

# Third Quarter Consolidated Financial Report

## for the Nine Months Ended December 31, 2010 (Japan GAAP)

January 28, 2011

### 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: February 10, 2011  
 Scheduled date for commencement of dividend payments: --  
 Has the Company prepared supplementary briefing materials for the Quarter: No  
 Has the Company held briefings concerning its quarterly financial results: No

### 1. Consolidated Operating Results for the Nine Months Ended December 31, 2010 (April 1-December 31, 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	%
Nine months ended December 31, 2010	26,534	(36.5)	2,849	18.9	1,859	3.1	1,751	(4.4)
Nine months ended December 31, 2009	41,800	(0.2)	2,396	26.6	1,804	66.7	1,832	279.7

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
Nine months ended December 31, 2010	59.31	-
Nine months ended December 31, 2009	110.69	-

#### (2) Consolidated Financial Position

	Total Assets	Total Net Assets	Equity Ratio	Net Assets per Share
	Million yen	Million yen	%	Yen
As of December 31, 2010	57,505	15,025	26.1	463.70
As of March 31, 2010	54,540	8,651	15.9	522.51

<Reference> Shareholders' equity at end of period: December 31, 2010: ¥15,025 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, 2011 (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	47,940	(7.7)	6,710	108.9	5,440	128.7	5,050	125.0	167.02

(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 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 December 31, 2010:	33,386,070 shares	As of March 31, 2010:	17,540,333 shares
b.	As of December 31, 2010:	982,771 shares	As of March 31, 2010:	982,771 shares
c.	Nine months ended December 31, 2010:	29,527,003 shares	Nine months ended December 31, 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

## a. Performance by business segment

Over the first three quarters of the Takara Leben Group's fiscal year ending in March 2011 (April 1, 2010 to December 31, 2010), sales from the real estate sales business amounted to ¥22,890 million. This reflected sales of 529 units in the built-for-sale condominium business, as well as sales in our newly-built detached housing, renovation and resale business operations.

In the real estate rental business, sales totaled ¥1,072 million. This reflected rental revenue from condominiums for rent and from office and store space leasing.

In the real estate management business, sales from the management of 498 blocks of residential condominiums (24,624 units) were ¥1,587 million.

Sales from other businesses amounted to ¥984 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 for the third quarter year-to-date period of the current consolidated fiscal year were ¥26,534 million.

## b. Overview

For Takara Leben CO., LTD. proper, sales for the first nine months of the current consolidated fiscal year progressed steadily and reached 52.7% of the Company's full-year plan, reflecting the fact that deliveries in the built-for-sale condominium business are concentrated in the fourth quarter. Based on the number of contracts signed, the Company believes it is steadily accomplishing its profit plan.

For the Takara Leben Group as a whole, consolidated net income for the third quarter year-to-date period of the current consolidated fiscal year was ¥1,751 million.

## c. Contracted ratio status

With regard to sales performance in the third quarter year-to-date period of the current consolidated fiscal year, the Company concluded contracts for 1,075 units including units delivered during the third quarter, achieving a 99.7% contract ratio compared with the full-year plan.

(Contracts signed versus number of units forecast for delivery)

	Units scheduled for delivery (units)	Number of contracts signed (units)	Contracted ratio (%)	Contracted ratio (same period of the previous year) (%)
Full year	1,078	1,075	99.7	93.1
Next fiscal year	1,398	420	30.0	—

(Note) The figures for units indicated above are for sales of condominium units only.

As shown in the above table, the Company made excellent progress in the built-for-sale condominium business and achieved a strong year-over-year improvement in the contracted ratio, which rose to 99.7% of the units scheduled for delivery. Moreover, the contracted ratio for units to be delivered in the next fiscal year or later is already 30.0%, with the number of contracts for newly supplied properties exhibiting solid growth.

## (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 third quarter consolidated

accounting period under review, total assets were ¥57,505 million, an increase of ¥2,964 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 ¥5,195 million compared with the end of the previous consolidated fiscal year to ¥38,079 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)

Despite an increase in purchases of new business assets, fixed assets decreased ¥2,230 million compared with the end of the previous consolidated fiscal year to ¥19,425 million. Despite an increase from the purchase of new business assets, this mainly reflected a decline resulting from the transfer of fixed assets to inventory assets because of a change in purpose of ownership.

(Current Liabilities)

Current liabilities decreased ¥831 million compared with the end of the previous consolidated fiscal year to ¥28,402 million. The largest changes were an increase in advances received on contracts concluded and decreases from the payment of charges for general contractor work and from the repayment of long-term debt.

(Fixed Liabilities)

Fixed liabilities decreased ¥2,578 million compared with the end of the previous consolidated fiscal year to ¥14,077 million, mainly because of the redemption of debt and the shift in debt maturities from long-term debt to short-term borrowings.

(Net Assets)

Total net assets increased ¥6,373 million compared with the end of the previous consolidated fiscal year to ¥15,025 million as the result of increases in capital and capital surplus from the exercise of new share subscription rights, and net income for the three quarters year-to-date.

b. Cash Flow Analysis

Cash and cash equivalents (referred to below as “cash”) at the end of the third quarter consolidated operating period under review increased by ¥1,103 million compared with the end of the previous consolidated fiscal year to ¥4,820 million.

(Cash Flow from Operating Activities)

Net cash provided from operating activities was ¥949 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 ¥960 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 ¥1,113 million. Although the Company used fund to redeem

borrowings, this mainly reflected 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 January 28, 2011.

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 third quarter consolidated year-to-date period under review operating income and ordinary income decreased by ¥2 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 December 31, 2010	As of March 31, 2010
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	4,842	3,766
Notes and accounts receivable, trade	473	291
Real estate held for sale	2,708	5,896
Real estate for sale under construction	27,058	19,987
Other	3,036	2,981
Allowance for doubtful accounts	(40)	(39)
<b>Total Current Assets</b>	<b>38,079</b>	<b>32,884</b>
Fixed Assets:		
Tangible fixed assets		
Buildings and structures (net)	4,721	5,520
Land	13,446	14,961
Other (net)	62	78
<b>Total Tangible Fixed Assets</b>	<b>18,230</b>	<b>20,560</b>
Intangible fixed assets	557	496
Investments and other assets		
Other	868	837
Allowance for doubtful accounts	(231)	(238)
<b>Total Investments and Other Assets</b>	<b>637</b>	<b>599</b>
<b>Total Fixed Assets</b>	<b>19,425</b>	<b>21,656</b>
<b>Total Assets</b>	<b>57,505</b>	<b>54,540</b>
<b>LIABILITIES</b>		
Current Liabilities:		
Notes and accounts payable, trade	1,606	2,881
Short-term borrowings	6,430	5,334
Long-term debt due within one year	16,896	18,958
Income taxes payable	19	102
Reserve	97	145
Other	3,351	1,811
<b>Total Current Liabilities</b>	<b>28,402</b>	<b>29,233</b>
Fixed Liabilities:		
Long-term borrowings	13,194	15,723
Reserve	205	163
Other	677	768
<b>Total Fixed Liabilities</b>	<b>14,077</b>	<b>16,656</b>
<b>Total Liabilities</b>	<b>42,479</b>	<b>45,889</b>

(Millions of yen)

	As of December 31, 2010	As of March 31, 2010
<b>NET ASSETS</b>		
Shareholders' Capital:		
Capital	4,819	2,442
Additional paid-in capital	4,949	2,572
Retained earnings	6,573	4,952
Treasury stock	(1,295)	(1,295)
Total Shareholders' Capital	15,047	8,672
Valuation and Translation Adjustments:		
Net unrealized holding gains on other securities	(21)	(21)
Total Valuation and Translation Adjustments	(21)	(21)
Total Net Assets	15,025	8,651
Total Liabilities and Net Assets	57,505	54,540

(2) Quarterly Consolidated Statements of Income  
(Third Quarter Year-to-Date Consolidated Accounting Period)

(Millions of yen)

	Nine Months Ended December 31, 2009	Nine Months Ended December 31, 2010
Net Sales	41,800	26,534
Cost of sales	33,902	18,780
Gross Profit	7,898	7,753
Selling, general and administrative expenses	5,501	4,904
Operating Income	2,396	2,849
Non-Operating Income:		
Interest income	5	11
Dividend income	2	3
Commissions received	75	43
Investment returns from silent investment partnerships	110	-
Miscellaneous income	52	17
Total Non-Operating Income	246	74
Non-Operating Expenses:		
Interest expense	822	917
New share issuance costs	-	126
Miscellaneous losses	15	20
Total Non-Operating Expenses	838	1,065
Ordinary Income	1,804	1,859
Extraordinary Gains:		
Gain on sale of investment securities	1	-
Reversal of allowance for doubtful accounts	20	17
Reversal of reserve for directors' bonuses	29	5
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	-	0
Total Extraordinary Gains	294	75
Total Extraordinary Losses:		
Loss on disposal of fixed assets	25	3
Loss from application of Accounting Standard for Asset Retirement Obligations	-	10
Loss on valuation of investments	2	0
Impairment loss	72	78
Office relocation costs	8	0
Affiliated company late charges	7	-
Loss on valuation of investment securities	-	8
Loss on sale of investment securities	-	2
Prior fiscal year taxes	-	32
Other	-	0
Total Extraordinary Losses	116	135
Income before tax adjustments	1,982	1,799

(Millions of yen)

	Nine Months Ended December 31, 2009	Nine Months Ended December 31, 2010
Income taxes, inhabitant taxes and business taxes	153	83
Income tax refund	(9)	(12)
Income tax adjustments	5	(23)
Total income and other taxes	149	47
Income before minority interests	-	1,751
Net income	1,832	1,751

## (Third Quarter Consolidated Accounting Period)

(Millions of yen)

	Three Months Ended December 31, 2009	Three Months Ended September 30, 2010
Net Sales	14,300	9,918
Cost of sales	11,984	7,488
Gross Profit	2,315	2,430
Selling, general and administrative expenses	1,828	1,793
Operating Income	486	636
Non-Operating Income:		
Interest income	1	1
Dividend income	0	1
Commissions received	28	14
Miscellaneous income	11	9
Total Non-Operating Income	42	27
Non-Operating Expenses:		
Interest expense	253	305
New share issuance costs	-	0
Miscellaneous losses	4	29
Total Non-Operating Expenses	257	335
Ordinary Income	272	328
Extraordinary Gains:		
Reversal of allowance for doubtful accounts	5	3
Reversal of reserve for directors' bonuses	0	3
Gain on liquidation of silent investment partnership	0	-
Total Extraordinary Gains	5	6
Total Extraordinary Losses:		
Loss on disposal of fixed assets	0	2
Impairment loss	43	78
Total Extraordinary Losses	43	80
Income before tax adjustments	234	254
Income taxes, inhabitant taxes and business taxes	43	8
Income tax adjustments	14	(3)
Total income taxes	58	4
Income before minority interests	-	249
Net income	176	249

## (3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	Nine Months Ended December 31, 2009	Nine Months Ended December 31, 2010
Net Cash Provided by (Used in) Operating Activities		
Income before tax adjustments	1,982	1,799
Depreciation and amortization	277	286
Impairments loss	72	78
(Decrease) in reserve for directors' bonuses	(29)	-
(Decrease) in other reserves	(66)	(10)
Loss from application of Accounting Standard for Asset Retirement Obligations	-	10
Interest and dividend income	(7)	(14)
Loss (gain) from silent investment partnerships	(110)	-
Loss (gain) on sale and valuation of investment securities	(1)	11
Interest expense	822	917
Loss on disposal of fixed assets	25	3
Gain on liquidation of silent investment partnership	(232)	(1)
Decrease (increase) in accounts receivable	43	(181)
Decrease (increase) in inventories	11,534	(811)
Increase (decrease) in accounts payable	(1,570)	(1,275)
Other	619	1,138
Subtotal	13,357	1,949
Cash receipts of interest and dividend income	7	14
Cash payments of interest expense	(773)	(849)
Income taxes paid	(203)	(163)
Net Cash Provided by (Used in) Operating Activities	12,389	949
Net Cash Provided by (Used in) Investing Activities		
Purchase of time deposits	(14)	(18)
Proceeds from refund of time deposits	100	16
Proceeds from redemption of marketable securities	34	-
Purchase of tangible fixed assets	(1,151)	(859)
Purchase of intangible fixed assets	(101)	(90)
Purchase of investment securities	-	(18)
Proceeds from sale of investment securities	13	4
Proceeds from refund of silent partnership investment	924	-
Other	(3)	7
Net Cash Provided by (Used in) Investing Activities	(197)	(960)

(Millions of yen)

	Nine Months Ended December 31, 2009	Nine Months Ended December 31, 2010
Net Cash Provided by (Used in) Financing Activities		
Increase (decrease) in short-term borrowings	(7,928)	(1,100)
Proceeds from long-term borrowings	7,776	6,339
Repayment of long-term borrowings	(12,293)	(8,733)
Repayment of lease obligations	-	(16)
Proceeds from issuance of stock	-	4,753
Cash dividends paid	(0)	(128)
Net Cash Provided by (Used in) Financing Activities	(12,445)	1,113
Increase (decrease) in Cash and Cash Equivalents	(253)	1,103
Cash and Cash Equivalents at Beginning of Period	3,733	3,717
Cash and Cash Equivalents at End of Period	3,479	4,820

(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 third 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 of these items in the third quarter consolidated financial report.