

First Quarter Consolidated Financial Report

for the Three Months Ended June 30, 2011 (Japan GAAP)

July 25, 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: August 12, 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 Three Months Ended June 30, 2011 (April 1-June 30, 2011)

(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, 2011	4,246	(39.7)	(350)	-	(563)	-	(602)	-
Three months ended June 30, 2010	7,040	(25.5)	757	698.0	356	-	348	-

(Note) Comprehensive income: Three months ended June 30, 2012: (599)(-%) / Three months ended June 30, 2011: 346(-%)

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
Three months ended June 30, 2011	(18.59)	-
Three months ended June 30, 2010	14.69	-

(2) Consolidated Financial Position

	Total Assets	Total Net Assets	Equity Ratio
	Million yen	Million yen	%
As of June 30, 2011	63,409	17,567	27.7
As of March 31, 2011	61,054	18,361	30.1

<Reference> Shareholders' equity at end of period: June 30, 2011: ¥17,567 million / March 31, 2011: ¥18,361 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, 2011	-	3.00	-	6.00	9.00
Year Ending March 31, 2012	-				
Year Ending March 31, 2012 (Forecast)		4.00	-	9.00	13.00

(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, 2012 (April 1, 2011-March 31, 2012)

(¥ 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
As of September 30, 2011	15,400	(7.3)	790	(64.3)	300	(80.4)	100	(93.3)	3.09
As of March 31, 2012	57,150	21.9	6,170	(8.7)	5,160	(6.6)	3,600	(29.2)	111.10

(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
(Changes in specific subsidiaries during the quarterly accounting period under review in conjunction with a change in the scope of consolidation.)
Newly consolidated companies (--) Newly excluded companies (--)
- (2) Application of Special Accounting Treatment Made in Preparation of the Quarterly Consolidated Financial Statements: Yes
- (3) Changes in Accounting Policies, Changes in Accounting Estimates or Restatement
A. Changes in accounting policies accompanying revision of accounting standards: No
B. Changes in accounting policies other than those in (1): No
C. Changes in accounting estimates: No
D. Restatement: No

(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, 2011:	33,386,070 shares	As of March 31, 2011:	33,386,070 shares
b.	As of June 30, 2011:	982,771 shares	As of March 31, 2011:	982,771 shares
c.	Three months ended June 30, 2011:	32,403,299 shares	Three months ended June 30, 2010:	23,711,197 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

In the first-quarter year-to-date period of the Takara Leben Group's fiscal year ending in March 2012, sales from the real estate sales business amounted to ¥3,006 million. This reflected sales in the new built-for-sale condominium business, as well as sales in the newly-built detached housing business, renovations business and resale business.

In the real estate rental business, sales totaled ¥356 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 26,395 units of residential condominiums were ¥551 million.

Sales from other businesses amounted to ¥332 million, mainly from orders for optional construction work and commissions from real estate agency services.

As a result of the above operations, consolidated sales for the first-quarter year-to-date period of the current consolidated fiscal year were ¥4,246 million.

b. Overview

The consolidated sales of the Takara Leben Group for the first-quarter year-to-date period of the current consolidated fiscal year ended at 7.1% of the full year plan. Quarterly net loss for the same period was ¥602 million. This was attributed to the fact that deliveries in the new built-for-sale condominium business, the core business of the Group, were concentrated in the second half of the current fiscal year.

c. Contracted ratio status

With regard to sales performance in the first-quarter year-to-date period of the current consolidated fiscal year, contracts were concluded for 892 units, compared with a full-year target of 1,441 units scheduled for delivery. The contract ratio was at 61.9%, which saw an increase of 7.5 percentage points compared to the same period of the previous year, showing a steady growth in the business.

(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) (%)
New built-for-sale condominium	1,441	892	61.9	54.4

In addition to new built-for-sale condominiums, sales are proceeding steadily in the newly-built 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 ¥63,409 million, an increase of ¥2,354 million compared with the end of the previous consolidated fiscal year. The increase mainly reflected an increase in inventory in conjunction with new purchases.

(Current Assets)

Current assets increased ¥2,021 million compared with the end of the previous consolidated fiscal year to ¥43,949 million. This mainly reflected an increase in inventory assets as a result of new purchases.

(Fixed Assets)

Fixed assets increased ¥333 million compared with the end of the previous consolidated fiscal year to ¥19,459 million, mainly as the result of purchases of business assets.

(Current Liabilities)

Current liabilities increased ¥4,381 million compared with the end of the previous consolidated fiscal year to ¥32,532 million, mainly as a result of an increase in advances received on contracts concluded and the shift in debt maturities from long-term debt to short-term borrowings.

(Fixed Liabilities)

Fixed liabilities decreased ¥1,232 million compared with the end of the previous consolidated fiscal year to ¥13,309 million, mainly because of the shift in debt maturities from long-term debt to short-term borrowings.

(Net Assets)

Total net assets decreased ¥794 million compared with the end of the previous consolidated fiscal year to ¥17,567 million. The decrease was attributed to the net loss for the first quarter and a decrease in capital surplus due to dividends paid.

(3) Qualitative Information Pertaining to Forecasted Consolidated Operating Results

For information concerning the forecasted consolidated operating results, please refer to the Notification Concerning the Revision of Forecasted Operating Results and the Notification Concerning Consolidated Operating Results Forecast for the Second-Quarter Year-To-Date Period of the Fiscal Year Ending in March 2012, which were both released on July 25, 2011.

2. Summary Information Pertaining to Other Matters

(1) Changes to Material Subsidiaries during the First-Quarter Year-to-Date Period

The Company had no pertinent matters to report.

(2) Application of Special Accounting Treatment Made in Preparation of the Quarterly Consolidated Financial Statements

a. Calculation method for fixed-asset depreciation

For assets for which the declining-balance method has been adopted, 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 book value to the estimate amount.

(3) Changes in Accounting Policies, Changes in Accounting Estimates or Restatement

The Company had no pertinent matters to report.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2011	As of June 30, 2011
ASSETS		
Current assets:		
Cash and cash equivalents	9,414	7,282
Notes and accounts receivable, trade	416	431
Real estate held for sale	5,259	3,855
Real estate for sale under construction	23,575	29,050
Other	3,301	3,362
Allowance for doubtful accounts	(38)	(32)
Total current assets	41,928	43,949
Fixed assets:		
Tangible fixed assets		
Buildings and structures (net)	4,654	4,582
Land	13,259	13,644
Other (net)	38	35
Total tangible fixed assets	17,951	18,262
Intangible fixed assets	484	481
Investments and other assets		
Other	915	939
Allowance for doubtful accounts	(225)	(224)
Total investments and other assets	689	715
Total fixed assets	19,126	19,459
Total assets	61,054	63,409
LIABILITIES		
Current liabilities:		
Notes and accounts payable, trade	3,785	2,066
Short-term borrowings	3,720	6,168
Long-term debt due within one year	16,960	19,682
Income taxes payable	93	53
Reserve	176	103
Other	3,416	4,458
Total current liabilities	28,151	32,532
Fixed liabilities:		
Long-term borrowings	13,669	12,444
Reserve	231	235
Other	640	629
Total fixed liabilities	14,541	13,309
Total liabilities	42,692	45,841

(Millions of yen)

	As of March 31, 2011	As of June 30, 2011
NET ASSETS		
Shareholders' capital:		
Capital	4,819	4,819
Additional paid-in capital	4,949	4,949
Retained earnings	9,905	9,109
Treasury stock	(1,295)	(1,295)
Total shareholders' capital	18,380	17,583
Other accumulated comprehensive income:		
Other Valuation difference on available-for-sale securities	(18)	(15)
Total other accumulated comprehensive income	(18)	(15)
Total net assets	18,361	17,567
Total liabilities and net assets	61,054	63,409

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income
 Quarterly Consolidated Statements of Income
 First-Quarter Year-to-Date Period

(Millions of yen)

	Three Months Ended June 30, 2010	Three Months Ended June 30, 2011
Net sales	7,040	4,246
Cost of sales	4,763	2,887
Gross profit	2,277	1,359
Selling, general and administrative expenses	1,519	1,709
Operating income (loss)	757	(350)
Non-Operating income:		
Interest income	7	1
Dividend income	1	1
Commissions received	11	8
Equity in earnings of affiliates	—	7
Miscellaneous income	2	18
Total Non-Operating income	23	38
Non-Operating expenses:		
Interest expense	312	235
New share issuance costs	110	—
Miscellaneous losses	2	15
Total Non-Operating expenses	424	251
Ordinary income (loss)	356	(563)
Extraordinary gains:		
Reversal of provision for loans	9	—
Reversal of provision for bonuses	0	—
Gain on prior periods adjustment	49	—
Other	2	—
Total extraordinary gains	62	—
Total extraordinary losses:		
Loss on disposal of fixed assets	0	6
Loss on adjustment for changes of accounting standard for asset retirement obligations	10	—
Income taxes for prior periods	32	—
Loss on valuation of investment securities	8	3
Loss on sale of investment securities	2	—
Other	0	—
Total extraordinary losses	54	9
Net income (loss) before income taxes	364	(572)
Income taxes, inhabitant taxes and business taxes	46	48
Income tax refund	(12)	—
Income tax adjustments	(18)	(18)
Total income and other taxes	15	29
Income (loss) before minority interests	348	(602)
Net income (loss)	348	(602)

Quarterly Consolidated Statements of Comprehensive Income
 First-Quarter Year-to-Date Period

(Millions of yen)

	Three Months Ended June 30, 2010	Three Months Ended June 30, 2011
Income (loss) before minority interests	348	(602)
Other comprehensive income:		
Other Valuation difference on available-for-sale securities	(1)	2
Other comprehensive income (total)	(1)	2
Comprehensive income	346	(599)
(Comprising)		
Comprehensive income attributable to parent	346	(599)

(3) Notes Pertaining to the Going Concern Assumption

The Company had no pertinent matters to report.

(4) Notes on Significant Changes to Shareholders' Equity

The Company had no pertinent matters to report.

(5) Important Events after Reporting Period

The Company had no pertinent matters to report.

(Omission of disclosure)

Quarterly consolidated statements of cash flows, disclosure of segment information, other matters of note, non-consolidated operating and financial information and supplemental information have been omitted because the Company believes there is no significant need for the disclosure of these items in the first-quarter consolidated financial report.