

Second Quarter Consolidated Financial Report

for the Six Months Ended September 30, 2011 (Japan GAAP)

October 25, 2011

Takara Leben CO., LTD.

Shares listed on: First Section of the Tokyo Stock Exchange
 Security code: 8897
 URL: <http://www.leben.co.jp>
 Representative: Yoshio Murayama, President and Representative Director
 Toshiya Kitagawa, Corporate Officer and Office Manager, Marketing Planning Office
 Contacts: Tel: +81-3-5324-8720

Scheduled date for release of Quarterly Report: November 14, 2011
 Scheduled date for commencement of dividend payments: December 6, 2011
 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, 2011 (April 1-September 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	%
Six months ended September 30, 2011	16,237	(2.3)	1,335	(39.7)	910	(40.5)	712	(52.5)
Six months ended September 30, 2010	16,616	(39.6)	2,213	15.9	1,530	(0.1)	1,501	(9.4)

(Note) Comprehensive income: Six months ended September 30, 2012: ¥717 million ((52.1)%) / Six months ended September 30, 2011: ¥1,498 million (-%)

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
Six months ended September 30, 2011	22.15	-
Six months ended September 30, 2010	53.46	-

(2) Consolidated Financial Position

	Total Assets	Total Net Assets	Equity Ratio
	Million yen	Million yen	%
As of September 30, 2011	64,562	18,480	28.6
As of March 31, 2011	61,054	18,361	30.1

<Reference> Shareholders' equity at end of period: September 30, 2011: ¥18,480 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	-	4.00			
Year Ending March 31, 2012 (Forecast)			-	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 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: No

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

(1) Changes in the status of material subsidiaries during the period: Yes

(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 (1) Takara Live Net Co., Ltd.,

(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 September 30, 2011:	33,386,070 shares	As of March 31, 2011:	33,386,070 shares
b.	As of September 30, 2011:	1,915,271 shares	As of March 31, 2011:	982,771 shares
c.	Six months ended September 30, 2011:	32,187,444 shares	Six months ended September 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.

○Attachments Table of Contents

1. Qualitative Information Pertaining to Consolidated Operating Results for the Quarter	2
(1) Qualitative Information Pertaining to Consolidated Operating Performance	2
(2) Qualitative Information Pertaining to Consolidated Financial Position	3
(3) Qualitative Information Pertaining to Forecasted Consolidated Operating Results	3
2. Summary Information Pertaining to Other Matters.....	4
(1) Changes to Material Subsidiaries during the First-Quarter Year-to-Date Period.....	4
(2) Application of Special Accounting Treatment Made in Preparation of the Quarterly Consolidated Financial Statements	4
(3) Changes in Accounting Policies, Changes in Accounting Estimates or Restatement	4
3. Quarterly Consolidated Financial Statements	4
(1) Quarterly Consolidated Balance Sheets	5
(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income	6
Quarterly Consolidated Statements of Income Second-Quarter Year-to-Date Period.....	7
Quarterly Consolidated Statements of Comprehensive Income Second -Quarter Year-to-Date Period.....	8
(3) Notes Pertaining to the Going Concern Assumption	9
(4) Notes on Significant Changes to Shareholders' Equity	9
(5) Important Events after Reporting Period	9

1. Qualitative Information Pertaining to Consolidated Operating Results for the First Half

(1) Qualitative Information Pertaining to Consolidated Operating Performance

During the first half of the fiscal year under review, the Japanese economy gradually recovered from the effects of the Great East Japan Earthquake. Nonetheless, the outlook remains uncertain, given the fiscal crisis in Europe and the surge of the yen in association with the prevailing concerns.

In the real estate industry, where the Takara Leben Group operates, although there were concerns over the negative impact of the earthquake on business, the willingness of customers to purchase properties has not fallen significantly. In particular, the enthusiasm of first-time buyers, the Company's main target market, remained strong even after the earthquake, and the number of contracts the Company concluded held firm. In its effort to differentiate itself from its competitors, the Company has been striving to develop condominiums that meet the demands of the age. For this reason, it commenced sales of Japan's first condominiums planned in-house and equipped with individual PV systems, which permit owners to sell electricity individually.

With the Company celebrating its 40th year in business in September 2011, it remains determined to provide "ideal and affordable housing that everyone can buy with confidence," the Company's marketing concept, to its customers.

(i) Performance Review

In reviewing the performance of Takara Leben Co., Ltd. on a nonconsolidated basis, the new built-for-sale condominium business delivered 316 condominiums mainly in Tokyo and Saitama Prefecture, and achieved a strong gross margin of 21.7%.

The newly built detached housing business performed steadily and in line with the Company's full-year business plan, and achieved a gross margin of 28.5%.

The renovation business and the resale business recorded sales for the first half of the fiscal year under review that were 100% of the Company's full-year sales plan.

In the real estate rental business, sales were progressing steadily and almost in line with the Company's full-year sales plan, reaching 49.1% of the plan.

As a result, net sales for the first half of the fiscal year under review on a non-consolidated basis reached ¥14,299 million. Operating income was ¥1,025 million, and ordinary income amounted to ¥672 million. Net income stood at ¥660 million.

On a consolidated basis, Leben Community Co., Ltd. increased the number of units managed through its condominium management services by 1,398 units, compared with the end of the prior consolidated fiscal year, to 27,049 units for the first half of the fiscal year under review, achieving growth in line with the Company's plan.

Tafuko Co., Ltd., Marunouchi Servicer Co., Ltd., and AS Partners Co., Ltd. also performed steadily and in line with plans. Meanwhile, as a result of the sale of its shares during the first half of the fiscal year under review, Takara Live Net Co., Ltd. was excluded from consolidated subsidiaries.

As a result, Takara Leben Group reported consolidated net sales of ¥16,237 million, operating income of ¥1,335 million, ordinary income of ¥910 million, and net income of ¥712 million.

(ii) Performance by business segment

Looking at the performance of each business segment of the Takara Leben Group for the first half of the consolidated fiscal year ending March 2012, the real estate sales business recorded sales of ¥13,475 million, reflecting the results of the new built-for-sale condominium business, the newly built detached housing business, the renovations business, and the resale business.

The real estate rental business recorded sales of ¥707 million. This reflected rental revenue from

condominiums for rent and from office and store space leasing.

The real estate management business posted sales of ¥1,111 million, reflecting revenues from the management of 27,049 units of residential condominiums.

Sales from other businesses amounted to ¥942 million, mainly reflecting commissions from real estate agency services and revenues from orders for repair work.

As a result, net sales for the first half of the consolidated fiscal year under review stood at ¥16,237 million.

(iii) Progress of contracts signed

Given the strong sales in the first half of the consolidated fiscal year under review, the contracted ratio as at the end of September 2011 stood at 83.0%, up 1.9 percentage points year on year, with 1,114 units being signed against 1,342 units to be delivered for the fiscal year under review. The contracted ratio for the next term against the number of units scheduled to be delivered amounted to 24.3%, a steady performance and significantly higher than that for the same period of the previous year.

(Table of Contracts Signed Versus Number of Full-Year Forecast Units for Delivery)

	United scheduled for delivery (units)	Number of contracts signed (units)	Contracted ratio (%)	Contracted ratio for the same period of the previous year (%)
Fiscal year ending March 2012	1,342	1,114	83.0	81.1
Fiscal year ending March 2013	1,553	378	24.3	14.1

In addition to the new built-for-sale condominium business, the newly built detached housing business, the renovations business, and the resale business have also been performing steadily in accordance with the business plan.

(2) Qualitative Information Pertaining to Consolidated Financial Position

Assets, Liabilities and Net Assets

With regard to the assets, liabilities, and net assets of the Takara Leben Group at the end of the first half of the consolidated fiscal year under review, total assets were ¥64,562 million, an increase of ¥3,507 million compared with the end of the previous consolidated fiscal year. The increase mainly reflected an increase in inventories in conjunction with new purchases.

(Current Assets)

Current assets increased ¥3,209 million compared with the end of the previous consolidated fiscal year, to ¥45,137 million. This principally reflected an increase in inventories as a result of new purchases.

(Fixed Assets)

Fixed assets increased ¥298 million compared with the end of the previous consolidated fiscal year, to ¥19,424 million, mainly as a result of purchases of business assets.

(Current Liabilities)

Current liabilities increased ¥3,382 million compared with the end of the previous consolidated fiscal year, to ¥31,533 million, mainly as a result of an increase in advances received on contracts concluded and the shift in debt maturities from long-term to short-term borrowings.

(Fixed Liabilities)

Fixed liabilities increased ¥6 million compared with the end of the previous consolidated fiscal year, to ¥14,548 million, mainly because of the rise in lease obligations.

(Net Assets)

Total net assets increased ¥118 million compared with the end of the previous consolidated fiscal year, to ¥18,480 million. The increase was attributable to the recording of net income, which exceeded the amount used to repurchase treasury stock and pay dividends from retained earnings.

(3) Qualitative Information Pertaining to Forecasted Consolidated Operating Results

There is no change from the projected consolidated operating results released on July 25, 2011.

2. Matters Pertaining to Summary Information (Others)

(1) Changes to Material Subsidiaries during the First Half of the Consolidated Fiscal Year Under Review

On September 26, 2011, the Company sold all shares of Takara Live Net Co., Ltd., its consolidated subsidiary. As a result, its excluded Takara Live Net Co., Ltd. from the scope of consolidated subsidiaries for the second quarter of the consolidated fiscal year under review.

(2) Adoption of special accounting policies for quarterly financial statements

(i) 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.

(ii) Valuation method for inventories

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

(3) Changes in accounting standard, accounting estimation change, and error correction

Not applicable

3. Quarterly Consolidated Financial Statements
(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2011	As of September 30, 2011
ASSETS		
Current assets:		
Cash and cash equivalents	9,414	8,415
Notes and accounts receivable, trade	416	393
Real estate held for sale	5,259	4,605
Real estate for sale under construction	23,575	28,474
Other	3,301	3,286
Allowance for doubtful accounts	(38)	(36)
Total current assets	41,928	45,137
Fixed assets:		
Tangible fixed assets		
Buildings and structures (net)	4,654	4,525
Land	13,259	13,644
Other (net)	38	77
Total tangible fixed assets	17,951	18,247
Intangible fixed assets	484	467
Investments and other assets		
Other	915	930
Allowance for doubtful accounts	(225)	(221)
Total investments and other assets	689	708
Total fixed assets	19,126	19,424
Total assets	61,054	64,562
LIABILITIES		
Current liabilities:		
Notes and accounts payable, trade	3,785	4,188
Short-term borrowings	3,720	5,376
Long-term debt due within one year	16,960	16,790
Income taxes payable	93	105
Reserve	176	180
Other	3,416	4,892
Total current liabilities	28,151	31,533
Fixed liabilities:		
Long-term borrowings	13,669	13,660
Reserve	231	235
Other	640	652
Total fixed liabilities	14,541	14,548
Total liabilities	42,692	46,081

(Millions of yen)

	As of March 31, 2011	As of September 30, 2011
NET ASSETS		
Shareholders' capital:		
Capital	4,819	4,819
Additional paid-in capital	4,949	4,949
Retained earnings	9,905	10,424
Treasury stock	(1,295)	(1,699)
Total shareholders' capital	18,380	18,494
Other accumulated comprehensive income:		
Other Valuation difference on available-for-sale securities	(18)	(13)
Total other accumulated comprehensive income	(18)	(13)
Total net assets	18,361	18,480
Total liabilities and net assets	61,054	64,562

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

	Six Months Ended September 30, 2010	Six Months Ended September 30, 2011
Net sales	16,616	16,237
Cost of sales	11,292	11,269
Gross profit	5,323	4,967
Selling, general and administrative expenses	3,110	3,632
Operating income (loss)	2,213	1,335
Non-Operating income:		
Interest income	9	3
Dividend income	1	1
Commissions received	28	33
Equity in earnings of affiliates	15	17
Miscellaneous income	4	25
Total Non-Operating income	60	81
Non-Operating expenses:		
Interest expense	611	488
New share issuance costs	126	—
Miscellaneous losses	3	17
Total Non-Operating expenses	742	506
Ordinary income (loss)	1,530	910
Extraordinary gains:		
Reversal of provision for loans	14	—
Reversal of provision for bonuses	2	—
Gain on prior periods adjustment	49	—
Other	2	—
Total extraordinary gains	68	—
Total extraordinary losses:		
Loss on sales of shares in subsidiaries	—	49
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	55	58
Net income (loss) before income taxes	1,544	852
Income taxes, inhabitant taxes and business taxes	74	92
Income tax refund	(12)	—
Income tax adjustments	(19)	46
Total income and other taxes	43	139
Income (loss) before minority interests	1,501	712
Net income (loss)	1,501	712

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

(Millions of yen)

	Six Months Ended September 30, 2010	Six Months Ended September 30, 2011
Income (loss) before minority interests	1,501	712
Other comprehensive income:		
Other Valuation difference on available-for-sale securities	(2)	4
Other comprehensive income (total)	(2)	4
Comprehensive income	1,498	717
(Comprising)		
Comprehensive income attributable to parent	1,498	717

(3) Notes Pertaining to the Going Concern Assumption

The Company had no pertinent matters to report.

(4) Notes on Significant Changes to Shareholders' Equity

(Purchase of treasury stock)

In the second quarter of the consolidated fiscal year under review, the Company purchased 932,500 shares of treasury stock at ¥404 million, by resolution of the meeting of the Board of Directors held on July 25, 2011.

As a result, as at the end of the second quarter of the consolidated fiscal year under review, the Company held 1,915,271 shares of treasury stock at ¥1,699 million.

(5) Important Subsequent Events

Not applicable

(Omissions of disclosures)

Among the disclosure items, quarterly consolidated statements of cash flows, segment information, other notes, non-consolidated operating and financial information, and supplemental information have been omitted, because the Company has judged that there is no significant need for disclosure of these items in the interim consolidated financial report.