

Second Quarter Consolidated Financial Report

for the Six Months Ended September 30, 2013 (Japan GAAP)

October 28, 2013

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, 2013
 Scheduled date for commencement of dividend payments: December 10, 2013
 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, 2013 (April 1-September 30, 2013)

(Amounts are rounded down to the nearest million)

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

(Percentage figures represent year-on-year change)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2013	17,916	(48.2)	542	(82.4)	159	(94.4)	257	(87.5)
Six months ended September 30, 2012	34,560	112.8	3,088	131.2	2,827	210.4	2,054	188.2

(Note) Comprehensive income: Six months ended September 30, 2013: ¥252million ((87.7%)) / Six months ended September 30, 2012: ¥2,044million (185.0%)

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
Six months ended September 30, 2013	2.21	2.20
Six months ended September 30, 2012	16.79	16.77

The Company implemented a four-for-one common stock split on July 1, 2013. Net income per share and diluted net income per share are calculated as if the stock split had been implemented at the beginning of the previous fiscal year.

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio
	Millions of yen	Millions of yen	%
As of September 30, 2013	80,994	22,190	27.3
As of March 31, 2013	75,013	24,147	32.2

<Reference> Shareholders' equity at end of period: September 30, 2013: ¥22,136 million / March 31, 2013: ¥24,131 million

2. Cash Dividends

	Annual Cash Dividends per Share				
	1Q	2Q	3Q	Year-End	Total
	Yen	Yen	Yen	Yen	Yen
Year Ending March 31, 2013	-	5.00	-	10.00	15.00
Year Ending March 31, 2014	-	1.50			
Year Ending March 31, 2014 (Forecast)			-	3.00	4.50

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

(Note) A decision to implement a stock split at a ratio of 1:4 for common stock effective as of July 1, 2013 was determined through a resolution at the Board of Directors meeting held on May 13, 2013.

3. Consolidated Operating Results Forecast for the Fiscal Year Ending March 31, 2014 (April 1, 2013-March 31, 2014)

(Percentage figures represent year-on-year change)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	yen
Full year	72,250	11.3	9,500	49.3	8,715	50.5	5,380	32.1	46.35

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

(Note) For a revision of the consolidated operating results forecast, please refer to the notice of a revision to the results forecast announced on October 28, 2013. The cancellation of treasury stock (386,070 shares) on May 15, 2013 and the implementation a stock split at a ratio of 1:4 for common stock effective as of July 1, 2013, were decided by a resolution at the Board of Directors meeting held on May 13, 2013.

4. Other Matters

- (1) Changes in significant subsidiaries during the current fiscal year
(Changes in specified subsidiaries resulting in changes in scope of consolidation): No
Newly consolidated companies (--) Newly excluded companies (--)
- (2) Application of Special Accounting Treatment Made in Preparation
of the Quarterly Consolidated Financial Statements: No
- (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 September of 30, 2013:	132,000,000 shares	As of March 31, 2013:	133,544,280 shares
b.	As of September 30, 2013:	16,372,907 shares	As of March 31, 2013:	14,021,084 shares
c.	Six months ended September 30, 2013:	116,537,044 shares	Six months ended September 30, 2012:	122,363,688 shares

(Note) The Company implemented a four-for-one common stock split on July 1, 2013. Numbers of shares is calculated as if the stock split had been implemented at the beginning of the previous fiscal year.

(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

The first half of the fiscal year under review was still far from rosy, corporate capital expenditures and personal spending, especially on certain big-ticket items, have recovered, backed by expectations for Abenomics over the outlook for the Japanese economy. In the real estate industry, where the Takara Leben Group operates, the contract ratio was high, as buyer confidence gradually increased due to expectations for the end of deflation. The suburbs of Tokyo, an area the Company focuses on, attracted attention due to increased transportation convenience to central Tokyo associated with railroad companies sharing tracks and former *zaibatsu* companies' aggressive operational development, and the demand environment remained favorable.

Under such circumstances, the Company will continue to promote the supply of solar-powered condominiums, and the Company will remain committed to its basic concept of 'ideal, affordable housing that anyone can buy with confidence' as well as its corporate vision of 'thinking of happiness; making happiness' and its corporate mission of 'creating together with eager minds, sincere efforts and ample talent,' and continue to work on product plans capturing the needs of the time and promote business activities focusing on its customers as its ultimate supporters.

① Performance by business segment

In the second-quarter year-to-date period of the Takara Leben Group's fiscal year ending in March 2014, sales from the real estate sales business amounted to ¥15,172 million, down 52.3% on a year-on-year basis. 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.

Gross margin ratio increased 1.6% compared with the end of the previous consolidated fiscal year to 22.9%. The significant increase was mainly attributed to price revision.

In the real estate rental business, sales totaled ¥833 million, up 17.8% on a year-on-year basis. This reflected sales from the rental of apartments, condominium units, and offices.

In the real estate management business, sales from the management of 33,935 units of residential condominiums were ¥1,353 million, up 7.0% on a year-on-year basis.

Sales from other businesses amounted to ¥557 million, down 30.4% on a year-on-year basis, mainly attributable to revenues from orders for large-scale repair work and revenue from selling electric power in the mega-solar business.

As a result, Net sales for the second-quarter year-to-date period of the current consolidated fiscal year amounted to ¥17,916 million, down 48.2% on a year-on-year basis; Operating income amounted to ¥542 million, down 82.4% on a year-on-year basis; Ordinary income amounted to ¥159 million, down 94.4% on a year-on-year basis; and Net income amounted to ¥257 million, down 87.5% on a year-on-year basis.

② Contracted ratio status

With regard to sales performance in the second-quarter year-to-date period of the current consolidated fiscal year, contracts were concluded for 1,570 units, compared with a full-year target of 1,710 units scheduled for delivery. The contract ratio was at 91.8%, showing a steady growth in the business.

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

	Units scheduled for delivery (units)	Number of contracts signed (units)	Contracted ratio (%)
Six months ended September 30, 2012	1,630	1,543	94.7
Six months ended September 30, 2013	1,710	1,570	91.8

(2) Qualitative Information Pertaining to Consolidated Financial Position

Assets, Liabilities and Net Assets

With regard to the assets, liabilities, and net assets of the Group at the end of the second-quarter consolidated accounting period under review, total assets were ¥80,994 million, an increase of ¥5,980 million compared with the end of the previous consolidated fiscal year. The increase mainly reflected an increase in inventories from new purchases and purchasing of business assets.

(Current Assets)

Current assets increased ¥4,643 million compared with the end of the previous consolidated fiscal year to ¥60,576 million. This mainly reflected an increase in inventories from new purchases.

(Non-current Assets)

Non-current assets increased ¥1,336 million compared with the end of the previous consolidated fiscal year to ¥20,418 million, mainly reflected, mainly due to purchase of business assets.

(Current Liabilities)

Current liabilities amounted to ¥32,585 million, an increase of ¥3,559 million from March 31, 2013, mainly due to an increase of short-term borrowings.

(Non-current Liabilities)

Non-current liabilities amounted to ¥26,219 million, an increase of ¥4,378 million from March 31, 2013, mainly due to an increase of borrowings associated with new purchases.

(Net Assets)

Total net assets decreased ¥1,957 million compared with the end of the previous consolidated fiscal year to ¥22,190 million. The decrease was attributed to the net assets for the second quarter was less than distribution of surplus and purchase of treasury stock.

(3) Qualitative Information Pertaining to Forecasted Consolidated Operating Results

For a revision of the consolidated operating results forecast, please refer to the notice of a revision to the results forecast announced on October 28, 2013.

2. Summary Information (Notes)

(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

The Company had no pertinent matters to report.

(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, 2013	As of September 30, 2013
ASSETS		
Current assets:		
Cash and deposits	17,911	19,045
Notes and accounts receivable, trade	323	317
Real estate held for sale	2,067	466
Real estate held for sale in progress	33,308	37,386
Other	2,353	3,393
Allowance for doubtful accounts	(32)	(33)
Total current assets	55,932	60,576
Fixed assets:		
Tangible fixed assets		
Buildings and structures (net)	5,011	5,129
Land	12,471	13,251
Other (net)	122	793
Total tangible fixed assets	17,606	19,175
Intangible fixed assets	551	525
Investments and other assets		
Other	1,036	831
Allowance for doubtful accounts	(112)	(113)
Total investments and other assets	924	717
Total fixed assets	19,081	20,418
Total assets	75,013	80,994
LIABILITIES		
Current liabilities:		
Notes and accounts payable, trade	7,920	5,374
Short-term borrowings	2,629	6,887
Current portion of long-term borrowings	11,375	12,496
Income taxes payable	1,608	79
Reserve	277	296
Other	5,214	7,449
Total current liabilities	29,025	32,585
Noncurrent liabilities		
Long-term borrowings	20,849	25,149
Reserve	202	230
Other	788	840
Total noncurrent liabilities	21,840	26,219
Total liabilities	50,866	58,804

(Millions of yen)

	As of March 31, 2013	As of September 30, 2013
NET ASSETS		
Shareholders' equity		
Capital stock	4,819	4,819
Capital surplus	4,947	4,817
Retained earnings	16,991	16,708
Treasury stock	(2,630)	(4,207)
Total shareholders' equity	24,127	22,137
Accumulated other comprehensive income		
Net unrealized losses on available-for-sale Securities	3	(1)
Total accumulated other comprehensive income	3	(1)
Subscription rights to shares	16	53
Total net assets	24,147	22,190
Total liabilities and net assets	75,013	80,994

(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, 2012	Six Months Ended September 30, 2013
Net sales	34,560	17,916
Cost of sales	27,505	13,605
Gross profit	7,054	4,311
Selling, general and administrative expenses	3,966	3,769
Operating income (loss)	3,088	542
Non-Operating income:		
Interest income	2	2
Dividend income	2	2
Commissions received	56	24
Income from equity method investment	64	10
Miscellaneous income	40	8
Total Non-Operating income	166	47
Non-Operating expenses:		
Interest expense	421	397
Miscellaneous losses	5	32
Total Non-Operating expenses	427	430
Ordinary income (loss)	2,827	159
Extraordinary gains		
Settlement received	—	330
Reserve for directors' retirement benefits	53	—
Total extraordinary gains	53	330
Extraordinary losses		
Loss on sales of noncurrent assets	—	39
Loss on disposal of fixed assets	21	0
Other	0	9
Total extraordinary losses	22	49
Net income (loss) before income taxes	2,858	440
Income taxes, inhabitant taxes and business taxes	644	69
Income tax adjustments	160	113
Total income and other taxes	804	183
Income (loss) before minority interests	2,054	257
Net income (loss)	2,054	257

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

(Millions of yen)

	Six Months Ended September 30, 2012	Six Months Ended September 30, 2013
Income (loss) before minority interests	2,054	257
Other comprehensive income:		
Net unrealized gains on available-for-sale securities	(9)	(4)
Total other comprehensive income	(9)	(4)
Comprehensive income	2,044	252
(Comprising)		
Comprehensive income attributable to parent	2,044	252

(3) Notes on Quarterly Consolidated Financial Statements

(Notes on Assumption of Going Concern)

The Company had no pertinent matters to report.

(Notes on A Significant Change in Shareholders' Equity)

In the Second quarter of the consolidated fiscal year under review, the Company purchased treasury stock at ¥2,000 million, by resolution of the meeting of the Board of Directors held on May 13, 2013. And 386,070 shares of treasury stock were cancelled.

In addition to the above, with the disposal of treasury stock through the exercise of stock options representing ¥26 million, the number and amount of treasury stock at the end of the second quarter of the fiscal year under review were ¥4,207 million, respectively.