

**Third Quarter Financial Reports
For the Nine Months Ended December 31, 2006 - Consolidated**

February 13, 2007

Company name: **Takara Leben Co., Ltd.**
 Shares listed on: The First Section of Tokyo Stock Exchange
 Security code: 8897
 URL: <http://www.leben.co.jp>
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1. Notes Related to the Preparation of This Report

- (1) Use of simplified accounting method: Not used
 (2) Change in accounting policies from the last accounting period: Yes
 Accounting for advertising and promotional expenses related to condominium sales business was changed to an accrual basis from a delivery basis.
 (3) Change in the scope of consolidation and application of equity method: None

**2. Consolidated Financial Results for the Nine Months Ended December 31, 2006
(April 1, 2006 to December 31, 2006)**

(1) Operating Results

(Amounts rounded down to million yen)

	Net sales		Operating income		Ordinary income	
	million yen	%	million yen	%	million yen	%
Nine months ended December 31, 2006	46,037	52.2	5,235	101.2	4,802	119.2
Nine months ended December 31, 2005	30,245	(15.7)	2,602	27.5	2,190	48.7
Year ended March 31, 2006	57,157		5,888		5,352	

	Net income		Net income per share	Diluted net income per share
	million yen	%	yen	yen
Nine months ended December 31, 2006	2,756	252.6	163.73	159.07
Nine months ended December 31, 2005	781	1.2	53.14	44.54
Year ended March 31, 2006	2,620		169.33	146.45

Notes: 1. The percentage figure shown in net sales, operating income and ordinary income columns represent year-on-year changes.

2. Average number of shares issued and outstanding during the period (consolidated basis):

Nine months ended December 31, 2006: 16,834,803 shares

Nine months ended December 31, 2005: 14,708,099 shares

Year ended March 31, 2006: 15,144,040 shares

[Operating Results]

1) Sales by business segment

The Takara Leben Group's consolidated net sales totaled 46,037 million yen in the nine months from April 1, 2006 through December 31, 2006.

By segment, revenues from the real estate sales business amounted to 43,029 million yen, reflecting sales of 1,230 condominium units, newly built single unit houses, rental buildings and used condominiums.

In the rental property business, revenues came to 523 million yen that are primarily rents received on condominium blocks, office and store spaces for rent.

In the management services business, revenues totaled 895 million yen from management of 241 blocks of residential condominiums (12,816 units).

Revenues from the other business came to 1,589 million yen mainly on orders for optional works arising from sale of condominiums, real estate sales commissions and nursing care business.

2) Overview

During the nine months under review, parent Takara Leben Co., Ltd. posted a 50.9% increase in net sales compared with the same period of the previous fiscal year. Net income for the period surged 248.3%, accounting for 88% of its full-year net income forecast.

Subsidiaries also performed in line with the projections, resulting in a 52.2% jump in consolidated net sales compared with the same period of the previous fiscal year while posting a 252.6% leap in net income.

3) Contract ratio for condominiums to be delivered

Sales of condominiums have been robust at Takara Leben and the company has concluded contracts for 96% of condominium units to be delivered during the current fiscal year.

During the nine months, sales of condominiums totaled 2,100 units including ones that have already been delivered, representing a decline in the number of units contracted compared with the same period of the previous fiscal year, as the company cut its supply. Still, the company has concluded contracts for 95.2% of the planned delivery for the current fiscal year and 36.4% of the planned delivery for the next fiscal year.

(Progress of contracts against the planned delivery)

	Planned number of deliveries (units)	Contracted units (units)	Contract ratio (%)	Contract ratio for the same period a year ago (%)
Fiscal year ending March 31, 2007	1,566	1,491	95.2	100.5
Fiscal year ending March 31, 2008	1,672	609	36.4	51.8

Note: The above figures represent only condominiums.

Moreover, Takara Leben has secured contracts for 98% of single unit houses and used condominiums to be delivered during the fiscal year.

Furthermore, contract ratio has been also strong at 96% for the entire Takara Leben Group.

(2) Financial position (consolidated) (Figures are rounded down to the nearest million)

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
Nine months ended December 31, 2006	81,050	16,262	20.1	970.19
Nine months ended December 31, 2005	65,421	11,536	17.6	725.72
Year ended March 31, 2006	65,104	14,082	21.6	839.12

Note: Number of shares outstanding (consolidated basis)

Nine months ended December 31, 2006: 16,762,491 shares

Nine months ended December 31, 2005: 15,896,791 shares

Year ended March 31, 2006: 16,716,591 shares

Number of shares held as treasury stock (consolidated basis)

Nine months ended December 31, 2006: 428,870 shares

Nine months ended December 31, 2005: 90,279 shares

Year ended March 31, 2006: 186,407 shares

Note: Figures previously reported under "shareholders' equity," "shareholders' equity ratio" and "shareholders' equity per share" in the nine months ended December 31, 2005 as well as in the fiscal year ended March 31, 2006 are entered under "net assets," "equity ratio," and "net assets per share."

[Cash Flow Position (consolidated)] (Figures are rounded down to the nearest million)

	Cash flows from operating activities	Cash flows from investment activities	Cash flows from financing activities	Cash and cash equivalents at the end of the period
	million yen	million yen	million yen	million yen
Nine months ended December 31, 2006	(7,315)	(5,911)	12,015	15,452
Nine months ended December 31, 2005	(6,822)	(1,457)	9,449	14,787
Year ended March 31, 2006	3,513	(3,890)	3,422	16,664

[Financial Position]

Total assets at the end of the period increased 15,946 million yen from the end of the previous fiscal year. This was primarily due to the increase in inventories as the Company actively purchased land for further business expansion.

(Current assets)

Current assets increased 11,474 million yen from the end of the previous fiscal year, reflecting a significant increase in inventories, as the Company actively purchased land for further business expansion.

(Fixed assets)

Fixed assets increased 4,471 million yen from the end of the previous fiscal year, mainly reflecting purchase of rental properties.

(Current liabilities)

Current liabilities increased 6,568 million yen from the end of the previous fiscal year, primarily reflecting an increase in borrowings to finance the purchase of land for construction projects.

(Fixed liabilities)

Fixed liabilities increased 7,203 million yen from the end of the previous fiscal year, reflecting an increase in long-term borrowings associated with an increase in inventories.

Cash and cash equivalents amounted to 15,452 million yen at the end of the period under review, representing a decrease of 1,211 million yen from the end of the previous fiscal year. This mainly reflects the negative cash flows from operating activities due to tax payments and increased inventories resulting from land purchases to construct condominiums for sale, which could not be offset by an increase in funds from financing activities through borrowings.

(Cash flows from operating activities)

Net cash used in operating activities amounted to 7,315 million yen, mainly reflecting tax payments and the increase in inventories as a result of land purchases.

(Cash flow from investing activities)

Net cash used in investing activities were 5,911 million yen, primarily due to an increase in fixed assets resulting from purchase of rental properties.

(Cash flows from financing activities)

Net cash provided by financing activities totaled 12,015 million yen. This is mainly attributable to the increased borrowings to finance land purchases for projects to construct condominiums for sale.

[Reference]

Consolidated Earnings Forecast for the Year Ending March 31, 2007

(April 1, 2006 to March 31,2007)

	Net Sales	Ordinary Income	Net Income
	million yen	million yen	million yen
Full year	58,760	5,590	3,150

(Reference) Projected net income per share for the full year: 184.21 yen

Note: No change from forecasts announced on May 15, 2006

*The above forecasts are estimated based on 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.

Attachment

The figures in the following table are rounded down to the nearest million yen.

1. Summary of Consolidated Balance Sheets

(In million yen)

	As of	As of	Increase/		As of
	December 31, 2006	December 31, 2005	decrease		March 31, 2006
	Amount	Amount	Amount	%	Amount
Assets					
I Current assets					
1. Cash and cash equivalents	15,548	14,842	705		16,715
2. Inventories	46,321	36,531	9,789		34,417
3. Other	4,290	4,806	(515)		3,551
Total current assets	66,160	56,180	9,980	17.8	54,685
II Fixed assets					
1. Tangible fixed assets	12,127	6,596	5,531	83.9	7,265
2. Intangible fixed assets	504	252	252	99.8	499
3. Investments and other assets	2,259	2,393	(134)	(5.6)	2,654
Total fixed assets	14,890	9,241	5,648	61.1	10,419
Total assets	81,050	65,421	15,628	23.9	65,104
Liabilities					
I Current liabilities					
1. Notes and accounts payable-trade	13,528	7,301	6,226		10,528
2. Short-term borrowings	15,433	5,455	9,978		5,839
3. Long-term debt due within one year	10,813	22,676	(11,863)		15,125
4. Advances	3,326	4,812	(1,486)		3,866
5. Other	2,435	1,568	866		3,608
Total current liabilities	45,536	41,814	3,722	8.9	38,967
II Fixed liabilities					
1. Convertible bonds	357	1,589	(1,232)		652
2. Long-term loans	18,208	9,199	9,009		10,606
3. Other	685	1,282	(596)		789
Total fixed liabilities	19,251	12,070	7,180	59.5	12,048
Total liabilities	64,788	53,885	10,902	20.2	51,015
Minority interests					
I Minority interests	-	-	-	-	5

(In million yen)

	As of	As of	Increase/ decrease		As of
	December 31, 2006	December 31, 2005	Amount	%	March 31, 2006
Net assets	Amount	Amount	Amount	%	Amount
I Shareholders' capital					
1. Common stock	2,264	-	-	-	-
2. Additional paid-in capital	2,394	-	-	-	-
3. Retained earnings	12,025	-	-	-	-
4. Treasury stock	(666)	-	-	-	-
Total shareholders' capital	16,016	-	-	-	-
II Valuation and translation adjustments					
1. Net unrealized gains/losses on other securities	245	-	-	-	-
Total valuation and translation adjustments	245	-	-	-	-
III Minority interests	-	-	-	-	-
Total net assets	16,262	-	-	-	-
Total liabilities and net assets	81,050	-	-	-	-
Shareholders' equity					
I Common stock	-	1,648	-	-	2,116
II Additional paid-in capital	-	1,778	-	-	2,246
III Retained earnings	-	7,840	-	-	9,678
IV Net unrealized gains/losses on other securities	-	355	-	-	288
V Treasury stock	-	(85)	-	-	(247)
Total shareholders' equity	-	11,536	-	-	14,082
Total liabilities and shareholders' equity	-	65,421	-	-	65,104

2. Summary of Consolidated Statements of Operations

(In million yen)

	Nine months ended December 31, 2006	Nine months ended December 31, 2005	Increase/ decrease		Year ended March 31, 2006
	Amount	Amount	Amount	%	Amount
I Net sales	46,037	30,245	15,792	52.2	57,157
II Cost of sales	34,333	22,735	11,598	51.0	43,313
Gross profit	11,704	7,510	4,194	55.8	13,843
III Selling, general and administrative expenses	6,469	4,907	1,561	31.8	7,955
Operating income	5,235	2,602	2,632	101.2	5,888
IV Non-operating income	192	171	21	12.5	244
V Non-operating expense	625	583	42	7.3	780
Ordinary income	4,802	2,190	2,611	119.2	5,352
VI Extraordinary gains	-	0	(0)	-	0
VII Extraordinary losses	109	682	(573)	(84.0)	908
Income before income taxes	4,693	1,508	3,185	211.2	4,444
Income tax, inhabitants tax and enterprise tax	1,970	979	991	101.3	2,272
Income tax adjustments	(23)	(228)	205	(89.9)	(429)
Minority interests in loss of consolidated subsidiaries	11	23	(12)	(53.7)	18
Net income	2,756	781	1,974	252.6	2,620

**3. Consolidated Statement of Changes in Shareholders' Capital
(April 1, 2006 – December 31, 2006)**

(In million yen)

	Shareholders' Capital					Valuation and translation adjustments	Minority interests	Total net assets
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' capital			
Balance as of March 31, 2006	2,116	2,246	9,678	(247)	13,794	288	5	14,088
Change during period								
Issuance of new shares	147	147			295			295
Distribution of retained earnings			(353)		(353)			(353)
Directors' bonuses			(55)		(55)			(55)
Net income			2,756		2,756			2,756
Purchase of treasury stock				(419)	(419)			(419)
Net change in items other than shareholders' capital during the period						(42)	(5)	(47)
Total change during the period	147	147	2,346	(419)	2,222	(42)	(5)	2,174
Balance as of December 31, 2006	2,264	2,394	12,025	(666)	16,016	245	-	16,262

4. Summary of Consolidated Statements of Cash Flows

(In million yen)

	Nine months ended December 31, 2006	Nine months ended December 31, 2005	Year ended March 31, 2006
	Amount	Amount	Amount
I Cash flows from operating activities:			
Income before income taxes	4,693	1,508	4,444
Depreciation and amortization	180	133	184
Impairment losses	-	667	769
Interest expense	601	567	756
Decrease in accounts receivable-trade	95	1,274	1,267
Increase in inventories	(11,873)	(9,540)	(6,370)
Increase/decrease in accounts payable-trade	2,999	(1,179)	2,048
Other	(410)	1,739	2,609
Sub total	(3,712)	(4,829)	5,710
Interest and dividend received	13	24	26
Interest paid	(957)	(547)	(777)
Income taxes paid	(2,658)	(1,470)	(1,445)
Net cash used in/provided by operating activities	(7,315)	(6,822)	3,513
II Cash flows from investing activities:			
Purchase of tangible fixed assets	(5,129)	(954)	(2,991)
Other	(781)	(503)	(899)
Net cash used in investing activities	(5,911)	(1,457)	(3,890)
III Cash flows from financing activities			
Net increase in short-term borrowings	9,594	4,239	4,624
Redemption of corporate bonds	(100)	-	(100)
Proceeds from long-term borrowings	16,849	15,843	18,468
Repayment of long-term borrowings	(13,559)	(9,994)	(18,763)
Payment for purchase of treasury stock	(419)	(351)	(513)
Dividend payment	(349)	(289)	(294)
Other	-	2	2
Net cash provided by financing activities	12,015	9,449	3,422
IV Increase/decrease in cash and cash equivalents	(1,211)	1,168	3,045
V Cash and cash equivalents at the beginning of the period	16,664	13,529	13,529
VI Increase in cash and cash equivalents resulting from the change in scope of consolidation	-	89	89
VII Cash and cash equivalents at the end of the period	15,452	14,787	16,664

5. Supplementary Information Regarding Net Sales or Net Sales Equivalents

(1) Net sales by business segment

(In million yen)

	Nine months ended December 31, 2006		Nine months ended December 31, 2005	
	Amount	%	Amount	%
Real estate sales	43,029	93.5	28,160	93.1
Real estate rental	523	1.1	392	1.3
Management service	895	1.9	741	2.5
Other businesses	1,589	3.5	950	3.1
Total	46,037	100.0	30,245	100.0

Note: The above figures are stated net of consumption tax.

(2) Contracted units

(In million yen)

	Nine months ended December 31, 2006		Nine months ended December 31, 2005	
	Unit	Amount	Unit	Amount
Real estate sales	1,153	39,032	1,472	46,640
Total	1,153	39,032	1,472	46,640

Note: The above figures are stated net of consumption tax.

(3) Outstanding contracts

(In million yen)

	Nine months ended December 31, 2006		Nine months ended December 31, 2005	
	Unit	Amount	Unit	Amount
Real estate sales	920	30,188	1,613	49,598
Total	920	30,188	1,613	49,598

Note: The above figures are stated net of consumption tax.