

**Third Quarter Financial Report
For the Nine Months Ended December 31, 2007 - Consolidated**

February 12, 2008

Company name: **Takara Leben Co., Ltd.**
 Shares listed on: First Section of the Tokyo Stock Exchange
 Security code: 8897
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**1. Consolidated Financial Results for the Nine Months Ended December 31, 2007
(April 1, 2007 to December 31, 2007)**
 (Amounts rounded down to million yen)

(1) Operating Results

(The percentage figures shown in the net sales, operating income, ordinary income, and net income columns represent year-on-year changes.)

	Net sales		Operating income		Ordinary income	
	Million yen	%	Million yen	%	Million yen	%
Nine months ended December 31, 2007	42,824	(7.0)	4,574	(12.6)	3,789	(21.1)
Nine months ended December 31, 2006	46,037	52.2	5,235	101.2	4,802	119.2
Year ended March 31, 2007	58,007		6,174		5,626	

	Net income		Net income per share	Diluted net income per share
	Million yen	%	Yen	Yen
Nine months ended December 31, 2007	2,096	(24.0)	125.47	124.54
Nine months ended December 31, 2006	2,756	252.6	163.73	159.07
Year ended March 31, 2007	3,157		187.77	182.80

(2) Financial Position (consolidated)

	Total assets	Total net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Nine months ended December 31, 2007	98,842	17,907	18.1	1,081.54
Nine months ended December 31, 2006	81,050	16,262	20.1	970.19
Year ended March 31, 2007	82,635	16,577	20.1	988.59

(3) Cash Flow Position (consolidated)

	Cash flows from operating activities	Cash flows from investing 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, 2007	(11,392)	(6,961)	17,285	8,700
Nine months ended December 31, 2006	(7,315)	(5,911)	12,015	15,452
Year ended March 31, 2007	(17,848)	(6,431)	17,383	9,768

2. Consolidated Earnings Forecast for the Year Ending March 31, 2008

(April 1, 2007 to March 31, 2008)

No change to our consolidated earnings forecasts for the fiscal year ending March 31, 2008, from those we issued on May 14, 2007

3. Other

- (1) Changes in the status of material subsidiaries during the current fiscal year (changes in the scope of consolidation as a result of changes in the status of specific subsidiaries)
- (2) Use of simplified accounting method: Not used
- (3) Change in accounting policies from the last accounting period: None

Reference: Non-consolidated earnings overview

1. Non-consolidated Financial Results for the Nine Months Ended December 31, 2007
(April 1, 2007 to December 31, 2007)

(1) Non-consolidated Operating Results

The percentage figures shown in the net sales, operating income, ordinary income, and net income columns represent year-on-year changes.

	Net sales		Operating income		Ordinary income	
	Million yen	%	Million yen	%	Million yen	%
Nine months ended December 31, 2007	37,792	(13.0)	4,235	(15.7)	3,476	(24.7)
Nine months ended December 31, 2006	43,431	50.9	5,023	99.2	4,617	118.5
Year ended March 31, 2007	54,614		5,992		5,487	

	Net income		Net income per share	Diluted net income per share
	Million yen	%	Yen	Yen
Nine months ended December 31, 2007	1,921	(26.8)	115.02	114.17
Nine months ended December 31, 2006	2,626	248.3	155.99	151.55
Year ended March 31, 2007	3,111		185.05	180.15

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Nine months ended December 31, 2007	95,954	17,377	18.1	1,049.50
Nine months ended December 31, 2006	78,730	15,822	20.1	943.91
Year ended March 31, 2007	80,036	16,221	20.3	967.36

2. Non-consolidated earnings forecasts for the fiscal ending March 31, 2008 (April 1, 2007, to December 31, 2007)

No change to our non-consolidated earnings forecasts for the fiscal year ending March 31, 2008, from those we issued on May 14, 2007

*Explanation of the proper use of these earnings forecasts and other matters

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.

1. Consolidated Operating Results

1) Sales by business segment

The Takara Leben Group's consolidated net sales totaled ¥42,824 million in the nine months from April 1, 2007, through December 31, 2007.

By segment, revenues from the real estate sales business amounted to ¥38,753 million, reflecting sales of 1,046 built-for-sale condominiums as well as sales of newly built detached houses, pre-owned condominiums, and other properties.

In the real estate rental business, revenues came to ¥842 million on leasing revenues received from tenants in condominium blocks and office and store spaces for rent.

In the management services business, revenues totaled ¥1,063 million from the management of 301 blocks of residential condominiums (15,192 units).

Revenues from other businesses came to ¥2,165 million mainly on orders for optional construction work arising from the sale of condominiums as well as from the nursing care business.

2) Overview

During the first nine months of the current fiscal year, parent Takara Leben Co., Ltd., posted a 13.0% decrease in net sales compared with the same period of the previous fiscal year. Net income for the period fell 26.8%. We think sales and profit trends are faring well considering the Company's forecasts for this fiscal year have been premised from the start on the delivery of large properties in the fourth quarter and the 23.8% outperformance in third-quarter net income versus the Company's forecast.

On a consolidated basis, net sales was kept to a decline of 7.0% year on year, and net income was limited to a fall of 24.0%, as the contribution of subsidiaries to earnings was evident.

3) Contracted ratio for condominiums to be delivered

At parent Takara Leben, the ratio of contracts signed versus the delivery forecast for all property categories in the current fiscal year stands at 95.8% (the contacted ratio).

More specifically, as shown below, during the first nine months of the current fiscal year, the number of contracts concluded for built-for-sale condominiums totaled 2,034 units, including ones that have already been delivered. Compared with the delivery forecast for the current fiscal year, the ratio of contracts signed for built-for-sale condominiums is already 97.0%. The contracted ratio for built-for-sale condominiums in the upcoming fiscal year stands at 25.6%.

Contracts Signed versus Delivery Forecast

(Unit: Condominiums)

	Number of Forecast Deliveries	Number of Contracts Signed	Current Contracted Ratio (%) *	Reference Contracted Ratio (%) **
This FY	1,676	1,625	97.0	95.2
Next FY	1,600	409	25.6	36.4

Notes:

1) The figures in the above table refer only to built-for-sale condominiums.

2) *The current contracted ratio is calculated from the number of forecast deliveries for the fiscal year ending March 31, 2008 and the fiscal year ending March 31, 2009, respectively, and the number of contracts signed in Q1-Q3 of the current fiscal year. **The reference contracted ratio represents the equivalent ratios posted at the end of the third quarter in the prior fiscal year.

Outside of built-for-sale condominiums, the contracted ratio for newly built detached homes and pre-owned condominiums stood at 83.9%. As the 95.9% contracted ratio for the entire Takara Leben Group attests, the Company is making steady progress in signing contracts.

2. Consolidated Financial Position

The Group's total assets as of the end of the third quarter of the current fiscal year rose ¥16,207 million from those at the end of the previous fiscal year. This was primarily because of increases in inventories and tangible fixed assets due to steady progress in acquiring land for future development and other purchases.

(Current assets)

Current assets increased ¥6,845 million from the end of the previous fiscal year, reflecting an expansion of inventories, as the Company actively purchased land for future development.

(Fixed assets)

Fixed assets increased ¥9,361 million from the end of the previous fiscal year on an increase in tangible fixed assets due to the acquisition of income-generating properties.

(Current liabilities)

Current liabilities increased ¥12,992 million from the end of the previous fiscal year, reflecting an increase in borrowings to finance the purchase of land for future development.

(Fixed liabilities)

Fixed liabilities increased ¥1,884 million from the end of the previous fiscal year, reflecting an increase in long-term borrowings attendant with increases in tangible fixed assets and inventories.

Cash and cash equivalents amounted to ¥8,700 million at the end of the third quarter of the current fiscal year, representing a decrease of ¥1,068 million from the end of the previous fiscal year. This mainly reflects the negative cash flows from operating activities due to increased inventories resulting from land purchases for the development of built-for-sale condominiums, which could not be entirely offset by an increase in borrowings from financing activities.

(Cash flows from operating activities)

Net cash used in operating activities amounted to ¥11,392 million, mainly reflecting the increase in inventories as a result of land purchases, corporate tax payments, and a decline in accounts payable-trade.

(Cash flow from investing activities)

Net cash used in investing activities came to ¥6,961 million, primarily due to an increase in tangible fixed assets resulting from purchases of income-generating properties.

(Cash flows from financing activities)

Net cash provided by financing activities totaled ¥17,285 million. This is mainly attributable to increased borrowings to finance increases in tangible fixed assets and inventories.

3. Consolidated Earnings Forecasts

There have not been any changes to our consolidated earnings forecasts for the fiscal year ending March 31, 2008, from those we issued on May 14, 2007.

4. Other Notes

1) Changes in the status of material subsidiaries during the current fiscal year (changes in the scope of consolidation as a result of changes in the status of specific subsidiaries)

Not applicable

2) Use of simplified accounting methods in the application of accounting standards

Not applicable

3) Changes in accounting policies from the previous consolidated accounting fiscal year

Not applicable

5. Summary of Financial Statements

(1) Summary of Consolidated Balance Sheets

(Million yen)

	As of	As of	Increase/ decrease		As of
	December 31, 2006	December 31, 2007	Amount	%	March 31, 2007
	Amount	Amount	Amount	%	Amount
Assets					
I Current assets					
1. Cash and cash equivalents	15,548	8,738	(6,809)		9,835
2. Inventories	46,321	59,498	13,177		51,098
3. Other	4,290	6,033	1,742		6,490
Total current assets	66,160	74,270	8,110	12.3	67,425
II Fixed assets					
1. Tangible fixed assets	12,127	21,866	9,739	80.3	12,536
2. Intangible fixed assets	504	506	2	0.4	512
3. Investments and other assets	2,259	2,198	(60)	(2.7)	2,160
Total fixed assets	14,890	24,571	9,681	65.0	15,210
Total assets	81,050	98,842	17,791	22.0	82,635
Liabilities					
I Current liabilities					
1. Notes and accounts payable-trade	13,528	5,388	(8,139)		6,981
2. Short-term borrowings	15,433	21,503	6,069		14,916
3. Long-term debt due within one year	10,813	20,246	9,433		10,275
4. Advances	3,326	4,168	842		4,910
5. Other	2,435	2,028	(407)		3,257
Total current liabilities	45,536	53,335	7,798	17.1	40,342
II Fixed liabilities					
1. Convertible bonds	357	—	(357)		345
2. Long-term loans	18,208	26,358	8,149		24,646
3. Other	685	1,241	555		724
Total fixed liabilities	19,251	27,599	8,348	43.4	25,715
Total liabilities	64,788	80,934	16,146	24.9	66,057
Net assets					
I Shareholders' capital					
1. Common stock	2,264	2,442	178	7.9	2,270
2. Additional paid-in capital	2,394	2,572	178	7.5	2,400
3. Retained earnings	12,025	14,139	2,114	17.6	12,426
4. Treasury stock	(666)	(1,294)	(628)	94.2	(675)
Total shareholders' capital	16,016	17,859	1,842	11.5	16,421
II Valuation and translation adjustments					
1. Net unrealized gains/losses on other securities	245	48	(197)	(80.5)	156
Total valuation and translation adjustments	245	48	(197)	(80.5)	156
III Minority interests	—	—	—	—	—
Total net assets	16,262	17,907	1,644	10.1	16,577
Total liabilities and net assets	81,050	98,842	17,791	22.0	82,635

(2) Summary of Consolidated Statements of Operations

(Million yen)

	Nine months ended December 31, 2006	Nine months ended December 31, 2007	Increase/ decrease		Year ended March 31, 2007
	Amount	Amount	Amount	%	Amount
I Net sales	46,037	42,824	(3,212)	(7.0)	58,007
II Cost of sales	34,333	32,134	(2,198)	(6.4)	43,706
Gross profit	11,704	10,690	(1,014)	(8.7)	14,300
III Selling, general and administrative expenses	6,469	6,116	(353)	(5.5)	8,126
Operating income	5,235	4,574	(661)	(12.6)	6,174
IV Non-operating income	192	238	45	23.7	301
V Non-operating expense	625	1,023	397	63.5	849
Ordinary income	4,802	3,789	(1,012)	(21.1)	5,626
VI Extraordinary gains	—	—	—	—	5
VII Extraordinary losses	109	205	96	88.4	189
Income before income taxes	4,693	3,583	(1,109)	(23.6)	5,442
Income tax, inhabitants tax and enterprise tax	1,970	1,558	(412)	(20.9)	2,403
Income tax adjustments	(23)	(70)	(47)	205.4	(108)
Minority interests in loss of consolidated subsidiaries	11	—	(11)	—	11
Net income	2,756	2,096	(660)	(24.0)	3,157

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

(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

(April 1, 2007 – December 31, 2007)

(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, 2007	2,270	2,400	12,426	(675)	16,421	156	—	16,577
Change during period								
Issuance of new shares	172	172			345			345
Distribution of retained earnings			(383)		(383)			(383)
Net income			2,096		2,096			2,096
Purchase of treasury stock				(619)	(619)			(619)
Net change in items other than shareholders' capital during the period						(108)		(108)
Total change during the period	172	172	1,712	(619)	1,438	(108)	—	1,330
Balance as of December 31, 2007	2,442	2,572	14,139	(1,294)	17,859	48	—	17,907

(April 1, 2006 – March 31, 2007)

(Million yen)

	Shareholders' Capital					Valuation and translation adjustments	Minority interests	Total net assets
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total share-holders' capital			
Balance as of March 31, 2006	2,116	2,246	9,678	(247)	13,794	288	5	14,088
Change during year								
Issuance of new shares	153	153			307			307
Distribution of retained earnings			(353)		(353)			(353)
Directors' bonuses			(55)		(55)			(55)
Net income			3,157		3,157			3,157
Purchase of treasury stock				(428)	(428)			(428)
Net change in items other than shareholders' capital during the year						(131)	(5)	(137)
Total change during the year	153	153	2,748	(428)	2,626	(131)	(5)	2,489
Balance as of December 31, 2007	2,270	2,400	12,426	(675)	16,421	156	—	16,577

(4) Summary of Consolidated Statements of Cash Flows

(Million yen)

	Nine months ended December 31, 2006	Nine months ended December 31, 2007	Year ended March 31, 2007
	Amount	Amount	Amount
I Cash flows from operating activities:			
Income before income taxes	4,693	3,583	5,442
Depreciation and amortization	180	250	255
Impairment losses	—	—	63
Interest expense	601	942	804
Decrease in accounts receivable-trade	95	135	(50)
Increase in inventories	(11,873)	(7,849)	(15,930)
Increase/decrease in accounts payable-trade	2,999	(1,917)	(3,547)
Other	(410)	(2,745)	(953)
Subtotal	(3,712)	(7,600)	(13,914)
Interest and dividend received	13	24	16
Interest paid	(957)	(1,273)	(1,283)
Income taxes paid	(2,658)	(2,542)	(2,666)
Net cash used in operating activities	(7,315)	(11,392)	(17,848)
II Cash flows from investing activities:			
Purchase of tangible fixed assets	(5,129)	(8,029)	(5,685)
Other	(781)	1,068	(746)
Net cash used in investing activities	(5,911)	(6,961)	(6,431)
III Cash flows from financing activities			
Net increase in short-term borrowings	9,594	6,587	9,076
Redemption of corporate bonds	(100)	—	(100)
Proceeds from long-term borrowings	16,849	18,353	27,871
Repayment of long-term borrowings	(13,559)	(6,670)	(18,680)
Payment for purchase of treasury stock	(419)	(619)	(428)
Dividend payment	(349)	(364)	(354)
Net cash provided by financing activities	12,015	17,285	17,383
IV Decrease in cash and cash equivalents	(1,211)	(1,068)	(6,896)
V Cash and cash equivalents at the beginning of the period	16,664	9,768	16,664
VI Cash and cash equivalents at the end of the period	15,452	8,700	9,768

6. Supplementary Information Regarding Net Sales or Net Sales Equivalents

(1) Net sales by business segment

(Million yen)

	Nine months ended December 31, 2006		Nine months ended December 31, 2007	
	Amount	%	Amount	%
Real estate sales	43,029	93.5	38,753	90.5
Real estate rental	523	1.1	842	2.0
Management service	895	1.9	1,063	2.5
Other businesses	1,589	3.5	2,165	5.0
Total	46,037	100.0	42,824	100.0

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

(2) Contracted units

(Million yen)

	Nine months ended December 31, 2006		Nine months ended December 31, 2007	
	Unit	Amount	Unit	Amount
Real estate sales	1,153	39,032	1,070	34,559
Total	1,153	39,032	1,070	34,559

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

(3) Outstanding contracts

(Million yen)

	Nine months ended December 31, 2006		Nine months ended December 31, 2007	
	Unit	Amount	Unit	Amount
Real estate sales	920	30,188	1,012	32,839
Total	920	30,188	1,012	32,839

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