First Quarter Consolidated Financial Report
For the Three Months Ended June 30, 2008

July 28, 2008

Company name:	**Takara Leben Co., Ltd.**
Shares listed on:	First Section, Tokyo Stock Exchange
Security code:	8897
URL:	http://www.leben.co.jp
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Scheduled date of Quarterly Report release: August 8, 2008

1. Consolidated Financial Results for the Three Months Ended June 30, 2008 (April 1−June 30, 2008)

(1) Operating Results

(¥ millions, rounded down; percentage figures represent year-on-year change)

	Net sales		Operating income		Ordinary income	
Three months ended June 30, 2008	**14,510**	**—**	**2,359**	**—**	**2,107**	**—**
Three months ended June 30, 2007	18,292	136.4%	2,895	503.2%	2,705	669.8%

	Net income		Net income per share (¥)	Diluted net income per share (¥)
Three months ended June 30, 2008	**1,193**	**—**	**72.07**	**—**
Three months ended June 30, 2007	1,566	792.9%	93.39	91.55

(2) Financial Position

(¥ millions, rounded down)

	Total assets	Total net assets	Equity ratio (%)	Net assets per Share (¥)
Three months ended June 30, 2008	98,197	20,273	20.6	1,224.42
Year ended March 31, 2008	99,842	19,318	19.3	1,166.76

Notes：Shareholders' equity:
Three months ended June 30, 2008: ¥ 20,265 million
Fiscal year ended March 31, 2008: ¥ 19,318 million

2. Cash Dividends

(¥)

	Cash dividends per share				
	First quarter	Second quarter	Third quarter	Fourth quarter	Annual
Year ended March 31, 2008	—	12.00	—	12.00	24.00
Year ending March 31, 2009	—	—	—	—	—
Year ending March 31, 2009 (forecast)	—	12.00	—	12.00	24.00

Note: Changes to dividends forecast for first quarter under review: None

3. Forecast for Fiscal Year Ending March 31, 2009

(¥ millions, rounded down; percentage figures represent year-on-year change)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
Interim	36,600	—	3,000	—	2,350	—	1,300	—	78.51
Full-year	76,500	18.1%	5,450	(25.1%)	4,100	(33.9%)	2,300	(34.4%)	138.91

Note: Changes to consolidated forecast for first quarter under review: None

4. Other

(1) Changes in the status of material subsidiaries during period (changes in the scope of consolidation as a result of changes in the status of specific subsidiaries): None

(2) Use of simplified accounting method or special accounting method for quarterly financial reporting: Yes
(For details, see “4. Other” section on page 5.)

(3) Changes to consolidated financial statement principles, preparation processes, disclosure methods, etc. (Description of changes to important items fundamental to financial statement preparation)
a. Changes accompanying amendment of accounting principles: Yes
b. Other changes: None
(For details, see “4. Other” section on page 5.

(4) Number of outstanding shares at term-end (common stock)
a. Shares outstanding (including treasury stock)
Three months ended June 30, 2008: 17,540,333 shares
Fiscal year ended March 31, 2008: 17,540,333 shares
b. Treasury stock
Three months ended June 30, 2008: 982,642 shares
Fiscal year ended March 31, 2008: 982,642 shares
c. Average shares outstanding (term under review)
Three months ended June 30, 2008: 16,557,691 shares
Three months ended June 30, 2007: 16,769,091 shares

Explanation of proper use of performance forecasts and other matters
(1) The above forecasts are estimated based on information available at the time of the release of this report. Actual results may differ significantly from these forecasts due to various factors in the future. For more information, see “3. Consolidated Forecasts for Year Ending March 2009” section on page 4.)
(2) Effective the fiscal year ending March 2009, the Company applies “Accounting Standard for Quarterly Financial Reporting” (ASBJ Standard No. 12) and “Guidance of Accounting Standard for Quarterly Financial Reporting” (ASBJ Guidance No. 14). In addition, the Company prepares quarterly financial statements according to “Rules for Quarterly Financial Reporting.”

1. Operating Results

(1) Sales by business segment

In the first quarter (three-month period from April 1 to June 30, 2008), the Takara Leben Group posted consolidated net sales of ¥14,510 million.

Sales from the real estate sales business amounted to ¥13,096 million, reflecting sales of 186 built-for-sale condominiums, as well as newly built detached houses, pre-owned condominiums, and large-scale commercial facilities.

In the real estate rental business, sales totaled ¥352 million, consisting of leasing revenues received from tenants in condominium blocks, offices, and shops.

The management services business generated ¥436 million in sales, mainly from management of 334 blocks of residential condominiums (17,002 units in total).

Sales from other businesses came to ¥624 million, mainly from orders for optional construction work arising from the sale of condominiums, commissions from real estate sales agency services, and the nursing care business.

(2) Overview

In the quarter under review, Takara Leben Co., Ltd. (the parent company) did not reach its sales target for built-for-sale condominiums, but its performance benefited significantly from the sale of a large-scale commercial facility. Compared with the previous corresponding period, therefore, net sales declined 2.8%, but operating income jumped 82.9%.

On a consolidated basis, net sales were 5.6% below the Group's target, but operating income exceeded the target by 69.7%. Net sales for the quarter were equivalent to 19.0% of projected revenue for the year, while operating income reached 51.9% of the full-year projection.

(3) Contract ratio

During the quarter, the number of contracts concluded for built-for-sale condominiums totaled 943 units, including ones that have already been delivered. Compared with the cumulative delivery forecast for the first two quarters of 597 units, the Group has already signed contracts for 473 units, for a contract ratio of 79.2%. Moreover, the delivery forecast for the entire fiscal year is 1,400 units, of which contracts have been signed for 864 units, for a contract ratio of 61.7%.

Contracts Signed versus Delivery Forecast (Unit: Housing units)

	Number of forecast deliveries	Number of contracts signed	Current contracted ratio (%)	Contracted ratio (same period of previous year) (%)
2Q to Sept. 08	597	473	79.2	94.3
Year to Mar. 2009	1,400	864	61.7	76.8
Year to Mar. 2010	1,600	79	4.9	6.3

Note: Figures in the above table refer only to built-for-sale condominiums.

In addition, the contract ratio for properties other than built-for-sale condominiums (such as newly built detached houses and pre-owned condominiums) was 30.4%.

2. Financial Position

(1) Assets, liabilities, and net assets

As of June 30, 2008, the Group had consolidated total assets of ¥98,197 million, down ¥1,645 million from March 31, 2008. Major changes in the balance sheets included repayment of short-term borrowings and redemption of commercial paper.

(Current assets)
Current assets declined ¥3,156 million, to ¥72,433 million, mainly reflecting a decrease in cash and deposits due to repayment of short-term borrowings and redemption of commercial paper.

(Fixed assets)
Fixed assets increased ¥1,510 million, to ¥25,764 million, due to an increase in property, plant, and equipment stemming from purchases of income-generating properties.

(Current liabilities)
Current liabilities rose ¥754 million, to ¥50,396 million, as an increase in notes and accounts payable outweighed redemption of commercial paper.

(Long-term liabilities)
Long-term liabilities declined ¥3,354 million, to ¥27,527 million, due mainly to repayment of long-term debt and transfers between long-term and short-term borrowings.

(Net assets)
At June 30, 2008, net assets totaled ¥20,273 million, up ¥954 million from March 31, 2008.

(2) Cash flows
At the end of the quarter, cash and cash equivalents amounted to ¥10,884 million, down ¥2,011 million from the end of the previous fiscal year.

(Cash flows from operating activities)
Net cash provided by operating activities amounted to ¥3,720 million. This was mainly due to collection of notes and accounts receivable and an increase in trade payables.

(Cash flows from investing activities)
Net cash used in investing activities totaled ¥1,761 million. This was mainly due to an increase in property, plant, and equipment stemming from purchases of income-generating properties.

(Cash flows from financing activities)
Net cash used in financing activities was ¥3,970 million. This was due mainly to repayment of short-term borrowings and redemption of commercial paper.

3. Consolidated Forecasts for Year Ending March 2009

The Group not changed its initial forecasts for the year ending March 2009 (forecasts announced on May 12, 2008).

4. Other

(1) Changes in scope of consolidation

Not applicable

(2) Use of simplified accounting method or special accounting method for quarterly financial reporting

a. Method of depreciating fixed assets

The method of depreciating fixed assets to which the declining-balance method applies is based on the depreciation expense for the entire year, divided proportionally according to the reporting period.

b. Special accounting method for quarterly financial reporting

Not applicable

(3) Changes in accounting principles, processes, or disclosure methods for quarterly financial reporting

a. Effective the fiscal year ending March 2009, the Company applies “Accounting Standard for Quarterly Financial Reporting” (ASBJ Standard No. 12) and “Guidance of Accounting Standard for Quarterly Financial Reporting” (ASBJ Guidance No. 14). In addition, the Company prepares quarterly financial statements according to “Rules for Quarterly Financial Reporting.”

b. Previously, inventories held for normal sales purposes were valued at cost, determined by the identified cost method. Effective the quarter under review, however, the Company has applied “Accounting Standard for Measurement of Inventories” (ASBJ Statement No. 9, issued July 5, 2006). Accordingly, such inventories are generally valued at cost, determined by the identified cost method (book values shown on Balance Sheets reduced to reflect declines in profitability).

Due to this change, operating income, ordinary income, and income before income taxes for the period each declined ¥117 million.

Consolidated Financial Statements

Consolidated Balance Sheets

(¥ millions)

ASSETS:	As of June 30, 2008	As of March 31, 2008
Current assets:		
Cash and time deposits	10,923	12,935
Accounts receivable—trade	19	438
Marketable securities	34	34
Real property for sale	8,744	7,004
Real property for sale in progress	47,182	49,265
Other current assets	5,538	5,921
Allowance for doubtful accounts	(9)	(10)
Total current assets:	**72,433**	**75,589**
Fixed assets:		
Tangible fixed assets		
Buildings and structures	5,236	5,292
Land	17,848	16,209
Other	151	118
Total tangible fixed assets	**23,235**	**21,620**
Intangible fixed assets	**506**	**506**
Investment and other assets	**2,021**	**2,126**
Total fixed assets	**25,764**	**24,253**
Total assets	**98,197**	**99,842**
Liabilities:		
Current liabilities:		
Accounts payable—Trade	12,030	9,151
Short-term debt	10,753	11,886
Long-term debt redeemable within one year	21,425	19,931
Income taxes payable	828	1,522
Allowance for completed project indemnities	417	285
Other current liabilities	4,939	6,863
Total current liabilities:	**50,396**	**49,641**
Fixed liabilities:		
Long-term debt	26,452	29,607
Allowance for completed project indemnities	152	150
Other current liabilities	922	1,124
Total fixed liabilities	**27,527**	**30,882**
Total liabilities	**77,924**	**80,524**

(¥ millions)

	As of June 30, 2008	As of March 31, 2008
Net assets		
Shareholders' equity		
Common stock	2,442	2,442
Additional paid-in capital	2,572	2,572
Retained earnings	16,543	15,549
Treasury stock	(1,294)	(1,294)
Total shareholders' equity	20,264	19,269
Valuation translation adjustment and others		
Net unrealized gain/losses on other securities	0	48
Total valuation translation adjustment and others	0	48
Minority interests in consolidated subsidiaries	8	—
Total net assets	**20,273**	**19,318**
Total liabilities, minority interest and shareholders' equity	**98,197**	**99,842**

Consolidated Statements of Income

(¥ millions)

	Three months ended June 30 2008
Net sales	**14,510**
Cost of sales	10,049
Gross Profit	4,460
Selling, general and administrative expenses	2,100
Operating income	**2,359**
Non-operating income:	
Interest income	1
Dividend Income	4
Fee receivable	12
Investment return by anonymous funds	29
Other income	18
Total non-operating income:	66
Non-operating expenses:	
Interest expenses	294
Other non-operating expenses	24
Total non-operating expenses:	318
Ordinary income	**2,107**
Extraordinary gains	
Sale on investment securities	50
Total extraordinary gains	50
Extraordinary losses:	
Impairment loss	39
Loss on valuation of investments in securities	49
Loss on sale of investment securities	8
Total extraordinary losses	97
Income before income taxes	**2,060**
Income taxes inhabitants tax and enterprise tax	805
Income tax adjustments	54
Total income taxes	859
Minority interests	8
Net income	**1,193**

Consolidated Statements of Cash Flows

(¥ millions)

	Three months ended June 30 2008
Cash flows from operating activities:	
Income before income taxes	2,060
Depreciation and amortization	83
Impairment losses for fixed assets	39
Provision to allowance for doubtful accounts	134
Interest and dividend income	(5)
Gain/Loss on investment for an anonymous association	(29)
Gain/Loss on sales of investment securities	8
Interest expense	309
Increase/Decrease in accounts receivable	419
Increase/Decrease in inventories	633
Increase/Decrease in accounts payable	2,879
Other	(981)
Subtotal	5,550
Cash receipts of interest and dividend income	5
Cash payments of interest expense	(322)
Income taxes paid	(1,513)
Net cash provided by operating activities	**3,720**
Cash flows from investing activities:	
Purchase of marketable and investment securities	(5)
Increase in redemption from investment securities	5
Purchase of tangible fixed assets	(1,760)
Purchase of intangible fixed assets	(4)
Sales of investment securities	4
Other	(0)
Net cash used in investing activities	**(1,761)**
Cash flows from financing activities:	
Increase/Decrease in short-term debt	(1,133)
Increase/Decrease in commercial paper	(1,000)
Proceeds from long-term debt	4,014
Repayment of long-term debt	(5,674)
Cash dividends paid	(176)
Net cash used in financing activities	**(3,970)**
Net increase (decrease) in cash and cash equivalents	(2,011)
Cash and cash equivalents at beginning of year	12,896
Cash and cash equivalents at end of year	**10,884**

Effective the fiscal year ending March 2009, the Company applies “Accounting Standard for Quarterly Financial Reporting” (ASBJ Standard No. 12) and “Guidance of Accounting Standard for Quarterly Financial Reporting” (ASBJ Guidance No. 14). In addition, the Company prepares quarterly financial statements according to “Rules for Quarterly Financial Reporting.”

(4) Going concern assumptions
Not applicable

(5) Segment information

a. Business segment reporting
In the period under review (April 1 to June 30, 2008), the real estate sales business accounted for more than 90% of the Group’s total business in terms of net sales, operating income, and total assets. For this reason, business segment information is not included in this report.

b. Geographical segment reporting
In the period under review (April 1 to June 30, 2008), the Company had no consolidated subsidiaries or branches located in countries or regions outside of Japan. For this reason, geographical segment information is not included in this report.

c. Overseas sales
In the period under review (April 1 to June 30, 2008), the Company did not post overseas sales.

(6) Major changes in shareholders’ equity
Not applicable

Financial Statements: First Quarter of Previous Fiscal Year (Reference)

(1) Consolidated Statements of Income (Summary)

(¥ millions)

	First Quarter (April 1–June 30, 2007)
I. Net sales	18,292
II. Cost of sales	13,208
Gross profit	5,083
III. Selling, general and administrative expenses	2,187
Operating income	2,895
IV. Non-operating income	88
V. Non-operating expenses	278
Ordinary income	2,705
VI. Extraordinary gains	—
VII. Extraordinary losses	3
Income before income taxes	2,702
Income, local and business taxes	1,183
Income tax adjustments	(47)
Net income	1,566

(2) Consolidated Statements of Cash Flows (Summary)

(¥ millions)

	First Quarter (April 1–June 30, 2007)
I. Cash flows from operating activities	
Income before income taxes	2,702
Depreciation and amortization	77
Impairment losses	—
Interest expense	270
Decrease in accounts receivable─trade	120
Increase in inventories	(11,984)
Increase/decrease in accounts payable─trade	(1,227)
Other	881
Subtotal	(9,159)
Interest and dividends received	16
Interest paid	(413)
Income taxes paid	(1,304)
Net cash used in operating activities	(10,861)
ll. Cash flows from investing activities	
Purchase of tangible fixed assets	(1,893)
Other	1,108
Net cash used in investing activities	(784)
lll. Cash flows from financing activities	
Net increase in short-term borrowings	2,251
Proceeds from long-term borrowings	10,963
Repayment of long-term borrowings	(2,492)
Payment for purchase of treasury stock	(0)
Dividend payment	(171)
Net cash provided by financing activities	10,550
lV. Decrease in cash and cash equivalents	(1,095)
V. Cash and cash equivalents at beginning of period	9,768
Vl. Cash and cash equivalents at end of period	8,673

(3) Segment information

a. Business segment reporting

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