

First Quarter Consolidated Financial Report

for the Three Months Ended June 30, 2010 (Japan GAAP)

July 26, 2010

Takara Leben CO., LTD.

Shares listed on: First Section of the Tokyo Stock Exchange
 Security code: 8897
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Scheduled date for release of Quarterly Report: August 6, 2010
 Scheduled date for commencement of dividend payments: --
 Does the Company prepare supplementary briefing materials for the Quarter: No
 Does the Company hold briefings concerning its quarterly financial results: No

1. Consolidated Operating Results for the Three Months Ended June 30, 2010 (April 1-June 30, 2010)

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

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

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended June 30, 2010	7,040	(25.5)	757	698.0	356	-	348	-
Three months ended June 30, 2009	9,447	(34.9)	94	(96.0)	(165)	-	(208)	-

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
Three months ended June 30, 2010	14.69	-
Three months ended June 30, 2009	(12.57)	-

(2) Consolidated Financial Position

	Total Assets	Total Net Assets	Equity Ratio	Net Assets per Share
	Million yen	Million yen	%	Yen
As of June 30, 2010	60,028	13,718	22.9	423.37
As of March 31, 2010	54,540	8,651	15.9	522.51

<Reference> Shareholders' equity at end of period: June 30, 2010: ¥13,718 million / March 31, 2010: ¥8,651 million

2. Cash Dividends

	Annual Cash Dividends per Share				
	1Q	2Q	3Q	Year-End	Full-Year
	Yen	Yen	Yen	Yen	Yen
Year Ending March 31, 2010	-	0	-	2	2
Year Ending March 31, 2011	-				
Year Ending March 31, 2010 (Forecast)		0	-	6	6

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

3. Consolidated Operating Results Forecast for Fiscal Year Ending March 31, 2011 (April 1, 2010-March 31, 2011)

(¥ millions, rounded down; percentage figures represent year-on-year compared with prior consolidated fiscal year and the prior consolidated fiscal year interim (year-to-date) period)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income per Share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	yen
Interim period (year-to-date)	-	-	-	-	-	-	-	-	-
Full year	50,100	(3.6)	4,630	44.1	3,420	43.8	3,030	35.0	100.21

(Note) Has the Company changed its consolidated forecast during this quarter: Yes

4. Other (For details please refer to [Attachments] Page 3 “Other Information”)

(1) Changes in the status of material subsidiaries during the period: No

Newly consolidated companies (--) Newly excluded companies (--)

(Note) Changes in specific subsidiaries during the quarterly accounting period in conjunction with a change in the scope of consolidation.

(2) Application of simplified accounting treatment and special accounting treatment: Yes

(Note) Application of simplified accounting method, and special accounting method in the preparation of quarterly consolidated financial statements.

(3) Changes in accounting principles, procedures or methods of presentation

a. Changes accompanying revision of accounting standards: Yes

b. Changes other than those in a.: No

(Note) Changes in accounting principles, procedures and reporting methods pertaining to preparation of the quarterly consolidated financial statements recorded in the Changes in Important Matters Used as the Basis for Preparation of the Consolidated Financial Statements.

(4) Number of shares issued (common stock)

a. Number of shares outstanding at the end of the period (including treasury stock)

b. Number of shares of treasury stock at the end of the period

c. Average number of shares during the period (quarter year-to-date)

a.	As of June 30, 2010:	33,386,070 shares	As of March 31, 2010:	17,540,333 shares
b.	As of June 30, 2010:	982,771 shares	As of March 31, 2010:	982,771 shares
c.	Three months ended June 30, 2010:	23,711,197 shares	Three months ended June 30, 2009:	16,557,651 shares

Note: Explanation concerning implementation status of quarterly review procedure

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

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

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

Because of numerous uncertainties including changes in the market in which it operates, the Company will manage its operating performance for the fiscal year ending on March 31, 2011 on an annual basis, and has not prepared a description of projected results for the interim consolidated accounting period.

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

(1) Qualitative Information Pertaining to Consolidated Operating Performance

a. Performance by business segment

In the first quarter of the Takara Leben Group's fiscal year ending in March 2011 (April 1, 2010 to June 30, 2010), sales from the real estate sales business amounted to ¥5,867 million. This reflected sales of 155 units in the built-for-sale condominium business and sales in our newly-built detached housing, renovation and resale business operations.

In the real estate rental business, sales totaled ¥345 million, reflecting rental revenue from condominiums for rent and from office and store space leasing.

In the real estate management business, sales from the management of 474 blocks of residential condominiums (23,577 units) were ¥520 million.

Sales from other businesses amounted to ¥306 million, mainly from orders for optional construction work in conjunction with the sale of condominiums and commissions from real estate agency services.

As a result of the above operations, consolidated net sales in the first quarter of the current consolidated fiscal year were ¥7,040 million.

b. Overview

Takara Leben CO., LTD. proper continued to develop its new built-for-sale condominium business steadily, in accordance with its business plan. As a result of the growth in its operations, and the contribution from a reduction in selling, general and administrative expenses, quarterly net income for the Company was ¥349 million.

For the Takara Leben Group as a whole, net sales gains compared with the full year plan were 14.1%. In the Group's sales plan for the current consolidated fiscal year, net sales are concentrated in the second half of the period, and sales are progressing in line with the initial plan.

c. Contracted ratio status

With regard to sales performance for new built-for-sale condominiums in the first quarter of the current consolidated fiscal year, contracts were concluded for 587 units, compared with a full-year target of 1,080 units scheduled for delivery, achieving a 54.4% contract ratio.

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

	Number of forecasted deliveries (units)	Number of contracts signed (units)	Contracted ratio (%)	Contracted ratio (same period of the previous year) (%)
Full-year	1,080	587	54.4	58.7

In addition to new built-for-sale condominiums, sales are proceeding steadily in the Company's detached housing business, renovations business and resale business.

(2) Qualitative Information Pertaining to Consolidated Financial Position

a. Assets, Liabilities and Net Assets

With regard to the assets, liabilities and net assets of the Group at the end of the first quarter consolidated accounting period under review, total assets were ¥60,028 million, an increase of ¥5,487 million compared

with the end of the previous consolidated fiscal year. Although the Company repaid long-term debt, the increase mainly reflected increases in capital and additional paid-in capital from the exercise of new share subscription rights.

(Current Assets)

Current assets increased ¥4,895 million compared with the end of the previous consolidated fiscal year to ¥37,779 million. This mainly reflected an increase in cash and deposits from the exercise of new share subscription rights and an increase in inventory assets as a result of new purchases.

(Fixed Assets)

Fixed assets increased ¥591 million compared with the end of the previous consolidated fiscal year to ¥22,248 million, mainly as the result of purchases of business assets.

(Current Liabilities)

Current liabilities increased ¥1,327 million compared with the end of the previous consolidated fiscal year to ¥30,560 million, mainly as the result of an increase in advances received on contracts concluded and an increase of accounts payable, trade.

(Fixed Liabilities)

Fixed liabilities decreased ¥907 million compared with the end of the previous consolidated fiscal year to ¥15,749 million, mainly reflecting a shift in debt maturities from long-term debt to short-term borrowings.

(Net Assets)

Total net assets increased ¥5,067 million compared with the end of the previous consolidated fiscal year to ¥13,718 million as the result of increases in capital and capital surplus from the exercise of new share subscription rights and net income for the quarter.

b. Cash Flow Analysis

Cash and cash equivalents (referred to below as “cash”) at the end of the first quarter consolidated operating period under review increased by ¥1,364 million compared with the end of the previous consolidated fiscal year to ¥5,082 million.

(Cash Flow from Operating Activities)

Net cash used in operating activities was ¥1,281 million. This was mainly due to an increase in inventories as a result of new purchases.

(Cash Flow from Investing Activities)

Net cash used in investing activities was ¥1,385 million. This was mainly due to an increase in funds used for the purchase of tangible fixed assets.

(Cash Flow from Financing Activities)

Net cash provided from financing activities was ¥4,032 million. This was mainly due to an increase in funds provided from the exercise of new share subscription rights.

(3) Qualitative Information Pertaining to Forecasted Consolidated Operating Results

For information concerning the forecasted consolidated operating results for the fiscal year ending on March 31, 2011, please refer to the Notification Concerning the Revision of Forecasted Operating Results released on July 26, 2010.

2. Other Information

(1) Summary of Changes to Material Subsidiaries

The Company had no pertinent matters to report.

(2) Summary of Simplified Accounting Treatment and Special Accounting Treatment

a. Calculation method for fixed asset depreciation

For assets for which it has adopted the declining balance method, the Company calculates the amount of depreciation and amortization pertaining to the consolidated fiscal year and allocates an amount on a pro-rata basis for each reporting period.

b. Valuation method for inventory assets

The Company calculates write-downs of inventory book value by estimating the net sale value only of assets for which there has been a clear decrease in profitability and writing down the method book value to the estimate amount.

(3) Summary of Changes in Accounting Principles, Procedures or Methods of Presentation

Effective from the first quarter of the current consolidated fiscal year, the Takara Leben Group will apply the “Accounting Standard for Asset Retirement Obligations” (Accounting Standards Board of Japan Statement No. 18 dated March 31, 2008 and the “Guidance on Accounting Standard for Asset Retirement Obligations” (Accounting Standards Board of Japan Guidance No. 21 dated March 31, 2008). As a result of this change, operating income and ordinary income decreased by ¥0 million, and net income before tax adjustments decreased by ¥11 million, respectively. Furthermore, the change in asset retirement obligations as a result of the application of this standard was ¥18 million.

(4) Summary of Important Events Etc. Pertaining to the Going Concern Assumption

The Company had no pertinent matters to report.

3. Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of June 30, 2010	As of March 31, 2010
ASSETS		
Current Assets:		
Cash and cash equivalents	5,104	3,766
Notes and accounts receivable, trade	337	291
Real estate held for sale	8,358	5,896
Real estate for sale under construction	20,259	19,987
Other	3,756	2,981
Allowance for doubtful accounts	(38)	(39)
Total Current Assets	37,779	32,884
Fixed Assets:		
Tangible fixed assets		
Buildings and structures (net)	5,701	5,520
Land	15,382	14,961
Other (net)	74	78
Total Tangible Fixed Assets	21,158	20,560
Intangible fixed assets	521	496
Investments and other assets		
Other	800	837
Allowance for doubtful accounts	(231)	(238)
Total Investments and Other Assets	569	599
Total Fixed Assets	22,248	21,656
Total Assets	60,028	54,540
LIABILITIES		
Current Liabilities:		
Notes and accounts payable, trade	3,820	2,881
Short-term borrowings	8,309	5,334
Long-term debt due within one year	16,238	18,958
Income taxes payable	51	102
Reserve	134	145
Other	2,006	1,811
Total Current Liabilities	30,560	29,233
Fixed Liabilities:		
Long-term borrowings	14,781	15,723
Reserve	167	163
Other	799	768
Total Fixed Liabilities	15,749	16,656
Total Liabilities	46,309	45,889

(Millions of yen)

	As of June 30, 2010	As of March 31, 2010
<hr/>		
NET ASSETS		
Shareholders' Capital:		
Capital	4,819	2,442
Additional paid-in capital	4,949	2,572
Retained earnings	5,267	4,952
Treasury stock	(1,295)	(1,295)
Total Shareholders' Capital	<hr/> 13,741	<hr/> 8,672
Valuation and Translation Adjustments:		
Net unrealized holding gains on other securities	(22)	(21)
Total Valuation and Translation Adjustments	<hr/> (22)	<hr/> (21)
Total Net Assets	<hr/> 13,718	<hr/> 8,651
Total Liabilities and Net Assets	<hr/> 60,028	<hr/> 54,540

(2) Quarterly Consolidated Statements of Income
Three Months Ended June 30, 2010

(Millions of yen)

	Three Months Ended June 30, 2009	Three Months Ended June 30, 2010
Net Sales	9,447	7,040
Cost of sales	7,410	4,763
Gross Profit	2,036	2,277
Selling, general and administrative expenses	1,941	1,519
Operating Income	94	757
Non-Operating income:		
Interest income	1	7
Dividend income	1	1
Commissions received	14	11
Investment returns from silent investment partnerships	13	-
Miscellaneous income	13	2
Total Non-Operating Income	44	23
Non-Operating Expenses:		
Interest expense	294	312
New share issuance costs	-	110
Miscellaneous expenses	10	2
Total Non-Operating Expenses	305	424
Ordinary Income (Loss)	(165)	356
Extraordinary Gains:		
Gain on sales of investment securities	1	-
Reversal of allowance for doubtful accounts	-	9
Reversal of reserve for directors' bonuses	27	0
Gain on prior fiscal year earnings adjustment	-	49
Other	-	2
Total Extraordinary Gains	28	62
Total Extraordinary Losses:		
Loss on disposal of fixed assets	24	0
Loss from application of Accounting Standard for Asset Retirement Obligations	-	10
Loss on prior fiscal year earnings adjustment	-	32
Impairment loss	12	-
Office relocation expenses	8	0
Loss on valuation of investment securities	-	8
Loss on sale of investment securities	-	2
Other	-	0
Total Extraordinary Losses	45	54
Income (loss) before tax adjustments	(182)	364
Income taxes, inhabitant taxes and business taxes	52	46
Income tax refund	(9)	(12)
Income tax adjustments	(17)	(18)
Net income	25	15

(Millions of yen)

	Three Months Ended June 30, 2009	Three Months Ended June 30, 2010
Income before minority interests	-	348
Net income (loss)	(208)	348

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	Three Months Ended June 30, 2009	Three Months Ended June 30, 2010
Net Cash Provided by (Used in) Operating Activities		
Income (loss) before income taxes	(182)	364
Depreciation and amortization	94	94
Reversal of reserve for directors' bonuses	(27)	-
Impairments loss	12	-
Office relocation expenses	8	-
Increase (decrease) in reserves	79	(14)
Loss from application of Accounting Standard for Asset Retirement Obligations	-	10
Interest and dividend income	(2)	(9)
Loss (gain) from silent investment partnerships	(13)	-
Loss (gain) on sale and valuation of investment securities	(1)	11
Interest expense	294	312
Loss on disposal of fixed assets	24	0
Decrease (increase) in accounts receivable	(11)	(46)
Decrease (increase) in inventories	1,664	(2,634)
Increase (decrease) in accounts payable	(806)	938
Other	581	91
Subtotal	1,713	(882)
Cash receipts of interest and dividend income	2	9
Cash payments of interest expense	(292)	(311)
Income taxes paid	(111)	(97)
Net Cash Provided by (Used in) Operating Activities	1,311	(1,281)
Net Cash Provided by (Used in) Investing Activities		
Decrease (increase) in short-term loans	-	(571)
Proceeds from redemption of marketable securities	5	-
Purchase of tangible fixed assets	(52)	(782)
Purchase of intangible fixed assets	(20)	(33)
Proceeds from sale of investment securities	13	4
Purchase of investment securities	-	(2)
Other	(16)	0
Net Cash Provided by (Used in) Investing Activities	(70)	(1,385)
Net Cash Provided by (Used in) Financing Activities		
Increase (decrease) in short-term borrowings	(1,660)	777
Proceeds from long-term borrowings	1,734	2,150
Repayment of long-term borrowings	(1,839)	(3,614)
Repayment of lease obligations	-	(5)
Proceeds from issuance of stock	-	4,753
Cash dividends paid	(0)	(29)
Net Cash Provided by (Used in) Financing Activities	(1,766)	4,032
Increase (Decrease) in Cash and Cash Equivalents	(524)	1,364

(Millions of yen)

	Three Months Ended June 30, 2009	Three Months Ended June 30, 2010
Cash and Cash Equivalents at Beginning of Period	3,733	3,717
Cash and Cash Equivalents at End of Period	3,209	5,082

(4) Notes Pertaining to the Going Concern Assumption

The Company had no pertinent matters to report.

(5) Notes on Significant Changes to Shareholders' Equity

On May 31, 2010, the exercise period for the No. 1 New Share Subscription Rights that were issued on April 1, 2010 by means of allotment of the Subscription Rights without contribution ended, and the Takara Leben Group received payment. As a result, at the end of the first quarter consolidated accounting period under review capital increased by ¥2,376 million and additional paid-in capital increased by ¥2,376 million, and at the end of the first quarter consolidated accounting period under review capital totaled ¥4,819 million and additional paid-in capital totaled ¥4,949 million.

(Omission of disclosure)

Disclosure of segment information, other matters to note, non-consolidated operating and financial information and supplemental information has been omitted because the Company believes there is no significant need for disclosure in the first quarter consolidated financial report.