Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2012

May 14, 2012

Company name: Takara Leben CO., LTD.
Stock listed on: Tokyo Stock Exchange, First Section
Securities code: 8897 (URL http://www.leben.co.jp)
Representative: Yoshio Murayama, President and Representative Director
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Scheduled date of annual general meeting of shareholders: June 22, 2012
Scheduled date for commencement of dividend payment: June 25, 2012
Scheduled date for release of annual securities report: June 22, 2012
Supplementary materials on financial results: Yes
Briefing for financial results: Yes (for institutional investors and analysts)

(Amounts are rounded down to the nearest million)

1. Consolidated Financial Results for the Year Ended March 31, 2012 (From April 1, 2011 to March 31, 2012)

(1) Consolidated operating results (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	%
Year ended March 31, 2012	55,191	17.7	5,930	(12.2)	5,071	(8.2)	3,681	(27.6)
Year ended March 31, 2011	46,884	(9.8)	6,757	110.3	5,525	132.3	5,083	126.5

(Note) Comprehensive income: Fiscal year ended March 31, 2012: ¥3,692 million ((27.4)%)
Fiscal year ended March 31, 2011: ¥5,086 million (128.1%)

	Net income per share	Diluted net income per share	Ratio of net income to shareholders' equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
Year ended March 31, 2012	116.49	—	18.6	7.7	10.7
Year ended March 31, 2011	168.14	—	37.6	9.6	14.4

(Reference) Equity in net income of affiliates: Fiscal year ended March 31, 2012: ¥19 million
Fiscal year ended March 31, 2011: ¥19 million

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2012	70,277	21,138	30.1	683.33
March 31, 2011	61,054	18,361	30.1	566.66

(Reference) Shareholders' equity: March 31, 2012: ¥21,138 million
March 31, 2011: ¥18,361 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalent at end of year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2012	11,464	(792)	(2,685)	17,377
Year ended March 31, 2011	7,897	(1,032)	(1,191)	9,391

2. Dividends

	Annual dividends per share					Total dividends (annual)	Dividends payout ratio (consolidate)	Ratio of dividends to net assets (consolidated)
	Q1	Q2	Q3	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2012	—	3.00	—	6.00	9.00	291	5.4	2.2
Year ended March 31, 2011	—	4.00	—	9.00	13.00	404	11.2	2.0
Year ending March 31, 2013 (forecast)	—	5.00	—	10.00	15.00		12.2	

(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. Forecast of Consolidated Financial Results for the Year ending March 31, 2013 (From April 1, 2012 to 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

4. Other Matters

(1) Changes in significant subsidiaries during the current fiscal year
(Changes in specified subsidiaries resulting in changes in scope of consolidation): Yes
New: None Excluded: 1 (Name) Takara Live Net Co., Ltd.
(Note) See "Significant Basis for Preparation of the Consolidated Financial Statements" on P20 of the Attachment for details.

(2) Changes in accounting policies and accounting estimates, and restatements
(i) Changes in accounting policies due to revision of accounting standards: None
(ii) Changes in accounting policies other than (i): None
(iii) Changes in accounting estimates: None
(iv) Restatements: None

(3) Number of shares issued and outstanding (common stock)
(i) Number of shares issued and outstanding at end of year (including treasury stock)
(a) As of December 31, 2012: 33,386,070 shares
(b) As of December 31, 2011: 33,386,070 shares
(ii) Number of treasury stock at end of year
(a) As of December 31, 2012: 2,451,871 shares
(b) As of December 31, 2011: 982,771 shares
(iii) Average number of shares during the year
(a) As of December 31, 2012: 31,607,112 shares
(b) As of December 31, 2011: 30,236,227 shares

(Reference) Summary of Non-Consolidated Financial Results

1. Non-Consolidated Financial Results for the Year Ended March 31, 2012 (From April 1, 2011 to March 31, 2012)

(1) Non-consolidated operating results (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	%
Year ended March 31, 2012	51,502	19.6	5,474	(16.2)	4,685	(12.1)	3,552	(29.0)
Year ended March 31, 2011	43,071	(11.5)	6,532	140.1	5,331	180.8	5,003	156.5

	Net income per share	Diluted net income per share
	yen	yen
Year ended March 31, 2012	112.41	—
Year ended March 31, 2011	165.48	—

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2012	67,904	19,701	29.0	636.87
March 31, 2011	58,850	17,053	29.0	526.29

(Reference) Shareholders' equity: March 31, 2012: ¥19,701 million
March 31, 2011: ¥17,053 million

2. Forecast of Non-Consolidated Financial Results for the Year ending March 31, 2013 (From April 1, 2012 to 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	59,950	16.4	6,600	20.6	5,700	21.6	3,600	1.3	116.38

* Status of Audit Procedures

This summary of consolidated financial results for the year ended December 31, 2012 is not subject to audit procedures under the Financial Instruments and Exchange Act, and the audit procedures for the consolidated financial statements are not complete at the time of the disclosure.

* Explanation about the proper use of the financial results forecasts, and other matters

The forward-looking statements presented above are based on the information available at the time of the release of this report. Actual results may differ from these forecasts due to various factors in the future.

○Contents of Attachment

1. Operating Results

(1) Analysis of Operating Results

Overview

During the consolidated fiscal year ended March 31, 2012, the Japanese economy showed a gradual recovery from the aftermath of the Great East Japan Earthquake in March 2011, but the future of the economy remains uncertain due to the rapid appreciation of Japanese yen caused by the financial crisis in European countries and the domestic political instability.

Amid this environment, while customers in the new built-for-sale condominium business industry tended to avoid certain bay area due to reasons such as liquefaction damages, there continued to be stable and strong housing demands for the inland and suburban area, which is our strongest area, as a result of various preferential treatments for home ownership and decline in mortgage rates, which we believe is a firm progress towards recovery from the Lehman shock.

The consolidated fiscal year ended March 31, 2012 turned out to be a year characterized by a major change in customer needs as, for example, natural energy including solar power generation attracted lots of attention.

Under these circumstances, the Company's business activities stayed focused on its customers as its ultimate supporters. With its 'Leben' series of in-house planned new condominiums as its main brand, it remained 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.' The Company also has been working on product plans capturing the needs of the time and offered our first 'solar-powered condominiums that allow individual units to sell surplus energy' in the Tokyo metropolitan area and 'solar-powered condominiums with individual storage batteries that allow individual units to sell surplus energy' nationwide.

(i) Operating Results during the Fiscal Year

a) Performance review

At the parent level, Takara Leben Co., Ltd., the built-for-sale condominium business delivered 'Leben Heim Hikarigaoka Koen,' its first 'solar-powered condominiums that allow individual units to sell surplus energy' in the Tokyo metropolitan area, and 1,290 units in Toyama including 'LUCIDA TOWER' which is the first project certified under the Act on Vitalization in City Center. The built-for-sale condominium business achieved stable profit level in line with the original business plan with gross profit margin of 22.2%. Also, the Company ranked 6th, its record high, in the ranking of the number of new built-for-sale condominium units supplied in the Tokyo metropolitan area in 2011.

In the detached housing business, the in-house execution system was established and 198 units were delivered. The Company will continue to aim at stable supply.

In the renovation and resale business, sales were in line with the original business plan. The Company will continue to promote purchases at appropriate prices, in line with its market assessment, to supplement its built-for-sale condominium operations.

In the real estate rental operations, sales were essentially in line with the business plan.

As a result, non-consolidated sales totaled ¥51,502 million, operating income ¥5,474 million, ordinary income ¥4,685 million, and net income ¥3,552 million.

At Leben Community Co., Ltd., the number of units managed under consignment expanded steadily to 29,254. Especially, of the increase achieved during the fiscal year, 60.8% was accounted for by units entrusted from other companies, as efforts to secure other companies' properties paid off. Peripheral operations also fared well, including renovation, merchandise sales, and subcontract construction work.

At Tafuko Co., Ltd., business expanded essentially as planned, supported by steady commission income.

In As Partners Co., Ltd., nine existing nursing care facilities are operating and capacity utilization remained high at 92.0%.

Takara Live Net Co., Ltd., (currently Live Net Home Co., Ltd.) was excluded from consolidation as the company's shares were sold on September 30, 2011.

As a result of the above operations, overall sales for the entire Takara Leben Group totaled ¥55,191 million, operating income ¥5,930 million, ordinary income ¥5,071 million, and net income ¥3,681 million.

b) Performance by Business Segment

＜Real Estate Sales Business＞

Sales from the real estate sales business amounted to ¥50,281 million, up 19.9% from the previous fiscal year, including sales of ¥44,354 million for 1,292 new build-for-sale condominium units and sales of ¥5,926 million from sales of detached houses and renovation and resale business.

＜Real Estate Rental Business＞

Revenues from the real estate rental business amounted to ¥1,419 million, down 0.5% from the previous fiscal year, including rent revenues from the rental of condominium units, offices and store space.

＜Real Estate Management Business＞

Revenues from real estate management business representing management fees from 29,254 units under management amounted to ¥2,282 million, up 6.7% from the previous fiscal year.

＜Other Business＞

Revenues from other businesses consist of commissions from real estate sales agency services and revenues from repair work and amounted to ¥1,206 million, down 11.9% from the previous fiscal year.

c) Consolidated Performance by Performance Indicators

＜Net Sales＞

Net sales of the real estate sales business amounted to ¥50,281 million, including sales of 1,292 new built-for-sale condominium units and sales from new detached housing and renovation and resale business.

Revenues from the real estate rental business amounted to ¥1,419 million, including rent revenues from the rental of condominium units, offices and store space.

Revenues from the real estate management business representing management fees from 29,254 units under management amounted to ¥2,282 million.

Revenues from other businesses consist of commissions from real estate sales agency services and revenues from repair work and amounted to ¥1,206 million.

As a result, net sales for the consolidated fiscal year ended March 31, 2012 amounted to ¥55,191 million, up 17.7% from the previous fiscal year.

＜Cost of Sales＞

Cost of sales increased by 26.1% to ¥41,700 million as the number of units delivered in the real estate sales business increased from the previous fiscal year by 203 units to 1,292 units.

＜Selling, General and Administrative Expenses＞

Despite the continued cost-cutting efforts, selling, general and administrative expenses increased from the previous fiscal year by 6.9% to ¥7,560 million due to an increase in selling expenses resulting from increased contracted ratio and number of units delivered.

＜Non-Operating Income and Expenses＞

Non-operating income decreased by 8.7% from the previous fiscal year to ¥155 million due to a decrease in commission revenues.

Non-operating expenses decreased by 27.6% from the previous fiscal year to ¥1,014 million due to a decrease in interest expense as a result of repayment of borrowings for projects.

＜Extraordinary Income and Loss＞

Extraordinary loss increased by 21.2% from the previous year to ¥375 million due to impairment losses and lawsuit related expenses.

As a result, net sales for the consolidated fiscal year ended March 31, 2012 amounted to ¥55,191 million, up 17.7% on a year-on-year basis; operating income amounted to ¥5,930 million, down 12.2% on a year-on-year basis; Ordinary income amounted to ¥5,071 million, down 8.2% on a year-on-year basis; and Net income amounted to ¥3,681 million, down 27.6% on a year-on-year basis.

(ii) Outlook for the Next Fiscal Year (for the year ending March 31, 2013)

After overcoming the extremely tough challenges caused by the Lehman shock, the Company will take a step toward the new stage starting the next fiscal year, with the business plan for the fiscal year ending March 31, 2013 drafted as follows:

In the real estate sales business, the new built-for-sale condominium operation expects to deliver 1,630 units including Leben Revale Yokohama Tsurugamine Hills, Japan's first 'solar-powered condominiums with individual batteries that allow individual units to sell surplus energy.'

The detached housing business plans to continue the supply of detached houses by in-house execution and deliver 132 houses.

The renovation and resale business purchased renovation property in Kawasaki at the end of the current fiscal year for the first time in three years and plans to sell it during the next fiscal year. The Company will continue to promote purchases at appropriate prices, in line with its market assessment, to supplement its new built-for-sale condominium operations.

The real estate rental business intends to improve its stable stock business through well-selected purchases.

The real estate management business has set a target for management contract to be 32,500 units and aims at further expansion of peripheral operations such as large-scale repair work.

Based on the above, the Company's performance projections for the year ending March 31, 2013 are as follows:

Net sales:	¥63,950 million	(up 15.9% on a year-on-year basis)
Operating income:	¥7,000 million	(up 18.0% on a year-on-year basis)
Ordinary income:	¥6,100 million	(up 20.3% on a year-on-year basis)
Net income:	¥3,800 million	(up 3.2% on a year-on-year basis)

(Built-for-sale condominiums: Contracts signed versus number of units scheduled for delivery in the fiscal year ending March 31, 2013)

	Scheduled for delivery (units)	Of which, number of contracts signed (units)	Contracted ratio (%)
As of March 31, 2012	1,630	984	60.4

(iii) Progress in Implementing the Medium-Term Management Plan, etc.

While the real estate market was partially affected by the Great East Japan Earthquake in March 2011, demands of first-time buyers for the inland and suburban area, which is our strongest area, are stable, and we managed to conclude approximately 150 contracts on a monthly basis, at the rate exceeding our budget. We believe this successful outcome was achieved as a result of steady implementation of various policies, our commitment to our basic concept of 'ideal, affordable housing that anyone can buy with confidence' and our efforts on product plans capturing the needs of the time.

The Company will continue to establish a value chain, to build a rock-solid business foundation, and to make determined sales efforts, in order to maximize corporate value.

Although the next fiscal year is the final year under the current medium-term management plan, we will develop the new medium-term management plan one year ahead of schedule as we are starting a new growth stage from the next fiscal year.

(iv) Achievement of Targeted Operating Index

The Company suffered a large loss in the fiscal year ended March 31, 2009, which depleted much of its equity. In the wake of this, conventional management benchmarks such as ROE and ROA could no longer be used for consistent evaluation; therefore, the management currently focuses on equity and cash and deposits balance.

For the consolidated fiscal year ended March 31, 2012, the equity ratio was 30.1% partly due to purchase of treasury shares, but both equity and cash and deposits balance increased to the record-high level, with equity increased by ¥2,776 million from the previous fiscal year and cash and deposits balance increased significantly from the previous fiscal year to ¥17,394 million.

(2) Analysis of Financial Position

With regard to the assets, liabilities, and net assets of the Group as of March 31, 2012, total assets amounted to ¥70,277 million, an increase of ¥9,222 million from March 31, 2011, mainly due to an increase in cash and deposits and an increase in inventories from new purchases.

(i) Analyses of Assets, Liabilities and Net Assets

a) Current assets

Current assets amounted to ¥50,919 million, an increase of ¥8,991 million from March 31, 2011, mainly due to an increase in cash and deposits and an increase in inventories from new purchases.

b) Non-current assets

Non-current assets amounted to ¥19,357 million, an increase of ¥231 million from March 31, 2011, mainly due to purchase of business assets.

c) Current liabilities

Current liabilities amounted to ¥37,372 million, an increase of ¥9,221 million from March 31, 2011, mainly due to an increase in advance received associated with contract conclusions and an increase in notes and accounts payable trade associated with payment of construction fees.

d) Non-current liabilities

Non-current liabilities amounted to ¥11,765 million, a decrease of ¥2,775 million from March 31, 2011, mainly due to reclassification between current and non-current liabilities.

e) Net assets

Net assets amounted to ¥21,138 million, an increase of ¥2,776 million from March 31, 2011, mainly due to net income posted.

(ii) Analysis of Cash Flows

Cash and cash equivalents (“funds”) as of March 31, 2012 amounted to ¥17,377 million, an increase of ¥7,986 million from March 31, 2011.

a) Cash flows from operating activities

Net cash provided by operating activities was ¥11,464 million (Year ended March 31, 2011: ¥7,907 million), mainly attributable to net income before income taxes and minority interests and an increase in accounts payable.

b) Cash flows from investing activities

Net cash used in investing activities was ¥792 million (Year ended March 31, 2011: ¥1,032 million), mainly attributable to purchase of fixed assets.

c) Cash flows from financing activities

Net cash used in financing activities was ¥2,685 million (Year ended March 31, 2011: ¥1,191 million), mainly attributable to repayment of borrowings.

(iii) Cash Flow Indicators

	FY2010/3	FY2011/3	FY2012/3
Equity ratio (%)	15.9	30.1	30.1
Equity ratio at market value (%)	12.7	25.9	34.3
Debt repayment period (years)	3.3	4.3	2.8
Interest coverage ratio (times)	11.2	6.8	11.8

Equity ratio: Shareholders' equity / Total assets

Equity ratio at market value: Equity market capitalization / Total assets

Debt repayment period: Interest-bearing debt/Operating cash flows

Interest coverage ratio: Operating cash flows / Interest expense

* These indicators are all calculated using consolidated financial data.

* Interest-bearing debt includes all debt recorded on the Consolidated balance sheet on which interest is paid.

(3) Basic Policy for Profit Sharing and Dividends for the Current and Next Fiscal Years

Returning profits to the shareholder is one of the most important tasks for the Company. And the Company has the fundamental policy of striving to sustain stable levels of dividends at levels deemed appropriate based on due consideration of corporate performance trends and of the amount of internally retained funds required to expand and strengthen business operations.

Specifically, the plans for dividends are set as follows:

		1st half dividend	Year-end dividend	Total
Year ended March 31, 2012 (forecast)	Ordinary dividends	¥4.0	¥9.0 (Note)	¥13.0

(Note) Year-end dividend for the year ended March 31, 2012 (forecast) includes ordinary dividend of ¥7.0 and commemorative dividend of ¥2.0.

		1st half dividend	Year-end dividend	Total
Year ended March 31, 2013 (forecast)	Ordinary dividends	¥5.0	¥10.0	¥15.0

With regard to dividends, the Company does not exclusively base its policy on a specific benchmark (payout ratio) but uses a comprehensive assessment, with an aim to make the Company attractive for long-term investment by numerous shareholders.

(4) Business Risks

The following items present potential risk for the operating results, share price, financial position, etc. of the Group.

Forward-looking statements hereby are based on the assessment by the Group as of the end of the current consolidated fiscal year.

a) Earthquakes and other natural disasters

Earthquakes and other natural disasters may directly damage the Company or the construction companies used for execution, or may make it difficult for these construction companies to procure building materials. Any of these events may delay construction work, as well as hamper sales and collection activity of the Company, and thus impact the performance and financial position of the Group.

b) Legal regulations

The business of the Group is subject to the National Land Use Planning Act, Building Lots and Buildings Transaction Business Act, Building Standards Act, City Planning Act, Money lending Control Act, Act on Advancement of Proper Condominium Management, Long-Term Care Insurance Act and other applicable national laws as well as applicable ordinances, etc., of the various local governments. Should these laws, ordinances, etc., be revised or new ones created, this will create new burdens for the Group and may potentially impact its performance and business development.

c) Degree of dependency on borrowing

Purchase of land through the completion of construction for condominiums, etc., are funded primarily by loans from financial institutions, and the ratio of interest-bearing debt to total assets is 45.8% at the end of the current consolidated fiscal year. Thus, in case the funding is restricted or interest rates increase rapidly due to worsened financial conditions, the performance and financial position of the Group may be affected.

d) Home buyer sentiment

The Company’s core business, new built-for-sale condominiums, tends to be swayed by changes in home buyer sentiment. Home buyer sentiment is affected by factors such as the overall economy, residential tax regulations, consumption taxes, land prices, and interest rates. A pronounced deterioration in home buyer sentiment may impact the performance and financial position of the Group.

e) Impact of home loans

The Group makes use of home loans from home financing support organizations and financial institutions for the sale of condominiums, etc.; however, when increased interest, changed financial conditions or other unfavorable circumstances arise, this may potentially impact the performance and financial situation of the Group.

f) Impact of supply trends

Sales of new build-for-sale condominiums, a core business of the Group, are greatly affected by supply trends, such as land procurement cost and subcontracting cost fluctuations and interest rate changes. For these reasons, conditions which impact supply trends may potentially impact the performance and financial position of the Group.

g) Impact of competition

The Group sells real estate in and around the Tokyo Metropolitan Area, and an excessive price competition in this area may prolong marketing activities or cause difficulties to sales at the price anticipated by the Company. Such situations may potentially impact the performance and financial situation of the Group.

h) Construction cost

The Group entrusts the construction of its condominiums to building contractors. However, increases in building material costs and labor costs may raise building contract costs, thus depressing profitability. This may impact the performance and financial position of the Group.

i) Insolvency of subcontractors

A construction company entrusted with the construction work may become insolvent. This may delay construction work or force the construction company to default on its contract. Any of these events, as well as failure by the construction company to provide the due compensation, may affect the performance and financial position of the Group.

j) Opposition to condominium construction from surrounding residents

When constructing condominiums, the Group carefully considers the environment surrounding the construction location; reviews relevant national laws and local ordinances when creating a development plan; and holds information sessions for local residents prior to the start of construction in order to facilitate understanding. However, issues such as construction noise, sunlight block or environmental disruption may sometimes lead to an opposition campaign against the construction by surrounding residents and cause the change of plans, construction delays, and additional costs, etc., which may potentially impact the performance and financial situation of the Group.

k) Possibility of lawsuits

From the procurement of land for condominiums, etc., to the completion of construction, the Group takes careful considerations from a variety of perspectives; however, lawsuits may be brought against the Group as a result of building defects, soil contamination, etc., and as a result, the building plans may have to be changed. Such cases may potentially impact the performance and financial position of the Group.

l) Personal information

The Group handles a large amount of personal information in the course of selling and managing condominiums, etc. Extreme care is taken in handling and administering such information through measures such as implementation of software designed to prevent personal information leak, creation and maintenance of relevant rules, creation of employees manuals, and provision of employee training seminars; however, if a leak of personal information occurs, it may potentially impact the performance and financial position of the Group.

2. The Takara Leben Group

The Takara Leben Group, consisting of the Company, three consolidated subsidiaries and one affiliate, operates real estate business primarily in the Tokyo metropolitan area, including Tokyo, Saitama, Chiba, and Kanagawa prefectures.

The Company mainly engages in the planning, development, and marketing of ‘Leben-series’ new built-for-sale condominiums.

Leben Community Co., Ltd., a consolidated subsidiary, primarily engages in comprehensive management services for condominium buildings.

TAFUKO Co., Ltd., a consolidated subsidiary, primarily engages in loan collection agency business and other commission-based businesses.

Marunouchi Servicer Co., Ltd., a consolidated subsidiary, primarily engages in claims servicing business pursuant to the Act on Special Measures concerning the Claims Servicing Business.

As Partners Co., Ltd., an affiliate accounted for by using the equity method, primarily operates residential facilities with nursing capabilities for elderly people.

Takara Live Net Co., Ltd., (currently Live Net Home Co., Ltd.) was excluded from the scope of consolidation as the company’s shares were sold on September 30, 2011.

(1) Real estate sales business

The Company primarily engages in planning, development and marketing of ‘Leben-series’ new built-for-sale condominiums in the Tokyo metropolitan area.

(2) Real estate rental business

The Company engages in rental business for apartments, condominiums, offices and other store spaces in the Tokyo metropolitan area.

(3) Real estate management business

Leben Community Co., Ltd., a consolidated subsidiary, provides comprehensive management service for built-for-sale condominiums.

(4) Other business

・Loan collection agency business

TAFUKO Co., Ltd., a consolidated subsidiary, provides loan collection service.

・Claims servicing business

Marunouchi Servicer Co., Ltd., a consolidated subsidiary, engages in claims servicing business pursuant to the Act on Special Measures concerning the Claims Servicing Business.

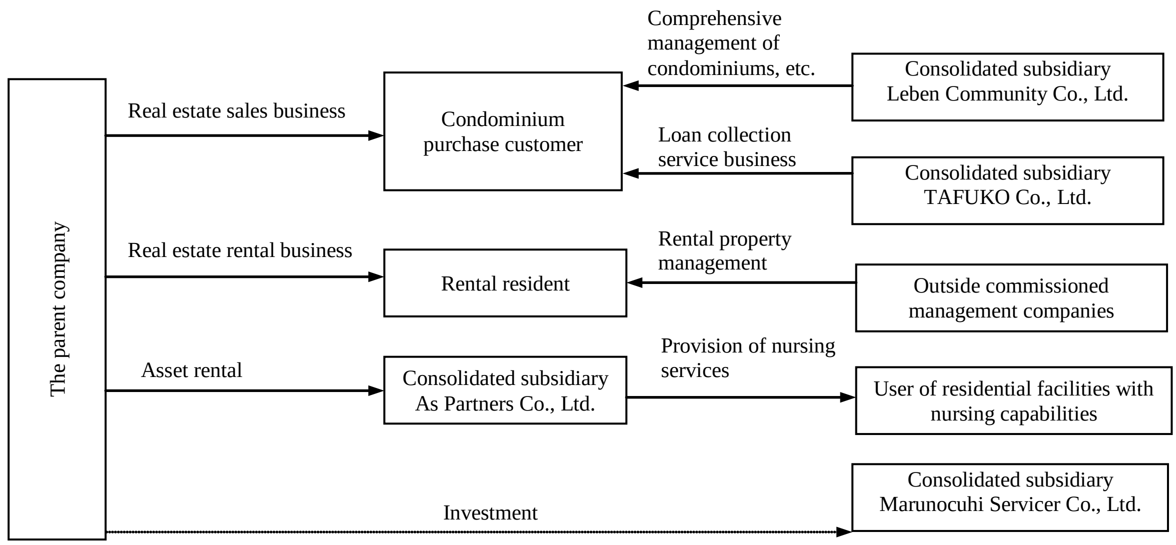
・Nursing care business

As Partners Co., Ltd., an affiliate accounted for by using the equity method, operates residential facilities with nursing capabilities for elderly people. Also, Leben Community Co., Ltd., a consolidated subsidiary, started rehabilitation-focused day-care nursing service business.

・Other businesses

The Group also engages in other businesses such as commissioned real estate marketing agency business.

The Group's businesses are organized as follows.



3. Management Policy

(1) Basic Management Policy

The followings are the Company’s corporate vision and corporate mission.

<u>Takara Leben’s Corporate Vision: The Way We Should Be</u>

Thinking of Happiness. Making Happiness

As a builder, we take your happiness more seriously than anyone else;
when we build for you, we build to make your living dreams come true.

When we develop, we consider the well-being of the community more deeply than anyone else, the world gets new towns where all people live in comfort.

To build a happy future, we plan and work more fruitfully than anyone else; we propose earth-friendly, sustainable development for the environment.

Thinking of Happiness. Making Happiness.
That’s Takara Leben’s corporate vision.

<u>Takara Leben’s Corporate Mission: The Beliefs We Value</u>

Creating Together

with Eager Minds

Putting our heads together with customers, eagerly,
to think up and create new market values

with Sincere Efforts

Prizing the sincere efforts of our partners,
for the comfort and security of living together

with Ample Talent

Prizing the talents of every corporate member,
for the rich and seamless development of a shared tomorrow.

(2) Medium and Long-Term Business Strategy

＜Overview of Strategies＞

The medium-term business plan “Takara Leben Building Action 2011” for the period ending March 2013 features ‘revised tactics and strategies for renewed growth,’ and we believe our performance has been in line with the plan at the end of the second year of the plan. We intend to develop the new medium-term management plan one year ahead of schedule as we are starting a new growth stage from the next fiscal year.

＜Specific Strategies＞

A. Overview

・Utilizing its competitive superiority in its core areas

The Company will make use of its unique superiority, by strengthening its procurement, merchandising, sales, and financing strategies.

・Establishment of a rock-solid business foundation

The Company will establish a solid business base in its core operations, new built-for-sale condominiums, and also enhance the short-term collection business to supplement revenues and establish a solid revenue base.

・Steady business cycle and financing strategy

The Company will implement various measures comprehensively, including careful selection of sites for procurement, reestablishment of business cycle based on steady sales and collection plans, and the use of diversified financing strategies instead of solely relying on indirect financing.

B. Individual Strategies

(i) Product Strategies

a) Area strategies

While maintaining the supply and demand balance in each area, we will focus on supply targeting customers within narrow range.

b) Product size strategies

While focusing on the supply and demand balance in each area, we will aim at the supply of optimum property size.

c) Price strategies

Based on the thorough attribute analysis of each area, we will aim at the supply at the appropriate price from the viewpoint of first-time buyers of each area.

(ii) Product sale Strategies

The Company will carry out product planning that captures the needs of the time and provide meticulous customer service in order to build up a long-lasting relationship with the customers.

a) Sales system

We will improve the sales speed by leveraging the in-house sales force. Also, we will aim to maximize customer satisfaction through sensitive service which only in-house sales system can provide.

b) Internet marketing

As the Internet has become part of the lives of the first-time buyers in their late 20s and 30s, which is our main target, we will further enhance the Internet marketing.

During the current fiscal year, the number of requests for brochure increased by 1.1%, and the number of visitors to show house increased by 8.9% from the previous fiscal year. As a result, the contract ratio achieved via the homepage increased by 11.2%, and the number of contracts concluded via Internet marketing accounted for 68.3% of the total number of contracts, demonstrating the considerable strength of Internet marketing.

c) Leben club

The Company will improve the contents and the timeliness of the Leben club members-only page in order to make the Company's properties more accessible and attractive to the members.

d) Corporate partnership (Corporate intranet advertising)

The Company will continue to explore new information services matching its tie-up partners' needs, to increase the Company's recognition.

Currently, the Company has corporate partnership with 160 companies comprising 4.5 million people, and there were 266 referrals from corporate partners during the current fiscal year, of which 72 referrals resulted in a contract, demonstrating the strong advantageous effect of the Group's corporate partnerships.

e) Construction planning strategy

The Company will incorporate feedback from its customers into its construction strategy in order to provide residential environments accommodating the needs of the time.

From the perspective of the use of natural energy, and comfort and security, the Company has been proactively planning and developing 'solar-powered condominiums that allow individual units to sell surplus energy' and those combined with storage batteries, Japan's first 'solar-powered condominiums with individual storage batteries that allow individual units to sell surplus energy.'

Also, 'LUIC PROJECT,' our standard feature which focuses on water as an essential part of life, offers the water purifying system 'Takara-no-Mizu' and Japan's first built-in micro-bubble bath system for home use 'Takara-no-Micro-bubble', and both systems have been receiving a favorable reception.

The Company will continue to provide pleasant residential environment that meets customers' needs.

C. Product Diversification Strategy

(i) Detached Houses Strategy

The Company began providing detached houses by in-house execution from the previous fiscal year. By providing high quality housing at low prices, the Company aims to achieve its basic concept of ‘ideal, affordable housing that anyone can buy with confidence,’ and to supplement its new built-for-sale condominium business as a short-term collection business.

In terms of the business development in the future, the Company will make business decisions on products, including custom-built houses, in accordance with the development of the market.

(ii) Renovation Business Strategy

The business volume of renovation business is not high because only carefully-selected properties are sold. However, the recognition of the ‘Le Art’ series is gradually increasing, and the Company plans to provide stable supplies.

Also, because there are clearly different needs for renovated properties from the new built-for-sale condominiums, we consider the renovation business not only as supplementary to the new built-for-sale condominiums but also as a growing business from which short-term revenue generation can be expected in the same way as the detached housing business.

(iii) Resale Business Strategy (purchase and resale business)

Supplementing the new built-for-sale condominium business, the resale operations have demonstrated the superiority of short-term collection business. However, the Company considers it as a limited‐term business and intends to determine further development by carefully assessing the market environment and considering the balance between appropriate sales price and procurement cost.

(iv) Income-Generating Properties Strategy

With regard to income-generating properties, the Company plans to make it as further stable stock business with carefully selected procurement.

D. Group Strategy

In order to build a strong corporate group which will not be affected by external factors, the Company will improve information exchange within the Group and establish a corporate structure that can create synergy effects. Especially, since the Company’s core business, the new built-for-sale condominium business, is a flow-type business, it is essential for the Company to expand stock-type business such as rental, management service and nursing service business.

Leben Community Co., Ltd., set the mid-term target number of units under management at 30,000 and has already achieved 29,254 as of March 31, 2012. For the coming years, the company considers that it is important to provide more meticulous customer service to maximize customer satisfaction as well as understand the customers’ specific needs and provide the group companies with information about such needs.

TAFUKO Co., Ltd., considers that its highest priority issue is to strengthen cohesiveness among the group companies in order to achieve stable business development such as fee revenues.

Marunouchi Servicer Co., Ltd., considers that its highest priority issue is to establish a corporate structure that can create synergy effects in valuation, processing and disposal of real estate pledged as collateral.

(3) Issues to be addressed

The Company suffered a significant loss for the fiscal year ended March 31, 2009, mostly because of loss on valuation of inventories caused by the sub-prime loan problem and the Lehman shock.

The Company returned to its basic concept of ‘ideal, affordable housing that anyone can buy with confidence,’ and implemented various customer-focused measures which reflected the needs of the time. As a result, the performance has recovered and cash and deposits balance and equity reached the record-high level.

The Company continues to pursue ‘to secure stable profitability’ and ‘to further strengthen financial position’ in order to establish a strong corporate structure which can overcome sudden changes in external environment on its own.

With the experience and knowledge from having weathered a number of challenging situations after the burst of the bubble economy or the Lehman shock, we will nimbly capture the needs of the time and social meaning and make speedy decision makings, in order to become a sustainable company.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Millions of yen)

	Previous Consolidated Fiscal Year (March 31, 2011)	Current Consolidated Fiscal Year (March 31, 2012)
Assets		
Current assets		
Cash and deposits	9,414	17,394
Notes and accounts receivable, trade	416	377
Real estate held for sale	※2, ※3 5,259	※2, ※3 7,430
Real estate held for sale in progress	※2, ※3 23,575	※2, ※3 22,863
Deferred tax assets	885	290
Other	2,415	2,608
Allowance for doubtful accounts	(38)	(46)
Total current assets	41,928	50,919
Fixed assets		
Tangible fixed assets		
Buildings and structures	6,759	6,856
Accumulated depreciation	(2,104)	(2,319)
Buildings and structures, net	※2, ※3 4,654	※2, ※3 4,537
Tools, furniture and fixtures	175	169
Accumulated depreciation	(141)	(139)
Tools, furniture and fixtures, net	※2 34	※2 29
Land	※2, ※3 13,259	※2, ※3 13,487
Lease assets	8	53
Accumulated depreciation	(5)	(13)
Lease assets, net	3	39
Total tangible fixed assets	17,951	18,095
Intangible fixed assets		
Lease assets	49	181
Software in progress	63	—
Other	※2 372	※2 272
Total intangible fixed assets	484	453
Investments and other assets		
Investment securities	137	150
Long-term loans	99	89
Deferred tax assets	34	169
Other	※1 644	※1 616
Allowance for doubtful accounts	(225)	(217)
Total investments and other assets	689	808
Total fixed assets	19,126	19,357
Total assets	61,054	70,277

(Millions of yen)

	Previous Consolidated Fiscal Year (March 31, 2011)	Current Consolidated Fiscal Year (March 31, 2012)
Liabilities		
Current liabilities		
Notes and accounts payable, trade	3,785	※2 10,165
Short-term borrowings	※2 3,720	※2 5,494
Current portion of long-term borrowings	※2 16,960	※2 15,887
Lease obligations	21	62
Income taxes payable	93	515
Advance received	2,326	3,794
Allowance for bonuses	176	197
Allowance for compensation for complete work	―	59
Other	1,068	1,196
Total current liabilities	28,151	37,372
Noncurrent liabilities		
Long-term borrowings	※2 13,669	※2 10,774
Lease obligations	33	172
Allowance for employees’ retirement benefits	149	171
Allowance for directors’ retirement benefits	81	76
Asset retirement obligations	18	21
Other	587	548
Total noncurrent liabilities	14,541	11,765
Total liabilities	42,692	49,138
Net assets		
Shareholders’ equity		
Capital stock	4,819	4,819
Capital surplus	4,949	4,949
Retained earnings	9,905	13,266
Treasury stock	(1,295)	(1,890)
Total Shareholders’ equity	18,380	21,145
Accumulated other comprehensive income		
Net unrealized losses on available-for-sale securities	(18)	(7)
Total accumulated other comprehensive income	(18)	(7)
Total net assets	18,361	21,138
Total liabilities and net assets	61,054	70,277

(2)Consolidated Statements of Income and Comprehensive Income

(Consolidated Statement of Income)

(Millions of yen)

	Previous Consolidated Fiscal Year (From April 1, 2010 to March 31, 2011)	Current Consolidated Fiscal Year (From April 1, 2011 to March 31, 2012)
Net sales	46,884	55,191
Cost of sales	※1 33,058	※1 41,700
Gross profit	13,826	13,490
Selling, general and administrative expenses	※2 7,069	※2 7,560
Operating income	6,757	5,930
Non-operating income		
Interest income	23	5
Dividend income	3	3
Commissions received	85	87
Income from equity method investment	19	19
Miscellaneous income	37	39
Total non-operating income	170	155
Non-operating expenses		
Interest expense	1,181	979
Stock issue cost	126	—
Miscellaneous losses	94	35
Total non-operating expense	1,402	1,014
Ordinary income	5,525	5,071
Extraordinary gains		
Reversal of allowance for doubtful accounts	24	—
Reversal of allowance for bonuses	4	—
Gain on liquidation of Tokumei Kumiai	1	—
Prior years adjustments	49	—
Total extraordinary gains	79	—
Extraordinary losses		
Loss on disposal of fixed assets	※3 3	※3 6
Effect of adopting accounting standard for asset retirement obligations	10	—
Loss on valuation of investment securities	8	10
Loss on valuation of investments in capital	0	—
Loss on sale of investment securities	2	—
Loss on sale of subsidiaries' stock	—	49
Impairment loss	※4 251	※4 186
Office relocation expense	0	—
Prior year taxes	32	—
Loss from legal proceedings	—	※5 117
Other	0	5
Total extraordinary losses	309	375
Income before income taxes and minority interests	5,295	4,695
Income taxes - current	140	571
Income taxes refund	(12)	—
Income taxes – deferred	83	442
Total income taxes	211	1,014
Income before minority interests	5,083	3,681
Net income	5,083	3,681

(Consolidated statement of comprehensive income)

(Millions of yen)

	Previous Consolidated Fiscal Year (From April 1, 2010 to March 31, 2011)	Current Consolidated Fiscal Year (From April 1, 2011 to March 31, 2012)
Income before minority interests	5,083	3,681
Other comprehensive income		
Net unrealized gains on available-for-sale securities	2	11
Total other comprehensive income	2	※1 11
Comprehensive income	5,086	3,692
(Comprising)		
Comprehensive income attributable to parent	5,086	3,692

(3) Consolidated Statement of Changes in Shareholders’ Equity

(Millions of yen)

	Previous Consolidated Fiscal Year (From April 1, 2010 to March 31, 2011)	Current Consolidated Fiscal Year (From April 1, 2011 to March 31, 2012)
Shareholders’ equity		
Capital stock		
Balance at beginning of year	2,442	4,819
Changes during the year		
Issuance of new stock	2,376	—
Total changes during the year	2,376	—
Balance at end of year	4,819	4,819
Capital surplus		
Balance at beginning of year	2,572	4,949
Changes during the year		
Issuance of new stock	2,376	—
Total changes during the year	2,376	—
Balance at end of year	4,949	4,949
Retained earnings		
Balance at beginning of year	4,952	9,905
Changes during the year		
Dividends from surplus	(130)	(320)
Net income	5,083	3,681
Total changes during the year	4,953	3,361
Balance at end of year	9,905	13,266
Treasury stock		
Balance at beginning of year	(1,295)	(1,295)
Changes during the year		
Purchase of treasury stock	—	(595)
Total changes during the year	—	(595)
Balance at end of year	(1,295)	(1,890)
Total shareholders’ equity		
Balance at beginning of year	8,672	18,380
Changes during the year		
Issuance of new stock	4,753	—
Dividends from surplus	(130)	(320)
Net income	5,083	3,681
Purchase of treasury stock	—	(595)
Total changes during the year	9,707	2,765
Balance at end of year	18,380	21,145

(Millions of yen)

	Previous Consolidated Fiscal Year (From April 1, 2010 to March 31, 2011)	Current Consolidated Fiscal Year (From April 1, 2011 to March 31, 2012)
Accumulated other comprehensive income		
Unrealized gains (losses) on available-for-sale securities		
Balance at beginning of year	(21)	(18)
Changes during the year		
Net changes of items other than shareholders' equity	2	11
Total changes during the year	2	11
Balance at end of year	(18)	(7)
Total accumulated other comprehensive income		
Balance at beginning of year	(21)	(18)
Changes during the year		
Net changes of items other than shareholders' equity	2	11
Total changes during the year	2	11
Balance at end of year	(18)	(7)
Total net assets		
Balance at beginning of year	8,651	18,361
Changes during the year		
Issuance of new stock	4,753	—
Dividends from surplus	(130)	(320)
Net income	5,083	3,681
Purchase of treasury stock	—	(595)
Net changes of items other than shareholders' equity	2	11
Total changes during the year	9,710	2,776
Balance at end of year	18,361	21,138

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	Previous Consolidated Fiscal Year (From April 1, 2010 to March 31, 2011)	Current Consolidated Fiscal Year (From April 1, 2011 to March 31, 2012)
Cash flows from operating activities		
Net income before income taxes and minority interests	5,295	4,695
Depreciation and amortization	368	319
Loss on sale of investment securities	2	―
Impairment loss	251	186
Increase in allowances	85	137
Effect of adopting accounting standard for asset retirement obligations	10	―
Interest and dividend income	(27)	(9)
Stock issue cost	126	―
Loss on valuation of investment securities	8	10
Loss on sale of subsidiaries’ stock	―	49
Loss from legal proceedings	―	117
Interest expense	1,181	979
Loss on disposal of fixed assets	3	6
Gain on liquidation of Tokumei Kumiai	(1)	―
(Increase) decrease in accounts receivable, trade	(125)	38
Decrease in operating loans	65	58
Decrease (increase) in inventories	155	(1,577)
Increase in accounts payable, trade	903	6,380
Increase in advance received	1,534	1,469
Other	(648)	(286)
Subtotal	9,190	12,575
Interest and dividend received	27	9
Interest paid	(1,155)	(967)
Income taxes paid	(163)	(152)
Net cash provided by operating activities	7,897	11,464
Cash flows from investing activities		
Payments into time deposits	(20)	(14)
Withdrawals from time deposits	16	10
Decrease (increase) in short-term loans	14	(28)
Outflow from extending long-term loans	(1)	△1)
Proceeds from collection of long-term loans	0	1
Acquisition of tangible fixed assets	(883)	(612)
Acquisition of intangible fixed assets	(138)	(31)
Acquisition of investment securities	(27)	(12)
Proceeds from sale of investment securities	4	―
Outflow from sale of subsidiaries’ stock resulting in change of the scope of consolidation	―	(100)
Other	3	(0)
Net cash used in investing activities	(1,032)	(792)

(Millions of yen)

	Previous Consolidated Fiscal Year (From April 1, 2010 to March 31, 2011)	Current Consolidated Fiscal Year (From April 1, 2011 to March 31, 2012)
Cash flows from financing activities		
Net (decrease) increase in short-term borrowings	(3,811)	1,378
Proceeds from long-term borrowings	11,020	12,803
Repayment of long-term borrowings	(12,875)	(16,129)
Proceeds from sale and lease back transaction	—	219
Repayment of lease obligations	(21)	(41)
Issuance of stock	4,627	—
Purchase of treasury stock	—	(595)
Dividends paid	(129)	(320)
Net cash used in financing activities	(1,191)	(2,685)
Increase in cash and cash equivalent	5,673	7,986
Cash and cash equivalent at beginning of year	3,717	9,391
Cash and cash equivalent at end of year	※1 9,391	※1 17,377

(5) Note Regarding to the Going Concern Assumption

Not applicable.

(6) Significant Basis for Preparation of the Consolidated Financial Statements

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 3

Names of consolidated subsidiaries

Leben Community Co., Ltd.

TAFUKO Co., Ltd.

Marunouchi Servicer Co., Ltd.

Takara Live Net Co., Ltd., (currently Live Net Home Co., Ltd.) which was a consolidated subsidiary for the year ended March 31, 2011, was excluded from consolidation as the company's shares were sold during the three months ended September 30, 2011.

(2) Names of major nonconsolidated subsidiaries

Not applicable.

(3) Special purpose companies subject to disclosure

Refer to "Special Purpose Companies subject to Disclosure" for an overview of special purpose companies subject to disclosure, a description of transactions using the special purpose companies, and the transaction volume with special purpose companies subject to disclosure.

2. Application of the equity method

(1) Number of affiliates accounted for using the equity method: 1

Name of the affiliate

AS PARTNERS Co., Ltd.

(2) Nonconsolidated subsidiaries not accounted for using the equity method

Not applicable.

3. Fiscal year of consolidated subsidiaries

All consolidated subsidiaries have the same fiscal year-end as the consolidated fiscal year-end.

4. Accounting policies

(1) Valuation basis and method for major assets

(i) Securities

a. Debt securities held to maturity

Debt securities held to maturity are stated at amortized cost using the straight-line method.

b. Available-for-sale securities

With fair value

Securities with fair value are marked to market based on the market value at the consolidated fiscal year-end (Unrealized gains and losses are directly recorded in Net assets and cost of securities sold is calculated using the moving-average method).

Without fair value

Securities without fair value are stated at cost based on the moving-average method.

(ii) Inventories

Inventory is stated at cost based on the specific identification method (Book value is written down due to decline in profitability).

(2) Depreciation method for major depreciable assets

(i) Tangible fixed assets (excluding lease assets)

a. Buildings

Headquarters and business offices, etc. are depreciated using the declining balance method.

Useful lives and residual values are determined in accordance with the Corporate Tax Law of Japan.

However, buildings (excluding leasehold improvement) acquired after April 1, 2008 are depreciated using the straight-line method.

Buildings for rent are depreciated using the straight-line method over the individual estimated economic useful life in order to reasonably match the corresponding income.

Individual useful lives for buildings for rent are as follows:

	Individual useful lives (years)
Reinforced concrete buildings	40
Steel structure buildings	30
Wooden construction	15
Leasehold improvements	15

b. Tangible fixed assets other than above

The declining balance method is applied.

Useful lives and residual values are determined in accordance with the Corporate Tax Law of Japan.

(ii) Intangible fixed assets (excluding lease assets)

Software for internal use is amortized using the straight-line method over the estimated useful life of five years.

(iii) Lease assets

Lease assets under the finance lease arrangements where the ownership is transferred to lessees

Lease assets with ownership transfer are depreciated using the same depreciation method as the fixed assets owned.

Lease assets under the finance lease arrangements where the ownership is not transferred to lessees

Lease assets without ownership transfer are depreciated using the straight-line method over the lease term with no residual value.

Lease assets without ownership transfer starting prior to March 31, 2008 are accounted for in the similar manner to operating lease transactions.

(iv) Long-term prepaid expenses

Long-term prepaid expenses are amortized using the straight-line method.

(3) Accounting for major allowances

(i) Allowance for doubtful accounts

For the estimated uncollectible amount, allowance for performing receivables is recorded based on the actual loss ratio, and allowance for certain receivables with doubtful collectibility is recorded based on the individual assessment of collectibility.

(ii) Allowance for bonuses

In order to provide for bonuses to be paid to employees, estimated bonus amount attributable to the current consolidated fiscal year is recorded.

(iii) Allowance for compensation for complete work

Allowance for compensation for complete work is recorded in order to provide for losses arising from defects after the delivery of self-executed constructions or compensation service costs based on the historical costs related to repair work of self-executed constructions.

(Additional information)

The Company started to establish allowance for compensation for complete work from the current consolidated fiscal year as the Company began delivery of the self-executed constructions in the previous consolidated fiscal year and the historical data regarding the losses arising from defects after the delivery or compensation service costs became available. As a result, Cost of sales increased by ¥59 million and Gross profit, Operating income and Ordinary income and Income before income taxes and minority interests decreased by ¥59 million.

(iv) Allowance for employees’ retirement benefits

Allowance for employees’ retirement benefits is provided based on the retirement benefit obligations as at the current consolidated fiscal year-end.

(v) Allowance for directors' retirement benefits

Allowance for directors' retirement benefits is provided in the amount payable at the current consolidated fiscal year-end in accordance with the regulations on directors' retirement benefits (internal regulations).

(4) Amortization method and period of goodwill

Goodwill is amortized using the straight-line method over ten years.

However, goodwill of minor amounts is charged to income in the period of acquisition.

(5) Scope of cash and cash equivalent on the Consolidated statement of cash flows

Cash and cash equivalent consist of cash at hand, demand deposit, and short-term investments with an original maturity of three months or less that are readily convertible to cash and subject to insignificant risk of changes in value.

(6) Other significant matters for preparation of the consolidated financial statements

Accounting for consumption taxes

National and local consumption taxes are accounted for using the tax exclusive method. Non-deductible consumption taxes relating to assets are charged to income in the year of acquisition.

However, Consumption taxes of tax exempt consolidated subsidiaries are accounted for using the tax inclusive method.

(7) Additional information

(Application of accounting standard for accounting changes and error corrections, etc.)

Effective April 1, 2011, the Company has applied Accounting Standards Board of Japan (ASBJ) Standard No. 24, "Accounting Standard for Accounting Changes and Error Corrections" issued on December 4, 2009, and ASBJ Guidance No.24, "Guidance on Accounting Standard for Accounting Changes and Error Corrections" issued on December 4, 2009, to the accounting changes and corrections of prior years' errors.

(8) Notes to the consolidated financial statements

(Consolidated Balance Sheet)

<table>
<tr><th>Previous Consolidated Fiscal Year
(March 31, 2011)</th><th>Previous Consolidated Fiscal Year
(March 31, 2012)</th></tr>
<tr><td>※1 Assets relating to affiliates are as follows:
Investments and other assets, Other (Affiliates’ stock):
¥27 million
※2 Assets pledged as collateral and corresponding liabilities are as follows:
(1) Assets pledged as collateral
(Millions of yen)
Real estate held for sale ¥ 3,889
Real estate held for sale in progress 22,707
Buildings and structures 4,304
Tools, furniture and fixtures 0
Land 12,267
Intangible fixed assets (land lease rights) 224
Affiliates’ stock 30
Total 43,423
Affiliates’ stock of ¥30 million is eliminated in the consolidated financial statements.
(2) Corresponding liabilities
(Millions of yen)
Short-term borrowings ¥ 3,276
Current portion of long-term borrowings 16,835
Long-term borrowings 13,119
Total 33,232

※3 In line with the decision to reclassify part of the real estate held for development and rent to real estate held for resale, Buildings and structures of ¥911 million and Land of ¥1,987 million were reclassified to Real estate held for sale and Real estate held for sale in progress during the year ended March 31, 2011.

4 Contingent liabilities (Guarantee liability)
Guarantee liability for borrowings from financial institutions by companies other than consolidated subsidiaries
(Millions of yen)
Joint and several guarantees in favor of financial institutions until the customers’ residential mortgage loans are registered ¥ 2,665
Aruka Co., Ltd. 49
Total 2,714
5 The Group maintains overdraft and credit lines agreement with eight financial institutions in order to ensure efficient funding of operating capital. The unused balance of</td>
<td>※1 Assets relating to affiliates are as follows:
Investments and other assets, Other (Affiliates’ stock):
¥45 million
※2 Assets pledged as collateral and corresponding liabilities are as follows:
(1) Assets pledged as collateral
(Millions of yen)
Real estate held for sale ¥ 6,091
Real estate held for sale in progress 21,841
Buildings and structures 4,090
Tools, furniture and fixtures 0
Land 11,247
Intangible fixed assets (land lease rights) 224
Affiliates’ stock 30
Total 43,525
Affiliates’ stock of ¥30 million is eliminated in the consolidated financial statements.
(2) Corresponding liabilities
(Millions of yen)
Short-term borrowings ¥ 5,489
Current portion of long-term borrowings 15,772
Long-term borrowings 10,217
Notes and accounts payable, trade 1,533
Total 33,011

※3 In line with the decision to reclassify part of the real estate held for development and rent to real estate held for resale, Buildings and structures of ¥19 million and Land of ¥22 million were reclassified to Real estate held for sale during the year ended March 31, 2012.
Also, in line with the decision to reclassify part of the real estate held for resale to real estate held for self-use, Real estate held for sale of ¥31 million was reclassified to Buildings of ¥18 million and Land of ¥12 million during the year ended March 31, 2012.
4 Contingent liabilities (Guarantee liability)
Guarantee liability for borrowings from financial institutions by companies other than consolidated subsidiaries
(Millions of yen)
Joint and several guarantees in favor of financial institutions until the customers’ residential mortgage loans are registered ¥ 5,846
Aruka Co., Ltd. 48
Total 5,895
5 The Group maintains overdraft and credit lines agreement with three financial institutions in order to ensure efficient funding of operating capital. The unused balance of</td></tr>
</table>

borrowings under these agreements as of March 31, 2011 were as follows:

(Millions of yen)

Total maximum amount of overdraft and credit lines	¥ 7,602
Outstanding borrowing balance	3,983
Difference	3,619

borrowings under these agreements as of March 31, 2012 were as follows:

(Millions of yen)

Total maximum amount of overdraft and credit lines	¥ 2,978
Total borrowing balance	978
Difference	2,000

(Consolidated Statement of Income)

<table>
<tr><th>Previous Consolidated Fiscal Year
(From April 1, 2010 to March 31, 2011)</th><th>Current Consolidated Fiscal Year
(From April 1, 2011 to March 31, 2012)</th></tr>
<tr><td>※1 Inventories are stated at the amount after the write-down reflecting the decline in profitability. Loss on valuation of inventories included in Cost of sales is as follows:
¥(4,890) million
※2 Major components of Selling, general and administrative expenses and their amounts are as follows:
(Millions of yen)
Advertising expenses 2,349
Sales promotion expenses 1,152
Salaries 1,215
Provision for allowance for bonuses 200
Retirement benefit costs 44
Provision for allowance for directors’ retirement benefits 39
Provision for allowance for doubtful accounts 24
Selling expenses account for approximately 51% and General and administrative expenses account for approximately 49%.
※3 The breakdown of Loss on disposal of fixed assets is as follows:
(Millions of yen)
Buildings and structures 0
Tools, furniture and fixtures 2
Total 3</td><td>※1 Inventories are stated at the amount after the write-down reflecting the decline in profitability. Loss on valuation of inventories included in Cost of sales is as follows:
¥(1,499) million
※2 Major components of Selling, general and administrative expenses and their amounts are as follows:
(Millions of yen)
Advertising expenses 2,645
Sales promotion expenses 1,448
Salaries 1,198
Provision for allowance for bonuses 241
Retirement benefit costs 42
Provision for allowance for directors’ retirement benefits 3
Provision for allowance for doubtful accounts 22
Selling expenses account for approximately 55% and General and administrative expenses account for approximately 45%.
※3 The breakdown of Loss on disposal of fixed assets is as follows:
(Millions of yen)
Buildings and structures 5
Tools, furniture and fixtures 0
Software 0
Total 6</td></tr>
</table>

Previous Consolidated Fiscal Year (From April 1, 2010 to March 31, 2011)	Current Consolidated Fiscal Year (From April 1, 2011 to March 31, 2012)

Previous Consolidated Fiscal Year (From April 1, 2010 to March 31, 2011)

※4 Impairment loss

During the year ended March 31, 2011, the Group recorded impairment loss of ¥251 million on the following assets or asset groups due to the decline in market value of rental properties.

Use	Type	Location	Amount (Millions of yen)
Rental properties	Land / buildings	Nerima-ku, Tokyo	78
Rental properties	Land	Chiyoda-ku, Tokyo	173
Total			251

The amount consists of Buildings of ¥28 million and Land of ¥223 million.

Rental properties and idle assets are grouped based on an individual property.

The recoverable amount is measured using the net sale value and use value. Net sale value is assessed based on the appraisal value by a real estate appraiser and use value is calculated by discounting future cash flows at a rate of 6%.

※5 ————————

Current Consolidated Fiscal Year (From April 1, 2011 to March 31, 2012)

※4 Impairment loss

During the year ended March 31, 2012, the Group recorded impairment loss of ¥186 million on the following assets or asset groups due to the decline in market value of rental properties.

Use	Type	Location	Amount (Millions of yen)
Idle assets	Land	Nishi-ku, Saitama, Saitama	1
Idle assets	Land	Midori-ku, Saitama, Saitama	4
Idle assets	Land	Miyoshi-cho, Iruma-gun, Saitama	6
Idle assets	Land	Furukawa, Ibaraki	1
Idle assets	Land	Ashigara-shimogun, Kanagawa	7
Idle assets	Land	Oyama, Tochigi	7
Rental properties	Land	Matsudo, Chiba	0
Rental properties	Land	Chiyoda-ku, Tokyo	156
Total			186

The amount consists of Land of ¥186 million.

Rental properties and idle assets are grouped based on an individual property.

The recoverable amount is measured using the net sale value and use value. Net sale value is assessed based on the appraisal value by a real estate appraiser and use value is calculated by discounting future cash flows at a rate of 6%.

※5 Loss from legal proceedings consists of legal settlement of ¥110 million and attorney’s fee of ¥7 million.

(Consolidated Statement of Comprehensive Income)

Current consolidated fiscal year (From April 1, 2011 to March 31, 2012)

※1 Reclassification adjustments of other comprehensive income and their tax effects.

Unrealized gains (losses) on available-for-sale securities

	(Millions of yen)
Recognized during the current year	3
Reclassification adjustments	7
Before tax effects	11
Tax effects	—
Unrealized gains (losses) on available-for-sale securities	11
Total other comprehensive income	11

(Consolidated Statement of Changes in Shareholders' Equity)

Previous consolidated fiscal year (From April 1, 2010 to March 31, 2011)

1. Class and number of shares issued and outstanding and class and number of treasury stock

	Number of shares at April 1, 2010 (Shares)	Increase (Shares)	Decrease (Shares)	Number of shares at March 31, 2011 (Shares)
Shares issued and outstanding				
Common stock (Note)	17,540,333	15,845,737	—	33,386,070
Total	17,540,333	15,845,737	—	33,386,070
Treasury stock				
Common stock	982,771	—	—	982,771
Total	982,771	—	—	982,771

(Note) The increase in number of common stock issued and outstanding of 15,845,737 shares is due to issuance of new shares as a result of exercise of new share subscription rights.

2. Dividends

(1) Dividends paid

(Resolution)	Class of shares	Total dividends paid (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
General meeting of shareholders on June 22, 2010	Common stock	33	2	March 31, 2010	June 23, 2010
Board of Directors meeting on October 25, 2010	Common stock	97	3	September 30, 2010	December 7, 2010

(2) Dividends with a record date belonging to the current consolidated fiscal year but to be effective in the following fiscal year

(Resolution)	Class of shares	Total dividends paid (Millions of yen)	Source	Dividend per share (Yen)	Record date	Effective date
General meeting of shareholders on June 21, 2011	Common stock	194	Retained earnings	6	March 31, 2011	June 22, 2011

Current consolidated fiscal year (From April 1, 2011 to March 31, 2012)

1. Class and number of shares issued and outstanding and class and number of treasury stock

	Number of shares at April 1, 2011 (Shares)	Increase (Shares)	Decrease (Shares)	Number of shares at March 31, 2012 (Shares)
Shares issued and outstanding				
Common stock	33,386,070	－	－	33,386,070
Total	33,386,070	－	－	33,386,070
Treasury stock				
Common stock (Note)	982,771	1,469,100	－	2,451,871
Total	982,771	1,469,100	－	2,451,871

(Note) The increase in number of common stock in treasury stock of 1,469,100 shares is due to purchase of treasury stock based on the resolution by the Board of Directors meeting.

2. Dividends

(1) Dividends paid

(Resolution)	Class of shares	Total dividends paid (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
General meeting of shareholders on June 21, 2011	Common stock	194	6	March 31, 2011	June 22, 2011
Board of Directors meeting on October 24, 2011	Common stock	126	4	September 30, 2011	December 6, 2011

(2) Dividends with a record date belonging to the current consolidated fiscal year but to be effective in the following fiscal year

The following dividend is expected to be approved.

(Resolution)	Class of shares	Total dividends paid (Millions of yen)	Source	Dividend per share (Yen)	Record date	Effective date
General meeting of shareholders on June 22, 2012	Common stock	278	Retained earnings	9	March 31, 2012	June 25, 2012

(Consolidated Statement of Cash Flows)

Previous Consolidated Fiscal Year
(From April 1, 2010 to March 31, 2011)

※1 A reconciliation of Cash and cash equivalent and the account balance on the Consolidated balance sheet

(As of March 31, 2011)

(Millions of yen)

Cash and deposits	9,414
Time deposits with maturity in excess of three months	(23)
Cash and cash equivalent	9,391

2 Significant non-cash transactions

The amounts transferred from fixed assets to Real estate held for sale and Real estate held for sale in progress due to change in the purpose of real estate holding

¥ 2,899 million

3 ————————

Current Consolidated Fiscal Year
(From April 1, 2011 to March 31, 2012)

※1 A reconciliation of Cash and cash equivalent and the account balance on the Consolidated balance sheet

(As of March 31, 2012)

(Millions of yen)

Cash and deposits	17,394
Time deposits with maturity in excess of three months	(16)
Cash and cash equivalent	17,377

2 Significant non-cash transactions

The amounts transferred from fixed assets to Real estate held for sale due to change in the purpose of real estate holding

¥ 42 million

The amounts transferred from Real estate held for sale to fixed assets due to change in the purpose of real estate holding

¥ 31million

3 Major components of assets and liabilities of the company excluded from the scope of consolidation as a result of sale of shares

Details of assets and liabilities of Takara Live Net Co., Ltd., (currently Live Net Home Co., Ltd.) at the time of the sale resulting in deconsolidation, selling price of the stock and proceeds from the sale were as follows:

(Millions of yen)

Current assets	366
Fixed assets	19
Current liabilities	(270)
Noncurrent liabilities	(36)
Loss on sale of stock	(49)
Selling price of deconsolidated subsidiary’s stock	30
Cash and cash equivalent of deconsolidated subsidiary	(130)
Difference：Cash outflow due to sale	(100)

(Rental Properties, etc)

The Company and its certain consolidated subsidiaries own office buildings (including land) and condominiums for rent in Tokyo and other areas. During the consolidated fiscal year ended March 31, 2011, net rent income from these rental properties amounted to ¥527 million (rent income is recorded in Net sales and major rent expenses are recorded in cost of sales), and impairment loss amounted to ¥251 million (recorded in Extraordinary losses). During the consolidated fiscal year ended March 31, 2012, net rent income from these rental properties amounted to ¥594 million (rent income is recorded in Net sales and major rent expenses are recorded in cost of sales), and impairment loss amounted to ¥186 million (recorded in Extraordinary losses).

The carrying amount of these rental properties on the Consolidated balance sheet, changes during the year and market value are as follows:

(Millions of yen)

		Previous Consolidated Fiscal Year (From April 1, 2010 to March 31, 2011)	Current Consolidated Fiscal Year (From April 1, 2011 to March 31, 2012)
Consolidated balance sheet			
	Beginning balance	20,439	17,873
	Changes during the year	(2,566)	(63)
	Ending balance	17,873	17,809
Market value at end of year		19,428	19,660

(Notes) 1. The carrying amount on the Consolidated balance sheet represents acquisition cost, net of accumulated depreciation and amortization and accumulated impairment loss.

2. Of the changes during the year, the major increase during the year ended March 31, 2011 was acquisition of real estate (¥858 million), and major decreases include reclassification to Real estate held for sale and Real estate held for sale in progress (¥2,899 million), Depreciation (¥272 million), and Impairment loss (¥251 million). The major increase during the year ended March 31, 2012 was acquisition of real estate (¥399 million), and major decreases include reclassification to Real estate held for sale (¥33 million), Depreciation (¥209 million), and Impairment loss (¥186 million).

3. Market value at end of year is based on the appraisal value by a third party real estate appraiser.

(Segment Information)

a. Segment information

1. Overview of reportable segments

The reportable segments of the Group are components of the Company for which separate financial information is available that is evaluated regularly by the Board of Directors in deciding how to allocate resources and in assessing performance.

The Group's core business is construction and sales of build-for-sale condominiums. The Group's reportable segments consist of the three business segments: "Real estate sales business," "Real estate rental business" and "Real estate management business."

"Real estate sales business" primarily engages in construction and sales of new build-for-sale condominiums and build-for-sale detached houses and condominium renovation.

"Real estate rental business" provides office and residential condominiums rental service, and "Real estate management business" provides condominium management service.

2. Calculation methods of net sales, income or loss, assets, liabilities and other items by reportable segments

Accounting policies for the reportable business segments are consistent with those described in "Significant Basis for Preparation of the Consolidated Financial Statements," except for valuation of inventories.

Inventories are stated at the value after the write-down reflecting the decline in profitability.

Reportable segment income represents operating income.

Inter-segment sales and transfers are valued at market prices.

3. Net sales, income or loss, assets, liabilities and other items by reportable segments

Previous consolidated fiscal year (From April 1, 2010 to March 31, 2011)

(Millions of yen)

	Reportable segments				Other (Note)	Total
	Real estate sales business	Real estate rental business	Real estate management business	Total		
Net sales						
Net sales to external customers	41,948	1,426	2,138	45,513	1,370	46,884
Inter-segment sales and transfers	－	8	13	22	351	373
Total	41,948	1,435	2,152	45,536	1,721	47,257
Segment income	5,856	486	252	6,595	245	6,840
Segment assets	31,321	18,161	256	49,739	1,177	50,917
Segment liabilities	28,492	12,635	128	41,256	896	42,153
Other items						
Depreciation and amortization	71	273	3	348	9	357
Interest expense	849	309	－	1,159	8	1,167
Increase in tangible and intangible fixed assets	102	858	15	977	1	978

(Note) "Other" represents business segments which are not included in any reportable segments and includes optional construction work related to built-for-sale condominium sales and real estate agent services.

Current consolidated fiscal year (From April 1, 2011 to March 31, 2012)

(Millions of yen)

	Reportable segments				Other (Note)	Total
	Real estate sales business	Real estate rental business	Real estate management business	Total		
Net sales						
Net sales to external customers	50,281	1,419	2,282	53,984	1,206	55,191
Inter-segment sales and transfers	64	10	10	85	113	199
Total	50,345	1,430	2,292	54,069	1,320	55,390
Segment income	4,729	604	212	5,546	221	5,768
Segment assets	32,985	18,073	241	51,300	820	52,121
Segment liabilities	37,354	10,310	192	47,857	657	48,514
Other items						
Depreciation and amortization	90	218	3	312	10	322
Interest expense	648	285	—	933	3	937
Increase in tangible and intangible fixed assets	311	404	3	719	29	749

(Note) "Other" represents business segments which are not included in any reportable segments and includes real estate agent services and repair work business.

4. Reconciliation of the total reportable segments and the amount on the consolidated financial statements (difference adjustments)

(Millions of yen)

Net sales	Previous Consolidated Fiscal Year	Current Consolidated Fiscal Year
Total reportable segments	45,536	54,069
Net sale of "Other" category	1,721	1,320
Elimination of inter-segment transactions	(373)	(199)
Net sales on the consolidated financial statements	46,884	55,191

(Millions of yen)

Income	Previous Consolidated Fiscal Year	Current Consolidated Fiscal Year
Total reportable segments	6,595	5,546
Income of "Other" category	245	221
Elimination of inter-segment transactions	(83)	162
Operating income on the consolidated financial statements	6,757	5,930

(Millions of yen)

Assets	Previous Consolidated Fiscal Year	Current Consolidated Fiscal Year
Total reportable segments	49,739	51,300
Assets of "Other" category	1,177	820
Elimination of due to parent administrative division	(296)	(55)
Corporate assets (Note)	10,433	18,211
Total assets on the consolidated financial statements	61,054	70,277

(Note) Corporate assets represent assets not attributable to any reportable segments and primarily consist of cash and deposits, assets attributable to administrative division, and deferred tax assets.

(Millions of yen)

Liabilities	Previous Consolidated Fiscal Year	Current Consolidated Fiscal Year
Total reportable segments	41,256	47,857
Liabilities of "Other" category	896	657
Elimination of due to parent administrative division	(225)	(128)
Corporate liabilities (Note)	764	752
Total liabilities on the consolidated financial statements	42,692	49,138

(Note) Corporate liabilities represent liabilities not attributable to any reportable segments and primarily consist of borrowings.

(Millions of yen)

Other items	Total reportable segments		Other		Adjustments		Consolidated financial statements	
	Previous FY	Current FY	Previous FY	Current FY	Previous FY	Current FY	Previous FY	Current FY
Depreciation and amortization	348	312	9	10	10	(3)	368	319
Interest expense	1,159	933	8	3	13	41	1,181	979
Increase in tangible and intangible fixed assets	977	719	1	29	4	55	982	805

(Note) Adjustments for increase in tangible and intangible fixed assets represent capital expenditure for the headquarter building and elimination of inter-segment transactions.

b. Impairment loss on fixed assets by reportable segments

Previous consolidated fiscal year (From April 1, 2010 to March 31, 2011)

(Millions of yen)

	Real estate sales business	Real estate rental business	Real estate management business	Other	Corporate / Elimination	Total
Impairment loss	―	251	―	―	―	251

Current consolidated fiscal year (From April 1, 2011 to March 31, 2012)

(Millions of yen)

	Real estate sales business	Real estate rental business	Real estate management business	Other	Corporate / Elimination	Total
Impairment loss	―	186	―	―	―	186

(Special Purpose Companies subject to Disclosure)

Previous consolidated fiscal year (From April 1, 2010 to March 31, 2011)

1. Overview of special purpose companies subject to disclosure and description of transactions using the special purpose companies subject to disclosure

In order to diversify the funding sources and clarify project administration, the Company invested in two special purpose companies ("SPCs") (formed as a special limited liability company or special purpose company under the Act on Securitization of Assets). Both SPCs began liquidation process during the consolidated fiscal year ended March 31, 2010 as their objective was achieved and the liquidation process was complete during the consolidated fiscal year ended March 31, 2011.

With regard to these SPCs, neither the Company nor any of its consolidated subsidiaries had investments with voting rights, and no director or employee had been seconded to these companies.

2. Transaction volume with the special purpose companies subject to disclosure during the consolidated fiscal year ended March 31, 2011

Disclosure is omitted as the amounts are not material.

Current consolidated fiscal year (From April 1, 2011 to March 31, 2012)

Not applicable.

(Per Share Information)

Previous Consolidated Fiscal Year (From April 1, 2010 to March 31, 2011)		Current Consolidated Fiscal Year (From April 1, 2011 to March 31, 2012)	
Net assets per share	566.66 yen	Net assets per share	683.33 yen
Net income per share	168.14 yen	Net income per share	116.49 yen
Diluted earnings per share is not disclosed as the Company has no dilutive shares.		Diluted earnings per share is not disclosed as the Company has no dilutive shares.	

(Note) Basis for calculation of net income per share is as follows:

	Previous Consolidated Fiscal Year (From April 1, 2010 to March 31, 2011)	Current Consolidated Fiscal Year (From April 1, 2011 to March 31, 2012)
Net income per share		
Net income (Millions of yen)	5,083	3,681
Amount not attributable to common stockholders (Millions of yen)	—	—
Net income attributable to common stock (Millions of yen)	5,083	3,681
Average number of shares during the year (thousand shares)	30,236	31,607

(Significant Subsequent Events)

The Board of Directors meeting held on May 14, 2012 approved to submit to the 40th annual general meeting of shareholders to be held on June 22, 2012 the proposal to terminate the directors’ retirement benefit plan and introduce stock-based compensation in the form of stock option plan (new share subscription rights) for directors of the Company.

Refer to News Release “Termination of the directors’ retirement benefit plan and introduction of stock-based compensation in the form of stock option plan for directors” dated May 14, 2012 for more detail.

(Omission of Disclosures)

Notes on lease transactions, related parties transactions, deferred tax accounting, financial instruments, securities, derivative transactions, retirement benefits, and asset retirement obligations are omitted in this financial release as disclosure of these information is not necessarily required.

5. Non-Consolidated Financial Statements

(1) Balance sheet

(Millions of yen)

	Previous Fiscal Year (March 31, 2011)	Current Fiscal Year (March 31, 2012)
Assets		
Current assets		
Cash and deposits	8,579	16,499
Accounts receivable, trade	177	126
Other receivables	137	125
Real estate held for sale	※1, ※2 5,237	※1, ※2 7,380
Real estate held for sale in progress	※1, ※2 23,534	※1 22,827
Advance payments	568	593
Prepaid expenses	884	978
Short-term loans	38	4
Deferred tax assets	794	262
Other	217	247
Allowance for doubtful accounts	(33)	(11)
Total current assets	40,136	49,034
Fixed assets		
Tangible fixed assets		
Buildings	6,465	6,532
Accumulated depreciation	(2,026)	(2,247)
Buildings, net	※1, ※2 4,438	※1, ※2 4,284
Structures	99	85
Accumulated depreciation	(52)	(45)
Structures, net	※1, ※2 47	※1 39
Tools, furniture and fixtures	141	135
Accumulated depreciation	(116)	(113)
Total tools, furniture and fixtures, net	※1 25	※1 21
Land	※1, ※2 13,096	※1, ※2 13,332
Lease assets	3	47
Accumulated depreciation	(2)	(9)
Lease assets, net	1	38
Total tangible fixed assets	17,608	17,716
Intangible fixed assets		
Land lease rights	※1 224	※1 224
Software	141	41
Lease assets	41	177
Software in progress	63	—
Total intangible fixed assets	470	442
Investments and other assets		
Investment securities	120	133
Affiliates’ stock	※1 82	※1 52
Investments in capital	1	1

(Millions of yen)

	Previous Fiscal Year (March 31, 2011)	Current Fiscal Year (March 31, 2012)
Membership	14	9
Security deposits and guarantee deposits	285	269
Long-term loans	148	176
Long-term other receivables	225	206
Deferred tax assets	—	140
Other	27	15
Allowance for doubtful accounts	(271)	(295)
Total investments and other assets	634	709
Total fixed assets	18,713	18,869
Total assets	58,850	67,904
Liabilities		
Current liabilities		
Notes payable	2,112	5,968
Accounts payable, trade	1,613	※1 4,106
Short-term borrowings	※1 3,696	※1 5,489
Current portion of long-term borrowings	※1 16,856	※1 15,793
Lease obligations	17	57
Other payables	687	684
Accrued expenses	78	82
Income taxes payable	29	425
Advance received	2,308	3,739
Deposits received	225	276
Unearned revenues	10	10
Allowance for bonuses	120	145
Allowance for compensation for complete work	—	59
Other	19	—
Total current liabilities	27,775	36,840
Noncurrent liabilities		
Long-term borrowings	※1 13,230	※1 10,446
Security deposits and guarantee deposits received	582	543
Lease obligations	27	170
Allowance for employees' retirement benefits	103	121
Allowance for directors' retirement benefits	52	54
Asset retirement obligations	18	19
Other	5	5
Total noncurrent liabilities	14,021	11,362
Total liabilities	41,797	48,203

(Millions of yen)

	Previous Fiscal Year (March 31, 2011)	Current Fiscal Year (March 31, 2012)
Net assets		
Shareholders' equity		
Capital stock	4,819	4,819
Capital surplus		
Capital reserve	4,817	4,817
Other capital surplus	132	132
Total capital surplus	4,949	4,949
Retained earnings		
Legal reserve	92	92
Other retained earnings		
General reserve	2,681	6,681
Retained earnings carried forward	5,823	5,055
Total retained earnings	8,597	11,829
Treasury stock	(1,295)	(1,890)
Total shareholders' equity	17,071	19,708
Valuation and translation adjustments		
Net unrealized losses on available-for-sale securities	(18)	(7)
Total valuation and translation adjustments	(18)	(7)
Total net assets	17,053	19,701
Total liabilities and net assets	58,850	67,904

(2) Statement of Income

(Millions of yen)

	Previous Fiscal Year (From April 1, 2010 to March 31, 2011)	Current Fiscal Year (From April 1, 2011 to March 31, 2012)
Net sales		
Net sales - real estate	41,703	50,166
Income from real estate lease	1,173	1,121
Other income	194	213
Total net sales	43,071	51,502
Cost of sales		
Cost of sales - real estate	※1 29,519	※1 38,406
Cost of sales - real estate lease	692	554
Total cost of sales	30,212	38,961
Gross profit	12,859	12,540
Selling, general and administrative expenses	※2 6,327	※2 7,065
Operating income	6,532	5,474
Non-operating income		
Interest income	28	7
Dividend income	9	94
Commissions received	117	81
Secondment fee received	0	0
Miscellaneous income	37	35
Total non-operating income	193	219
Non-operating expenses		
Interest expense	1,176	977
Stock issue cost	126	—
Miscellaneous losses	91	30
Total non-operating expense	1,394	1,007
Ordinary income	5,331	4,685
Extraordinary gains		
Reversal of allowance for doubtful accounts	40	—
Reversal of allowance for bonuses	0	—
Prior years adjustments	49	—
Gain on liquidation of Tokumei Kumiai	1	—
Total extraordinary gains	92	—
Extraordinary losses		
Loss on disposal of fixed assets	※3 2	※3 6
Effect of adopting accounting standard for asset retirement obligations	7	—
Loss on valuation of investment securities	8	10
Loss on valuation of investments in capital	0	—
Loss on sale of investment securities	2	—
Impairment loss	※4 251	※4 186
Loss from legal proceedings	—	※5 117
Other	0	5
Total extraordinary losses	273	325
Income before income taxes	5,150	4,360
Income taxes - current	5	416
Income taxes - deferred	141	390
Total income taxes	146	807
Net income	5,003	3,552

Cost of Sales Statement

1. Cost of sales - real estate

Category	Notes	Previous Fiscal Year (From April 1, 2010 to March 31, 2011) Amount (Millions of yen)	Ratio (%)	Current Fiscal Year (From April 1, 2011 to March 31, 2012) Amount (Millions of yen)	Ratio (%)
Land purchase cost	2, 3	6,578	22.3	11,185	29.1
Outsourced construction cost		22,125	75.0	26,434	68.8
Other		815	2.7	787	2.1
Cost of sales - real estate		29,519	100.0	38,406	100.0

(Note) 1. Cost of sales is calculated using the job order costing system.

2. Land purchase cost of the previous fiscal year includes loss on valuation of inventories of ¥(4,890) million.

3. Land purchase cost of the current fiscal year includes loss on valuation of inventories of ¥(1,499) million.

2. Cost of sales - real estate lease

Category	Notes	Previous Fiscal Year (From April 1, 2010 to March 31, 2011) Amount (Millions of yen)	Ratio (%)	Current Fiscal Year (From April 1, 2011 to March 31, 2012) Amount (Millions of yen)	Ratio (%)
Taxes and public charges		127	18.5	101	18.3
Depreciation and amortization		273	39.4	214	38.6
Maintenance and administrative expenses		291	42.1	239	43.1
Cost of sales - real estate lease		692	100.0	554	100.0

(3) Non-consolidated statement of changes in shareholders’ equity

(Millions of yen)

	Previous Fiscal Year (From April 1, 2010 to March 31, 2011)	Current Fiscal Year (From April 1, 2011 to March 31, 2012)
Shareholders’ equity		
Capital stock		
Balance at beginning of year	2,442	4,819
Changes during the year		
Issuance of new stock	2,376	—
Total changes during the year	2,376	—
Balance at end of year	4,819	4,819
Capital surplus		
Capital reserve		
Balance at beginning of year	2,440	4,817
Changes during the year		
Issuance of new stock	2,376	—
Total changes during the year	2,376	—
Balance at end of year	4,817	4,817
Other capital surplus		
Balance at beginning of year	132	132
Changes during the year		
Total changes during the year	—	—
Balance at end of year	132	132
Total capital surplus		
Balance at beginning of year	2,572	4,949
Changes during the year		
Issuance of new stock	2,376	—
Total changes during the year	2,376	—
Balance at end of year	4,949	4,949
Retained earnings		
Legal reserve		
Balance at beginning of year	92	92
Changes during the year		
Total changes during the year	—	—
Balance at end of year	92	92
Other retained earnings		
General reserve		
Balance at beginning of year	1,681	2,681
Changes during the year		
Funding for general reserve	1,000	4,000
Total changes during the year	1,000	4,000
Balance at end of year	2,681	6,681

(Millions of yen)

	Previous Fiscal Year (From April 1, 2010 to March 31, 2011)	Current Fiscal Year (From April 1, 2011 to March 31, 2012)
Retained earnings carried forward		
Balance at beginning of year	1,950	5,823
Changes during the year		
Funding for general reserve	(1,000)	(4,000)
Dividends from surplus	(130)	(320)
Net income	5,003	3,552
Total changes during the year	3,873	(767)
Balance at end of year	5,823	5,055
Total retained earnings		
Balance at beginning of year	3,724	8,597
Changes during the year		
Dividends from surplus	(130)	(320)
Net income	5,003	3,552
Total changes during the year	4,873	3,232
Balance at end of year	8,597	11,829
Treasury stock		
Balance at beginning of year	(1,295)	(1,295)
Changes during the year		
Purchase of treasury stock	—	(595)
Total changes during the year	—	(595)
Balance at end of year	(1,295)	(1,890)
Total shareholders’ equity		
Balance at beginning of year	7,444	17,071
Changes during the year		
Issuance of new stock	4,753	—
Dividends from surplus	(130)	(320)
Net income	5,003	3,552
Purchase of treasury stock	—	(595)
Total changes during the year	9,626	2,636
Balance at end of year	17,071	19,708

(Millions of yen)

	Previous Fiscal Year (From April 1, 2010 to March 31, 2011)	Current Fiscal Year (From April 1, 2011 to March 31, 2012)
Valuation and translation adjustments		
Unrealized gains (losses) on available-for-sale securities		
Balance at beginning of year	(21)	(18)
Changes during the year		
Net changes of items other than shareholders' equity	2	11
Total changes during the year	2	11
Balance at end of year	(18)	(7)
Total valuation and translation adjustments		
Balance at beginning of year	(21)	(18)
Changes during the year		
Net changes of items other than shareholders' equity	2	11
Total changes during the year	2	11
Balance at end of year	(18)	(7)
Total net assets		
Balance at beginning of year	7,423	17,053
Changes during the year		
Issuance of new stock	4,753	—
Dividends from surplus	(130)	(320)
Net income	5,003	3,552
Purchase of treasury stock	—	(595)
Net changes of items other than shareholders' equity	2	11
Total changes during the year	9,629	2,647
Balance at end of year	17,053	19,701

(4) Notes Regarding to the Going Concern Assumption

Not applicable.

(5) Significant Accounting Policies

1. Valuation basis and method for securities

(1) Debt securities held to maturity

Debt securities held to maturity are stated at amortized cost using the straight-line method.

(2) Subsidiaries' and affiliates' stock

Subsidiaries' and affiliates' stock is stated at cost based on the moving-average method.

(3) Available-for-sale securities

With fair value

Securities with fair value are marked to market based on the market value at the fiscal year-end (Unrealized gains and losses are directly recorded in Net assets and cost of securities sold is calculated using the moving-average method).

Without fair value

Securities without fair value are stated at cost based on the moving-average method.

2. Valuation basis and method for inventories

Inventory is stated at cost based on the specific identification method (Book value is written down due to decline in profitability).

3. Depreciation method for fixed assets

(1) Tangible fixed assets (excluding lease assets)

(i) Buildings

Headquarters and business offices, etc. are depreciated using the declining balance method.

Useful lives and residual values are determined in accordance with the Corporate Tax Law of Japan.

However, buildings (excluding leasehold improvement) acquired after April 1, 2008 are depreciated using the straight-line method.

Buildings for rent are depreciated using the straight-line method over the individual estimated economic useful life in order to reasonably match the corresponding income.

Individual useful lives for buildings for rent are as follows:

	Individual useful lives (years)
Reinforced concrete buildings	40
Steel structure buildings	30
Wooden construction	15
Leasehold improvements	15

(ii) Other tangible fixed assets

The declining balance method is applied.

Useful lives and residual values are determined in accordance with the Corporate Tax Law of Japan.

(2) Intangible fixed assets (excluding lease assets)

Software for internal use is amortized using the straight-line method over the estimated useful life of five years.

(3) Lease assets

Lease assets under the finance lease arrangements where the ownership is transferred to lessees

Lease assets with ownership transfer are depreciated using the same depreciation method as the fixed assets owned.

Lease assets under the finance lease arrangements where the ownership is not transferred to lessees

Lease assets without ownership transfer are depreciated using the straight-line method over the lease term with no residual value.

Lease assets without ownership transfer starting prior to March 31, 2008 are accounted for in the similar manner to operating lease transactions.

4. Accounting for Allowances

(1) Allowance for doubtful accounts

For the estimated uncollectible amount, allowance for performing receivables is recorded based on the actual loss ratio, and allowance for certain receivables with doubtful collectibility is recorded based on the individual assessment of collectibility.

(2) Allowance for bonuses

In order to provide for bonuses to be paid to employees, estimated bonus amount attributable to the current fiscal year is recorded.

(3) Allowance for compensation for complete work

Allowance for compensation for complete work is recorded in order to provide for losses arising from defects after the delivery of self-executed constructions or compensation service costs based on the historical costs related to repair work of self-executed constructions.

(Additional information)

The Company started to establish allowance for compensation for complete work from the current fiscal year as the Company began delivery of the self-executed constructions in the previous fiscal year and the historical data regarding the losses arising from defects after the delivery or compensation service costs became available. As a result, Cost of sales increased by ¥59 million and Gross profit, Operating income and Ordinary income and Income before income taxes decreased by ¥59 million.

(4) Allowance for employees' retirement benefits

Allowance for employees' retirement benefits is provided based on the retirement benefit obligations as at the current fiscal year-end.

(5) Allowance for directors' retirement benefits

Allowance for directors' retirement benefits is provided in the amount payable at the current fiscal year-end in accordance with the regulations on directors' retirement benefits (internal regulations).

5. Other significant basis for preparation of the financial statements

Accounting for consumption taxes

National and local consumption taxes are accounted for using the tax exclusive method. Non-deductible consumption taxes relating to assets are charged to income in the year of acquisition.

(6) Additional information

(Application of accounting standard for accounting changes and error corrections, etc.)

Effective April 1, 2011, the Company has applied Accounting Standards Board of Japan (ASBJ) Standard No. 24, "Accounting Standard for Accounting Changes and Error Corrections" issued on December 4, 2009, and ASBJ Guidance No.24, "Guidance on Accounting Standard for Accounting Changes and Error Corrections" issued on December 4, 2009, to the accounting changes and corrections of prior years' errors.

(7) Notes to the Non-Consolidated Financial Statements

(Balance Sheet)

Previous Fiscal Year (March 31, 2011)	Current Fiscal Year (March 31, 2012)
※1 Assets pledged as collateral and corresponding liabilities are as follows:	※1 Assets pledged as collateral and corresponding liabilities are as follows:

(1) Assets pledged as collateral (Millions of yen)

	March 31, 2011	March 31, 2012
Real estate held for sale	3,889	6,091
Real estate held for sale in progress	22,707	21,841
Buildings	4,268	4,059
Structures	36	30
Tools, furniture and fixtures	0	0
Land	12,267	11,247
Land lease rights	224	224
Affiliates' stock	30	30
Total	43,423	43,525

(2) Corresponding liabilities (Millions of yen)

	March 31, 2011	March 31, 2012
Short-term borrowings	3,276	5,489
Current portion of long-term borrowings	16,835	15,772
Long-term borrowings	13,119	10,217
Accounts payable, trade		1,533
Total	33,232	33,011

Previous Fiscal Year (March 31, 2011)

※2 In line with the decision to reclassify part of the real estate held for development and rent to real estate held for resale, Buildings of ¥826 million, Structures of ¥15 million and Land of ¥1,938 million were reclassified to Real estate held for sale and Real estate held for sale in progress during the year ended March 31, 2011.

Current Fiscal Year (March 31, 2012)

※2 In line with the decision to reclassify part of the real estate held for resale to real estate held for self-use, Real estate held for sale of ¥31 million was reclassified to Buildings of ¥18 million and Land of ¥12 million during the year ended March 31, 2012.

3 Contingent liabilities

The Company provides guarantees for borrowings from financial institutions by affiliates and others listed below:

(Millions of yen)

	March 31, 2011	March 31, 2012
Joint and several guarantees in favor of financial institutions until the customers' residential mortgage loans are registered	2,665	5,846
TAFUKO Co., Ltd.	515	421
Aruka Co., Ltd.	49	48
Total	3,230	6,317

Previous Fiscal Year (March 31, 2011)

4 The Company maintains overdraft and credit lines agreement with eight financial institutions in order to ensure efficient funding of operating capital. The unused balance of borrowings under these agreements as of March 31, 2011 were as follows:

Current Fiscal Year (March 31, 2012)

4 The Company maintains overdraft and credit lines agreement with three financial institutions in order to ensure efficient funding of operating capital. The unused balance of borrowings under these agreements as of March 31, 2012 were as follows:

(Millions of yen)

	March 31, 2011	March 31, 2012
Total maximum amount of overdraft and credit lines	7,602	2,978
Outstanding borrowing balance	3,983	978
Difference	3,619	2,000

(Statement of Income)

<table>
<tr><th>Previous Fiscal Year
(From April 1, 2010 to March 31, 2011)</th><th>Current Fiscal Year
(From April 1, 2011 to March 31, 2012)</th></tr>
<tr><td>※1 Inventories are stated at the amount after the write-down reflecting the decline in profitability. Loss on valuation of inventories included in Cost of sales is as follows:
¥(4,890) million
※2 Major components of Selling, general and administrative expenses and their amounts are as follows:
(Millions of yen)
Advertising expenses 2,341
Sales commissions 125
Sales promotion expenses 1,178
Salaries 879
Provision for allowance for bonuses 161
Retirement benefit costs 26
Depreciation and amortization 71
Provision for allowance for directors’ retirement benefits 18
Provision for allowance for doubtful accounts 9
Selling expenses account for approximately 58% and General and administrative expenses account for approximately 42%.
※3 The breakdown of Loss on disposal of fixed assets is as follows:
(Millions of yen)
Tools, furniture and fixtures 2
Total 2</td><td>※1 Inventories are stated at the amount after the write-down reflecting the decline in profitability. Loss on valuation of inventories included in Cost of sales is as follows:
¥(1,499) million
※2 Major components of Selling, general and administrative expenses and their amounts are as follows:
(Millions of yen)
Advertising expenses 2,617
Sales commissions 211
Sales promotion expenses 1,484
Salaries 950
Provision for allowance for bonuses 212
Retirement benefit costs 27
Depreciation and amortization 90
Provision for allowance for directors’ retirement benefits 4
Provision for allowance for doubtful accounts 3
Selling expenses account for approximately 61% and General and administrative expenses account for approximately 39%.
※3 The breakdown of Loss on disposal of fixed assets is as follows:
(Millions of yen)
Structures 5
Tools, furniture and fixtures 0
Software 0
Total 6</td></tr>
</table>

Previous Fiscal Year (From April 1, 2010 to March 31, 2011)	Current Fiscal Year (From April 1, 2011 to March 31, 2012)

Previous Fiscal Year (From April 1, 2010 to March 31, 2011)

※4 Impairment loss

During the year ended March 31, 2011, the Company recorded impairment loss of ¥251 million on the following assets or asset groups due to the decline in market value of rental properties.

Use	Type	Location	Amount (Millions of yen)
Rental properties	Land / Buildings / Structures	Nerima-ku, Tokyo	78
	Land	Chiyoda-ku, Tokyo	173
Total			251

The amount consists of Buildings of ¥27 million, Structures of ¥0 million and Land of ¥223 million.

Rental properties and idle assets are grouped based on an individual property.

The recoverable amount is measured using the net sale value and use value. Net sale value is assessed based on the appraisal value by a real estate appraiser and use value is calculated by discounting future cash flows at a rate of 6%.

5 ————————

Current Fiscal Year (From April 1, 2011 to March 31, 2012)

※4 Impairment loss

During the year ended March 31, 2012, the Company recorded impairment loss of ¥186 million on the following assets or asset groups due to the decline in market value of rental properties.

Use	Type	Location	Amount (Millions of yen)
Idle assets	Land	Nishi-ku, Saitama, Saitama	1
	Land	Midori-ku, Saitama, Saitama	4
	Land	Miyoshi-cho, Iruma-gun, Saitama	6
	Land	Furukawa, Ibaraki	1
	Land	Ashigara-shimogun, Kanagawa	7
	Land	Oyama, Tochigi	7
Rental properties	Land	Matsudo, Chiba	0
	Land	Chiyoda-ku, Tokyo	156
Total			186

The amount consists of Land of ¥186 million.

Rental properties and idle assets are grouped based on an individual property.

The recoverable amount is measured using the net sale value and use value. Net sale value is assessed based on the appraisal value by a real estate appraiser and use value is calculated by discounting future cash flows at a rate of 6%.

※5 Loss from legal proceedings consists of legal settlement of ¥110 million and attorney’s fee of ¥7 million.

(Statement of Changes in Shareholders' Equity)

Previous fiscal year (From April 1, 2010 to March 31, 2011)

Class and number of treasury stock

	Number of shares at April 1, 2010 (Shares)	Increase (Shares)	Decrease (Shares)	Number of shares at March 31, 2011 (Shares)
Common stock	982,771	—	—	982,771
Total	982,771	—	—	982,771

Current fiscal year (From April 1, 2011 to March 31, 2012)

Class and number of treasury stock

	Number of shares at April 1, 2011 (Shares)	Increase (Shares)	Decrease (Shares)	Number of shares at March 31, 2012 (Shares)
Common stock (Note)	982,771	1,469,100	—	2,451,871
Total	982,771	1,469,100	—	2,451,871

(Note) The increase in number of common stock in treasury stock of 1,469,100 shares is due to purchase of treasury stock based on the resolution by the Board of Directors meeting.

(Per Share Information)

Previous Fiscal Year (From April 1, 2010 to March 31, 2011)	Current Fiscal Year (From April 1, 2011 to March 31, 2012)
Net assets per share 526.29 yen Net income per share 165.48 yen Diluted earnings per share is not disclosed as the Company has no dilutive shares.	Net assets per share 636.87 yen Net income per share 112.41 yen Diluted earnings per share is not disclosed as the Company has no dilutive shares.

(Note) Basis for calculation of net income per share is as follows:

	Previous Fiscal Year (From April 1, 2010 to March 31, 2011)	Current Fiscal Year (From April 1, 2011 to March 31, 2012)
Net income per share		
Net income (Millions of yen)	5,003	3,552
Amount not attributable to common stockholders (Millions of yen)	—	—
Net income attributable to common stock (Millions of yen)	5,003	3,552
Average number of shares during the year (thousand shares)	30,236	31,607

(Significant Subsequent Events)

The Board of Directors meeting held on May 14, 2012 approved to submit to the 40th annual general meeting of shareholders to be held on June 22, 2012 the proposal to terminate the directors' retirement benefit plan and introduce stock-based compensation in the form of stock option plan (new share subscription rights) for directors of the Company.

Refer to News Release "Termination of the directors' retirement benefit plan and introduction of stock-based compensation in the form of stock option plan for directors" dated May 14, 2012 for more detail.

6. Other

(1) Changes of Officers

To be disclosed when the information to be disclosed is determined.

(2) Production, Orders Received and Sales

(i) Number of units contracted during the year

Segment name	Previous Consolidated Fiscal Year (From April 1, 2010 to March 31, 2011)		Current Consolidated Fiscal Year (From April 1, 2011 to March 31, 2012)		Year-on-Year (%)
	Number of units	Amounts (Millions of yen)	Number of units	Amounts (Millions of yen)	
Real estate sales business	1,723	56,364	1,852	59,421	105.4
Total	1,723	56,364	1,852	59,421	105.4

(Note) The above amounts do not include consumption taxes.

(ii) Balance of contract

Segment name	Previous Consolidated Fiscal Year-End (March 31, 2011)		Current Consolidated Fiscal Year-End (March 31, 2012)		Year-on-Year (%)
	Number of units	Amounts (Millions of yen)	Number of units	Amounts (Millions of yen)	
Real estate sales business	760	25,384	1,092	34,824	137.2
Total	760	25,384	1,092	34,824	137.2

(Note) The above amounts do not include consumption taxes.

(iii) Net sales

Segment name		Current Consolidated Fiscal Year (From April 1, 2011 to March 31, 2012)	Year-on-Year (%)
Real estate sales business	(Millions of yen)	50,281	119.9
Real estate rental business	(Millions of yen)	1,419	99.5
Real estate management business	(Millions of yen)	2,282	106.7
Total reportable segments	(Millions of yen)	53,984	118.6
Other	(Millions of yen)	1,206	88.1
Total	(Millions of yen)	55,191	117.7

(Notes) 1. Inter-segment transactions are eliminated.

2. The above amounts do not include consumption taxes.