecture | 371 |
| | Land, buildings | Chiyoda Ward, Tokyo | 190 |
| | Land | Chuo Ward, Tokyo | 170 |
| TOTAL | | | 825 |

| Last fiscal year<br>(From April 1, 2008<br>to March 31 2009) | Current fiscal year<br>(From April 2009<br>to March 31, 2010) |
|---|---|
| When broken down, buildings accounts for 291 million yen; structures account for 11 million yen, tools, instruments and fixtures account for 0 million yen; and land accounts for 1,507 million yen.<br>As a rule, the Company groups commercial-use assets are grouped according to business type.<br>However, rental properties and unutilized assets are grouped per property units.<br>The recoverable amount is determined according to net sale value and utility value; net sale value is assessed based on the appraisal value, etc. of a real estate appraiser; and utility value is calculated at 6% less of future cash flow. | When broken down, buildings accounts for 139 million yen; structures account for 0 million yen, tools, instruments and fixtures account for 0 million yen; and land accounts for 685 million yen.<br>The rental properties and unutilized assets are grouped per property units by the Company.<br>The recoverable amount is determined according to net sale value and utility value; net sale value is assessed based on the appraisal value, etc. of a real estate appraiser; and utility value is calculated at 6% less of future cash flow. |

(Items relating to Statements of Changes in Shareholders' Equity)

Last Fiscal Year (from April 1, 2008 to March 31, 2009)

Items related to Type and Number of Shares of Treasury Stock

| | Number of Shares at end of Last Fiscal Year (shares) | Increased Number of Shares for Current Fiscal Year (shares) | Decreased Number of Shares for Current Fiscal Year (shares) | Number of Shares at End of Current Fiscal Year (shares) |
|---|---|---|---|---|
| Common stock (note) | 982,642 | 40 | − | 982,682 |
| Total | 982,642 | 40 | − | 982,682 |

(Note) The 40 share increase for common treasury stock is the result of purchase of fractional shares.

Current Fiscal Year (From April 1, 2009 to March 31, 2010)

Items related to Type and Number of Shares of Treasury Stock

| | Number of Shares at end of Last Fiscal Year (shares) | Increased Number of Shares for Current Fiscal Year (shares) | Decreased Number of Shares for Current Fiscal Year (shares) | Number of Shares at End of Current Fiscal Year (shares) |
|---|---|---|---|---|
| Common stock (note) | 982,682 | 89 | − | 982,771 |
| Total | 982,682 | 89 | − | 982,771 |

(Note) The 89 share increase for common treasury stock is a result of purchases of fractional shares.

(Per-share Information)

| Last fiscal year (From April 1, 2008 To March 31, 2009) | Current fiscal year (From April 1, 2009) To March 31, 2010) |
|---|---|
| Net assets per share 331.40 yen<br>Current net loss share 774.13 yen<br>The diluted net income per share is the current net loss per share; and as there are no residual securities, they are not recorded. | Net assets per share 448.36 yen<br>Current net loss per share 117.81 yen<br>The diluted net income per share is the current net loss per share; and as there are no residual securities, they are not recorded. |

(Note) The basis for calculating current net income per share, current net loss per share and diluted net income per share is as follows:

| | Last fiscal year (From April 1, 2008 To March 31, 2009) | Current fiscal year (From April 1, 2009) To March 31, 2010) |
|---|---|---|
| Current net income per share | | |
| Current net income (loss) (million yen) | (12,817) | 1,950 |
| Amount not belonging to the common stockholders (million yen) | − | − |
| Current net income (loss) relating to common stock (million yen) | (12,817) | 1,950 |
| Interim average share number (thousands of shares) | 16,557 | 16,557 |
| Diluted net income per share | | |
| Adjusted current net income (million yen) | − | − |
| Increase in common stock (thousands of shares) | − | − |
| (Subset which are convertible corporate bonds with new share subscription rights) (thousands of shares) | (−) | (−) |

Important Post Balance Sheet Events

| Last fiscal year<br>(From April 1, 2008<br>To March 31, 2009) | Current fiscal year<br>(From April 1, 2009)<br>To March 31, 2010) |
|---|---|
| ――――― | Allotment of New Share Subscription Rights without Contribution (the "Free Allotment")<br>Pursuant to the resolutions of the Board of Directors on March 5, 2010, Takara Leben Group issued new share subscription rights by means of Free Allotment. The details are set forth below:<br>1. Name of new share subscription rights<br>Takara Leben CO., LTD. New Share Subscription Rights No. 1 (the "Subscription Rights")<br>2. Allotment method of the Subscription Rights<br>The Subscription Rights shall be allotted by the method of Free Allotment, whereby one Subscription Right is being allotted per one common share of the Company (other than the Company's treasury shares) held by the respective shareholder that are registered or recorded in the Company's shareholder registry as of March 31, 2010 (the "Allotment Record Date").<br>3. Total number of the Subscription Rights<br>16,557,562<br>4. Effective Date of the Free Allotment<br>April 1, 2010<br>5. Description of the Subscription Rights<br>(1) Type and number of underlying shares of the Subscription Rights<br>One share of the common stock of the Company shall be issued for each Subscription Right.<br>(2) Amount to be paid in upon exercise of the Subscription Rights<br>300 yen shall be paid for one Subscription Right upon its exercise.<br>(3) Exercise Period of the Subscription Rights<br>The period shall be from May 6, 2010 to May 31, 2010.<br>(4) Increase in common stock and capital reserve upon exercise of Subscription Rights and issuance of new shares<br>(i) The amount of capital to be increased upon exercise of Subscription Rights and issuance of new common shares shall be equivalent to one half of the maximum amount of capital increase calculated in accordance with Article 17 Section 1 of the Corporate Calculation Rules, with any fraction of less than one yen as a result of such calculation rounded up to the nearest one yen.<br>(ii) The amount of capital reserve to be increased upon exercise of the Subscription Rights and issuance of new common shares shall be the maximum amount of capital increase minus the amount of capital increased, as referred to in above (i).<br>6. Uses of proceeds<br>All of the proceeds will be used to acquire real properties including used real properties and condominiums under construction for the business of sale of newly built condominium, renewal business (resale of used condominiums) and resale business (resale of acquired condominiums) for the fiscal year ended March 31, 2011.<br>7. Listing of the Subscription rights<br>The Subscription Rights are listed on the Tokyo Stock Exchange, and may be traded in the same market.<br>Listing date: April 1, 2010<br>Last trading date: May 24, 2010<br>Delisting date: May 25, 2010 |

## 6. Other

### (1) Changes of the Executive Officers

This information will be disclosed as soon as it is confirmed.

### (2) Production, Order and Sales

(i) Number of Units Contracted

| Segment | Last consolidated fiscal year (From April 1, 2008 To March 31, 2009) | | Current consolidated fiscal year (From April 1, 2009) To March 31, 2010) | | Year-on-year (%) |
|---|---|---|---|---|---|
| | Number of units | Amount (million yen) | Number of units | Amount (million yen) | |
| Real estate sales business | 1,236 | 44,393 | 1,519 | 44,774 | 100.9 |
| Total | 1,236 | 44,393 | 1,519 | 44,774 | 100.9 |

(Note) The above amounts do not include consumption and other taxes.

(ii) Contracted Ratio

| Segment | Year end for the last consolidated fiscal year (As of March 31, 2009) | | Year end for the current consolidated fiscal year (As of March 31, 2010) | | Year-on-year (%) |
|---|---|---|---|---|---|
| | number of units | Amount (million yen) | number of units | Amount (million yen) | |
| Real estate sales business | 460 | 13,722 | 309 | 10,968 | 79.9 |
| Total | 460 | 13,722 | 309 | 10,968 | 79.9 |

(Note) The above amounts do not include consumption and other taxes.

(iii) Net Sales

| Segment | Last consolidated fiscal year (From April 1, 2008 To March 31, 2009) | | Current consolidated fiscal year (From April 1, 2009) To March 31, 2010) | | Year-on-year (%) |
|---|---|---|---|---|---|
| | Amount (million yen) | Composition ratio (%) | Amount (million yen) | Composition ratio (%) | |
| Real estate sales business | 51,495 | 89.3 | 47,529 | 91.5 | 92.3 |
| Real estate rental business | 1,442 | 2.5 | 1,288 | 2.5 | 89.3 |
| Management services business | 1,792 | 3.1 | 1,971 | 3.8 | 109.9 |
| Other business | 2,921 | 5.1 | 1,166 | 2.2 | 39.9 |
| Total net sales | 57,652 | 100.0 | 51,955 | 100.0 | 90.1 |

(Note) The above amounts do not include consumption and other taxes.

Act of 1933, as amended.

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