

Second Quarter Consolidated Financial Report

for the Six Months Ended September 30, 2012 (Japan GAAP)

October 29, 2012

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, 2012
 Scheduled date for commencement of dividend payments: December 11, 2012
 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, 2012 (April 1-September 30, 2012)

(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, 2012	34,560	112.8	3,088	131.2	2,827	210.4	2,054	188.2
Six months ended September 30, 2011	16,237	(2.3)	1,335	(39.7)	910	(40.5)	712	(52.5)

(Note) Comprehensive income: Six months ended September 30, 2012: ¥2,044million (185.0%) / Six months ended September 30, 2011: ¥717((52.1)%)

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
Six months ended September 30, 2012	67.15	67.10
Six months ended September 30, 2011	22.15	-

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio
	Millions of yen	Millions of yen	%
As of September 30, 2012	70,415	22,546	32.0
As of March 31, 2012	70,277	21,138	30.1

<Reference> Shareholders' equity at end of period: September 30, 2012: ¥22,527 million / March 31, 2012: ¥21,138 million

2. Cash Dividends

	Annual Cash Dividends per Share				
	1Q	2Q	3Q	Year-End	Total
	Yen	Yen	Yen	Yen	Yen
Year Ending March 31, 2012	-	4.00	-	9.00	13.00
Year Ending March 31, 2013	-	5.00			
Year Ending March 31, 2013 (Forecast)			-	10.00	15.00

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

(Note) Year-end dividends per share for the year ended March 31, 2012 include ordinary dividend of ¥7.00 and commemorative dividend of ¥2.00.

3. Consolidated Operating Results Forecast for the Fiscal Year Ending March 31, 2013 (April 1, 2012-March 31, 2013)

(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	63,950	15.9	7,000	18.0	6,100	20.3	3,800	3.2	122.84

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

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: Yes
B. Changes in accounting policies other than those in (1): No
C. Changes in accounting estimates: Yes
D. Restatement: No

(Note) These are subject to Article 10-5 of the Ordinance on Terminology, Forms and Preparation Methods of Quarterly Financial Statements. For more detailed information, refer to "2. Summary Information (Notes) (3) Changes in accounting policies and estimates, or retrospective restatements" on page 3.

(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, 2012:	33,386,070 shares	As of March 31, 2012:	33,386,070 shares
b.	As of September 30, 2012:	3,074,171 shares	As of March 31, 2012:	2,451,871 shares
c.	Six months ended September 30, 2012:	30,590,922 shares	Six months ended September 30, 2011:	32,187,444 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

The first half of the fiscal year under review was marked by fiscal problems in certain European countries, the persistent strength of the yen, a slowdown in economic growth in emerging countries, and other factors that cast shadows over the outlook for the Japanese economy.

In the real estate industry, where the Takara Leben Group operates, although strong concerns remained over the direction of the economy, there were some indications of a recovery, primarily attributable to the positive effects of initiatives to stimulate demand for housing.

Under these circumstances, with growth in the number of contracts concluded, the Company achieved growth in both shareholders' equity and cash and deposits to record levels at the end of the previous period. As a result, loans decreased significantly and the Company succeeded in adjusting its balance sheet. The Company saw this as an indicator that it has established a solid financial position from which to embark on renewed growth. In September 2012, it consequently announced a new medium-term business plan "Takara Leben Next Stage 2016" that describes a number of initiatives, centering on the promotion of solar-powered condominiums—one of the Company's strengths—marking a fresh start.

① Performance by business segment

In the second-quarter year-to-date period of the Takara Leben Group's fiscal year ending in March 2013, sales from the real estate sales business amounted to ¥31,788 million, up 130.6% 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.

In the real estate rental business, sales totaled ¥707million, down 0.0% on a year-on-year basis. 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 31,140 units of residential condominiums were ¥1,264million, up 26.5% on a year-on-year basis.

Sales from other businesses amounted to ¥800 million, up 26.5% on a year-on-year basis, mainly attributable to commissions from real estate agency services and revenues from orders for repair work.

As a result, Net sales for the second-quarter year-to-date period of the current consolidated fiscal year amounted to ¥34,560 million, up 112.8% on a year-on-year basis; Operating income amounted to ¥3,088 million, up 131.2% on a year-on-year basis; Ordinary income amounted to ¥2,827 million, up 210.4% on a year-on-year basis; and Net income amounted to ¥2,054 million, up 188.2% 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 1,543 units, compared with a full-year target of 1,630 units scheduled for delivery. The contract ratio was at 94.7%, 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	1,630	1,543	94.7	83.0

(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 ¥70,415 million, an increase of ¥138 million compared with the end of the previous consolidated fiscal year. The increase mainly reflected an increase in cash and deposits in conjunction with delivering new build-for-sale condominium units.

(Current Assets)

Current assets increased ¥1,681 million compared with the end of the previous consolidated fiscal year to ¥52,600 million. This mainly reflected an increase in cash and deposits as a result of delivering new build-for-sale condominium units.

(Fixed Assets)

Fixed assets decreased ¥1,543 million compared with the end of the previous consolidated fiscal year to ¥17,814 million, mainly due to the business assets were sold.

(Current Liabilities)

Current liabilities decreased ¥5,563 million compared with the end of the previous consolidated fiscal year to ¥31,809 million, due to factors including the inclusion of the debt repayment.

(Fixed Liabilities)

Fixed liabilities increased ¥4,292 million compared with the end of the previous consolidated fiscal year to ¥16,058 million, mainly due to an increase in borrowings in conjunction with new purchases.

(Net Assets)

Total net assets increased ¥1,408 million compared with the end of the previous consolidated fiscal year to ¥22,546 million. The increase was attributed to the net assets for the first quarter was well over capital surplus and purchase of treasury stock.

(3) Qualitative Information Pertaining to Forecasted Consolidated Operating Results

There is no change from the projected consolidated operating results released on May 14, 2012.

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

a. Calculation method for fixed-asset depreciation

The Company had no pertinent matters to report.

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

(Changes in Calculation method for fixed-asset depreciation)

Accompanying a revision in the Corporate Tax Act, from the first quarter of the current fiscal year, the Takara Leben Group has changed the depreciation method for tangible fixed assets acquired after April 1, 2012 to a method based on the Corporation Tax Act after the revision. Note that this change has not caused a material impact on profit and loss for the first quarter of the current fiscal year.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2012	As of September 30, 2012
ASSETS		
Current assets:		
Cash and deposits	17,394	20,451
Notes and accounts receivable, trade	377	373
Real estate held for sale	7,430	3,971
Real estate held for sale in progress	22,863	25,434
Other	2,899	2,409
Allowance for doubtful accounts	(46)	(39)
Total current assets	50,919	52,600
Fixed assets:		
Tangible fixed assets		
Buildings and structures (net)	4,537	4,460
Land	13,487	11,953
Other (net)	69	138
Total tangible fixed assets	18,095	16,552
Intangible fixed assets	453	428
Investments and other assets		
Other	1,026	1,041
Allowance for doubtful accounts	(217)	(208)
Total investments and other assets	808	833
Total fixed assets	19,357	17,814
Total assets	70,277	70,415
LIABILITIES		
Current liabilities:		
Notes and accounts payable, trade	10,165	10,257
Short-term borrowings	5,494	5,125
Current portion of long-term borrowings	15,887	11,432
Income taxes payable	515	657
Reserve	257	252
Other	5,052	4,084
Total current liabilities	37,372	31,809
Noncurrent liabilities		
Long-term borrowings	10,774	15,099
Reserve	248	199
Other	743	759
Total noncurrent liabilities	11,765	16,058
Total liabilities	49,138	47,868

(Millions of yen)

	As of March 31, 2012	As of September 30, 2012
NET ASSETS		
Shareholders' equity		
Capital stock	4,819	4,819
Capital surplus	4,949	4,947
Retained earnings	13,266	15,042
Treasury stock	(1,890)	(2,265)
Total shareholders' equity	21,145	22,544
Accumulated other comprehensive income		
Net unrealized losses on available-for-sale Securities	(7)	(17)
Total accumulated other comprehensive income	(7)	(17)
Share warrant	—	19
Total net assets	21,138	22,546
Total liabilities and net assets	70,277	70,415

(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, 2011	Six Months Ended September 30, 2012
Net sales	16,237	34,560
Cost of sales	11,269	27,505
Gross profit	4,967	7,054
Selling, general and administrative expenses	3,632	3,966
Operating income (loss)	1,335	3,088
Non-Operating income:		
Interest income	3	2
Dividend income	1	2
Commissions received	33	56
Income from equity method investment	17	64
Miscellaneous income	25	40
Total Non-Operating income	81	166
Non-Operating expenses:		
Interest expense	488	421
Miscellaneous losses	17	5
Total Non-Operating expenses	506	427
Ordinary income (loss)	910	2,827
Extraordinary gains		
Reserve for directors' retirement benefits	—	53
Total extraordinary gains	—	53
Extraordinary losses		
Loss on sales of shares in subsidiaries	49	—
Loss on disposal of fixed assets	6	21
Loss on valuation of investment securities	3	—
Other	—	0
Total extraordinary losses	58	22
Net income (loss) before income taxes	852	2,858
Income taxes, inhabitant taxes and business taxes	92	644
Income tax adjustments	46	160
Total income and other taxes	139	804
Income (loss) before minority interests	712	2,054
Net income (loss)	712	2,054

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

(Millions of yen)

	Six Months Ended September 30, 2011	Six Months Ended September 30, 2012
Income (loss) before minority interests	712	2,054
Other comprehensive income:		
Net unrealized gains on available-for-sale securities	4	(9)
Total other comprehensive income	4	(9)
Comprehensive income	717	2,044
(Comprising)		
Comprehensive income attributable to parent	717	2,044

(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 689,800 shares of treasury stock at ¥424 million, by resolution of the meeting of the Board of Directors held on May 14, 2012.

In addition to the above, with the disposal of treasury stock through the exercise of stock options representing 67,500 shares, which amounted to ¥49 million, the number and amount of treasury stock at the end of the second quarter of the fiscal year under review were 3,074,171 shares and ¥2,265 million, respectively.