

Interim Period Consolidated Financial Report

for the Six Months Ended September 30, 2010 (Japan GAAP)

October 25, 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: November 11, 2010
 Scheduled date for commencement of dividend payments: December 7, 2010
 Has the Company prepared supplementary briefing materials for the Quarter: Yes
 Has the Company held briefings concerning its quarterly financial results: Yes

1. Consolidated Operating Results for the Six Months Ended September 30, 2010 (April 1-September 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	%
Six months ended September 30, 2010	16,616	(39.6)	2,213	15.9	1,530	(0.1)	1,501	(9.4)
Six months ended September 30, 2009	27,500	11.5	1,909	(15.7)	1,532	(8.8)	1,656	78.8

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
Six months ended September 30, 2010	53.46	-
Six months ended September 30, 2009	100.05	-

(2) Consolidated Financial Position

	Total Assets	Total Net Assets	Equity Ratio	Net Assets per Share
	Million yen	Million yen	%	Yen
As of September 30, 2010	58,226	14,870	25.5	458.92
As of March 31, 2010	54,540	8,651	15.9	522.51

<Reference> Shareholders' equity at end of period: September 30, 2010: ¥14,870 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	-	0.00	-	2.00	2.00
Year Ending March 31, 2011	-	3.00			
Year Ending March 31, 2010 (Forecast)			-	6.00	9.00

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

3. Consolidated Operating Results Forecast for the Fiscal Year Ending March 31, 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
Full year	47,760	(8.1)	5,550	72.8	4,345	82.7	4,000	78.2	132.30

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

4. Other (For details please refer to [Attachments] Page 4 “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 under review 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 methods of presentation 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 September 30, 2010:	33,386,070 shares	As of March 31, 2010:	17,540,333 shares
b.	As of September 30, 2010:	982,771 shares	As of March 31, 2010:	982,771 shares
c.	Six months ended September 30, 2010:	28,080,997 shares	Six months ended September 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.

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

(1) Qualitative Information Pertaining to Consolidated Operating Performance

At a time of slow growth with no discernible exits, the global economic recovery remains vulnerable in the wake of the financial crisis that shook the world. The retreat of advanced countries and rise to prominence of newly developing nations is an unambiguous tectonic plate shift, and advanced countries, where even monetary policy is proving ineffective, appear unable to pinpoint the decisive factors that will enable them to break out of their slump.

Although Japan's economy is following a recovery trend supported by the effects of various government policies, there is still little prospect of the real economy breaking completely free from this period of turmoil, and there is a possibility households will close their wallets once the various economic support measures end. A double-dip recession could be imminent.

Given these circumstances, at Takara Leben we believe our business activities must aggressively pursue the roles and responsibilities Takara Leben should perform based on its concept of "ideal, affordable housing that anyone can buy with confidence," while continuing to focus on the possibility of reforming our medium to long-term management plan, which emphasizes the consumers who provide our ultimate support.

a. Summary of operating results

At Takara Leben CO., LTD. itself, Tokyo and Saitama Prefecture accounted for 87 units and 72 units, respectively, of the 364 units delivered, and these two areas represented about 40% of the built-for-sale condominium business. Moreover, both contracts and deliveries of the 174 completed stock inventory units from the prior period progressed steadily, with contracts for 169 units signed and delivery of 152 units completed as of the end the second quarter. Takara Leben's gross profit margin on properties reported in net sales for the second quarter year-to-date period was 21.3%.

In the newly-built detached housing business, the gross profit margin for properties Takara Leben reported in net sales for the second quarter year-to-date period was 28.3%, a result that compares favorably to the business plan (referred to below as "the Company's plan") that is the foundation of Takara Leben's full-year operating results forecast.

In the pre-owned condominium business, the Company delivered 42 units in its renewal and resale businesses, a result that compared well to the Company's plan. The gross profit margin on the properties reported in net sales for the second quarter year-to-date period was 27.8%.

Furthermore, in its resale business the Company completed the purchase of 35 units in Fujimino City in Saitama Prefecture as new properties, with delivery planned for the second half of the current fiscal year.

In the real estate rental business, sales are progressing steadily and reached 51.6% of the Company's plan.

As a result of the above operations, on a non-consolidated basis for the second quarter year-to-date period Takara Leben reported net sales of ¥14,807 million, operating income of ¥2,078 million, ordinary income of ¥1,412 million and net income of ¥1,455 million.

On a consolidated basis, Leben Community Co., Ltd. continued to exhibit growth in line with the Company's plan, and in the second quarter year-to-date period increased the number of units managed through its condominium management services by 750 units compared with the end of the prior consolidated fiscal year to 23,897 units. The number of units consigned for management from other companies in particular rose steadily, with contracts to manage 17 blocks consisting of 450 units received from other companies. This compared to agreements for 300 units in 4 blocks from Takara Leben. Net sales from other operations expanded progressively as well, as orders received by the renovation and construction departments exceeded the Company's plan and the number of policies sold by the insurance agency division also was above the plan target.

As a result, for the second quarter year-to-date period under review the Takara Leben Group reported

consolidated net sales of ¥16,616 million, operating income of ¥2,213 million, ordinary income of ¥1,530 million and net income of ¥1,501 million.

b. Full year forecast

As the number of condominium contracts in the suburban areas in which Takara Leben specializes exhibits a positive trend in proportion to the gradually growing number of units being supplied in these areas, and as signs of a shift in the market including normalization of prices have begun to appear, the market has reached a point where further recovery can be anticipated.

With regard to the forecast for the real estate sales business, the contracted ratios for units scheduled for delivery in the built-for-sale condominium business for the current fiscal year (full year) and next fiscal year are shown below.

(Contracts signed versus number of units forecast for delivery table)

	Units scheduled for delivery (units)	Number of contracts signed (units)	Contracted ratio (%)	Contracted ratio (same period of the previous year) (%)
Full year	1,078	874	81.1	79.1
Next fiscal year	1,398	197	14.1	-

As shown in the above table, the Company believes it is making solid progress in the built-for-sale condominium business, as can be seen in the year-over-year improvement in the contracted ratio, which rose to 81.1% of the units scheduled for delivery. Moreover, the contracted ratio for units scheduled for delivery in the next fiscal year is already 14.1%, and the Company expects the number of contracts for newly supplied properties to exhibit solid growth.

Based on the results indicated above, the Company's projected full-year consolidated operating results for the current fiscal year are as follows.

Net sales	¥47,760 million
Operating profit	¥5,550 million
Ordinary profit	¥4,345 million
Net profit	¥4,000 million

(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 interim consolidated accounting period under review, total assets were ¥58,226 million, an increase of ¥3,685 million compared with the end of the previous consolidated fiscal year. Although the Company repaid long-term debt, the increase mainly reflected an increase in inventory in conjunction with new purchases and increases in capital and additional paid-in capital from the exercise of new share subscription rights.

(Current Assets)

Current assets increased ¥3,594 million compared with the end of the previous consolidated fiscal year to

¥36,478 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 ¥90 million compared with the end of the previous consolidated fiscal year to ¥21,747 million. Despite a decline resulting from the transfer of fixed assets to inventory assets because of a change in purpose of ownership, the net increase mainly reflected purchases of business assets.

(Current Liabilities)

Current liabilities decreased ¥3,120 million compared with the end of the previous consolidated fiscal year to ¥26,112 million. The largest changes were an increase in advances received on contracts concluded and a decrease from the repayment of long-term debt.

(Fixed Liabilities)

Fixed liabilities increased ¥587 million compared with the end of the previous consolidated fiscal year to ¥17,243 million, mainly reflecting the shift in debt maturities from long-term debt to short-term borrowings and borrowing of funds for new projects.

(Net Assets)

Total net assets increased ¥6,219 million compared with the end of the previous consolidated fiscal year to ¥14,870 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 interim consolidated operating period under review increased by ¥1,280 million compared with the end of the previous consolidated fiscal year to ¥4,998 million.

(Cash Flow from Operating Activities)

Net cash provided from operating activities was ¥81 million. This was mainly due to an increase in income before tax adjustments and an increase in advances received on contracts concluded.

(Cash Flow from Investing Activities)

Net cash used in investing activities was ¥894 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 ¥2,093 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

There is no change from the projected consolidated operating results released on August 20, 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, for the second quarter consolidated year-to-date period under review operating income and ordinary income decreased by ¥1 million, and net income before tax adjustments decreased by ¥12 million, respectively. Furthermore, the change in asset retirement obligations as a result of the application of this standard was ¥18 million.

3. Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of September 30, 2010	As of March 31, 2010
ASSETS		
Current Assets:		
Cash and cash equivalents	5,023	3,766
Notes and accounts receivable, trade	255	291
Real estate held for sale	4,121	5,896
Real estate for sale under construction	24,099	19,987
Other	3,028	2,981
Allowance for doubtful accounts	(49)	(39)
Total Current Assets	36,478	32,884
Fixed Assets:		
Tangible fixed assets		
Buildings and structures (net)	5,552	5,520
Land	14,957	14,961
Other (net)	69	78
Total Tangible Fixed Assets	20,579	20,560
Intangible fixed assets	549	496
Investments and other assets		
Other	845	837
Allowance for doubtful accounts	(227)	(238)
Total Investments and Other Assets	618	599
Total Fixed Assets	21,747	21,656
Total Assets	58,226	54,540
LIABILITIES		
Current Liabilities:		
Notes and accounts payable, trade	2,267	2,881
Short-term borrowings	6,081	5,334
Long-term debt due within one year	15,033	18,958
Income taxes payable	84	102
Reserve	159	145
Other	2,484	1,811
Total Current Liabilities	26,112	29,233
Fixed Liabilities:		
Long-term borrowings	16,284	15,723
Reserve	181	163
Other	777	768
Total Fixed Liabilities	17,243	16,656
Total Liabilities	43,355	45,889

(Millions of yen)

	As of September 30, 2010	As of March 31, 2010
NET ASSETS		
Shareholders' Capital:		
Capital	4,819	2,442
Additional paid-in capital	4,949	2,572
Retained earnings	6,420	4,952
Treasury stock	(1,295)	(1,295)
Total Shareholders' Capital	14,894	8,672
Valuation and Translation Adjustments:		
Net unrealized holding gains on other securities	(24)	(21)
Total Valuation and Translation Adjustments	(24)	(21)
Total Net Assets	14,870	8,651
Total Liabilities and Net Assets	58,226	54,540

(2) Quarterly Consolidated Statements of Income
Interim Period Ended September 30, 2010

(Millions of yen)

	Six Months Ended September 30, 2009	Six Months Ended September 30, 2010
Net Sales	27,500	16,616
Cost of sales	21,917	11,292
Gross Profit	5,582	5,323
Selling, general and administrative expenses	3,673	3,110
Operating Income	1,909	2,213
Non-Operating Income:		
Interest income	3	9
Dividend income	1	1
Commissions received	46	28
Investment returns from silent investment partnerships	110	-
Miscellaneous income	40	20
Total Non-Operating Income	203	60
Non-Operating Expenses:		
Interest expense	569	611
New share issuance costs	-	126
Miscellaneous losses	11	3
Total Non-Operating Expenses	581	742
Ordinary Income	1,532	1,530
Extraordinary Gains:		
Reversal of allowance for doubtful accounts	15	14
Reversal of reserve for directors' bonuses	29	2
Gain on prior fiscal year earnings adjustment	-	49
Gain on liquidation of silent investment partnership	232	1
Gain on forgiveness of affiliated company debt	11	-
Other	1	0
Total Extraordinary Gains	289	68
Total Extraordinary Losses:		
Loss on disposal of fixed assets	25	0
Loss from application of Accounting Standard for Asset Retirement Obligations	-	10
Impairment loss	28	-
Loss on valuation of investment securities	-	8
Loss on sale of investment securities	-	2
Affiliated company late charges	7	-
Prior fiscal year taxes	-	32
Other	10	0
Total Extraordinary Losses	72	55
Income before tax adjustments	1,748	1,544
Income taxes, inhabitant taxes and business taxes	110	74
Income tax refund	(9)	(12)
Income tax adjustments	(9)	(19)

(Millions of yen)

	Six Months Ended September 30, 2009	Six Months Ended September 30, 2010
Total income and other taxes	91	43
Income before minority interests	-	1,501
Net income	1,656	1,501

(2) Quarterly Consolidated Statements of Income
Second Quarter Consolidated Accounting Period

(Millions of yen)

	Three Months Ended September 30, 2009	Three Months Ended September 30, 2010
Net Sales	18,053	9,575
Cost of sales	14,507	6,529
Gross Profit	3,545	3,046
Selling, general and administrative expenses	1,731	1,591
Operating Income	1,814	1,455
Non-Operating income:		
Interest income	2	2
Commissions received	32	16
Investment returns from silent investment partnerships	97	-
Miscellaneous income	27	17
Total Non-Operating Income	159	36
Non-Operating Expenses:		
Interest expense	274	299
New share issuance costs	-	16
Miscellaneous losses	1	1
Total Non-Operating Expenses	276	317
Ordinary Income	1,697	1,174
Extraordinary Gains:		
Reversal of allowance for doubtful accounts	15	4
Reversal of reserve for directors' bonuses	1	2
Gain on liquidation of silent investment partnership	232	-
Gain on forgiveness of affiliated company debt	11	-
Total Extraordinary Gains	260	6
Total Extraordinary Losses:		
Loss on disposal of fixed assets	1	0
Impairment loss	15	-
Affiliated company late charges	7	-
Other	2	-
Total Extraordinary Losses	27	0
Income before tax adjustments	1,930	1,180
Income taxes, inhabitant taxes and business taxes	57	28
Income tax refund	-	(0)
Income tax adjustments	8	(1)
Total income taxes	65	27
Income before minority interests	-	1,153
Net income	1,864	1,153

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	Three Months Ended September 30, 2009	Three Months Ended September 30, 2010
Net Cash Provided by (Used in) Operating Activities		
Income before tax adjustments	1,748	1,544
Depreciation and amortization	187	195
Impairments loss	28	-
Increase (decrease) in reserves	(25)	32
Loss from application of Accounting Standard for Asset Retirement Obligations	-	10
Interest and dividend income	(5)	(11)
Loss (gain) from silent investment partnerships	(110)	-
Loss (gain) on sale and valuation of investment securities	(1)	11
Interest expense	569	611
Loss on disposal of fixed assets	25	0
Gain on liquidation of silent investment partnership	(232)	(1)
Decrease (increase) in accounts receivable	25	35
Decrease (increase) in inventories	8,518	(1,731)
Increase (decrease) in accounts payable	(1,411)	(614)
Other	1,012	694
Subtotal	10,329	778
Cash receipts of interest and dividend income	5	11
Cash payments of interest expense	(543)	(610)
Income taxes paid	(111)	(97)
Net Cash Provided by (Used in) Operating Activities	9,680	81
Net Cash Provided by (Used in) Investing Activities		
Purchase of time deposits	(2)	(6)
Proceeds from refund of time deposits	100	-
Proceeds from redemption of marketable securities	34	-
Purchase of tangible fixed assets	(359)	(801)
Purchase of intangible fixed assets	(62)	(77)
Purchase of investment securities	-	(18)
Proceeds from sale of investment securities	13	4
Proceeds from refund of silent partnership investment	924	-
Other	(16)	5
Net Cash Provided by (Used in) Investing Activities	632	(894)
Net Cash Provided by (Used in) Financing Activities		
Increase (decrease) in short-term borrowings	(5,972)	(1,449)
Proceeds from long-term borrowings	2,799	5,643
Repayment of long-term borrowings	(6,608)	(6,810)
Repayment of lease obligations	-	(10)
Proceeds from issuance of stock	-	4,753
Cash dividends paid	(0)	(32)
Net Cash Provided by (Used in) Financing Activities	(9,781)	2,093

(Millions of yen)

	Three Months Ended September 30, 2009	Three Months Ended September 30, 2010
Increase (Decrease) in Cash and Cash Equivalents	531	1,280
Cash and Cash Equivalents at Beginning of Period	3,733	3,717
Cash and Cash Equivalents at End of Period	4,264	4,998

(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 capital increased by ¥2,376 million and additional paid-in capital increased by ¥2,376 million, and at the end of the interim 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 of these items in the interim consolidated financial report.