Second Quarter Consolidated Financial Report
For the Six Months Ended September 30, 2008

October 27, 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: November 14, 2008
Expected starting date of dividend payment: December 5, 2008

1. Consolidated Financial Results for the Six Months Ended September 30, 2008 (April 1–September 30, 2008)

(1) Operating Results

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

	Net sales		Operating income		Ordinary income	
Six months ended September 30, 2008	**24,663**	—	**2,264**	—	**1,680**	—
Six months ended September 30, 2007	32,088	9.2%	3,838	26.7%	3,327	21.7%

	Net income		Net income per share (¥)	Diluted net income per share (¥)
Six months ended September 30, 2008	**926**	—	**55.96**	—
Six months ended September 30, 2007	1,818	15.4%	108.42	107.09

(2) Financial Position

(¥ millions, rounded down)

	Total assets	Total net assets	Equity ratio (%)	Net assets per share (¥)
Six months ended September 30, 2008	92,971	19,991	21.5	1,207.38
Year ended March 31, 2008	99,842	19,318	19.3	1,166.76

Notes： Shareholders' equity:
Six months ended September 30, 2008: ¥19,980 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	—	12.00	—	—	—
Year ending March 31, 2009 (forecast)	—	—	—	12.00	24.00

Note: Changes to dividends forecast for the six months 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
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 the six months 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 6.)

(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 6.)

(4) Number of outstanding shares at term-end (common stock)
a. Shares outstanding (including treasury stock)
Six months ended September 30, 2008: 17,540,333 shares
Fiscal year ended March 31, 2008: 17,540,333 shares
b. Treasury stock
Six months ended September 30, 2008: 982,642 shares
Fiscal year ended March 31, 2008: 982,642 shares
c. Average shares outstanding (term under review)
Six months ended September 30, 2008: 16,557,691 shares
Six months ended September 30, 2007: 16,774,208 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 31, 2009” section on page 6.)
(2) Effective the fiscal year ending March 31, 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.”

Qualitative Information/Financial Statements

1. Qualitative Information Pertaining to Consolidated Operating Results

Within the mechanism of the market, dependent as it is on the balance of human desires and anxieties, there has been overconcentration on the U.S. economy arising from excessive prosperity or contraction. This has brought about an era of turmoil, not only affecting finance capitalism, but heralding a global financial crisis. The fastest path to revitalization is not action for short-term advantage to cover up damage; we have to examine the causes, intent on embracing opportunities to create more innovative value and to evoke more dynamic economic activity.

In this environment, the Company must press forward in reconstructing a medium- to long-term business model focused on consumers, who are the ultimate prop for recovery, while actively fulfilling its corporate role.

(1) Operating results

During the six-month period ended September 30, 2008, Takara Leben Co., Ltd., the Group's parent company, carried out large-scale property transfer in Washimiya-machi, Saitama, with Saitama Prefecture now accounting for 60% of built-for-sale condominium sales. Furthermore, transfer of three properties, representing 258 residences, that was earmarked for the first half has been postponed to the second half. Consequently, sales for the second quarter were 37.6% lower than projected. The gross profit margin for the period was 21.7%.

Although transfer of newly built detached houses maintained the previous term’s levels at 28 units, business is lagging behind schedule. The gross profit margin was also down, at 18.3%.

Resale of pre-owned condominiums was affected during the term by the switch to another business of two properties, constraining transfers to 16 properties. However, we expect Takara Leben’s enhanced lineup to boost this figure during the second half. The gross profit margin remained stable at 20.8%.

In the current term, the Company commenced purchase for resale of newly constructed properties. All units of the first such property in Sagamihara, Kanagawa Prefecture, were sold within four months of the sales launch. As a result of this promising start, combined with a high turnover ratio and a high profit ratio, we have great expectations for short-term development projects in this line of business.

Disposal of commercial facilities in Makuhari, Chiba Prefecture, and two business sites in Urawa, Saitama Prefecture, made substantial contributions to performance by the other business sector, which plays a complementary role to condominium and detached housing operations. Furthermore, the Company completed contracts for several income-generating properties with planned transfer during the second half.

In the real estate rental business, sales increased 23.8% from the corresponding period of the previous year.

As a result of the above factors, Takara Leben’s nonconsolidated net sales were 34.6% below sales targets, with operating income, ordinary income and net income for the half also fell below targets, by 27.9%, 32.8% and 32.9%, respectively. Although sales, operating income, ordinary income and net income were also down from the previous year, the Company maintained its high gross profit margin of 27.0%.

On a consolidated basis, Leben Community Co., Ltd., increased the number of units consigned for management by 1,379, to 17,676. In particular, there has been a sharp increase in properties consigned to us for management by other companies, now comprising 783 units at 22 properties, compared with 596 units at nine of the Company’s own properties. Real estate sales declined, contributing to a 19.9% falloff in net income for the second quarter, which nevertheless remains consistent with projections.

TAFUKO CO., LTD., posted slight decreases in results, but overall continued to perform steadily.

Takara Live Net Co., Ltd., recorded substantial growth in revues from sales agency consignments, leading to above-target performance across sales and income. In particular, growth of 110.4% in net income for the second quarter is indicative that the company's efforts are at last showing results.

Takara Leben's nursing care business is conducted by AS Partners Co., Ltd. The company's new facility in Bunkyo Ward's Hakusan maintained an occupancy rate of 64% during its first year of operations. The occupancy rate for AS Partners' five facilities, including the new Hakusan facility, stood at 84.7%. Furthermore, we are aggressively pursuing our target of 10 facilities through such steps as the openings of a new 60-room facility in Kamiooka, Yokohama, in August 2008 and a 53-room facility in Kawagoe, Saitama Prefecture, in October 2008. However, the burden of the startup of the facility in Kamiooka, Yokohama, and lackluster real estate business led to a 27.9% year-on-year decrease in net income for the second quarter.

As a result of the above results, the Group's consolidated results fell short of targets: net sales accounted for 32.6% of full-year projections, operating income 24.5%, ordinary income 28.5% and net income for the first half 28.7%. Corresponding declines were also recorded compared with the first half of the previous year.

(2) Outlook

The economic environment appears to be worsening month by month, with a negative consumption trend contributing to an unclear outlook. However, a decline in oil prices and successive normalization of other commodity prices mark a turnaround that raises expectations for recovery.

The third-quarter and full-year outlook for real estate sales are given below by number of contracts concluded for built-for-sale condominiums against condominium transfers concluded.

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) (%)
Third quarter ending December 31, 2008	992	854	86.1	97.0
Year ending March 31, 2009	1,400	1,036	74.0	90.2
Year ending March 31, 2010	1,400	161	11.5	—

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

This forecast for built-for-sale condominiums indicates a contract ratio for the full year of 74.0%, which, although slightly lower than usual, represents steady progress. Despite a contract rate of 32.6% for detached houses and 65.0% for resale of pre-owned condominiums, we anticipate an 85.0% contract ratio for sales of income-generating real estate and an overall contract ratio of 76.3% including purchase for resale of newly constructed properties, which will have a role to play in gross profit.

In the Company's real estate rental business, sales are progressing steadily at 50.0% of full-year projections.

In the Company's real estate management business, sales are progressing steadily at 46.2% of full-year projections.

Of our other businesses, we expect to bolster the occupancy rate of our five existing nursing care facilities from 85% to 90%, progressing in line with plans despite the addition of two new facilities. Renovation work operations are progressing steadily, despite still being in a state of transition.

The Group's overall contract ratio stands at 79.7%.

As a result of the above factors, full-year forecasts are as follows:

	(¥ millions)
Net sales	76,500
Operating income	5,450
Ordinary income	4,100
Net income	2,300

The Company currently has no changes to its forecasts.

2. Qualitative Information Pertaining to Consolidated Financial Position

(1) Assets, liabilities and net assets

As of September 30, 2008, the Group had consolidated total assets of ¥92,971 million, down ¥6,871 million from March 31, 2008. Changes in assets, liabilities and net assets were primarily attributable to repayment of short-term borrowings and redemption of commercial paper.

(Current assets)

Current assets declined ¥8,915 million, to ¥66,673 million from March 31, 2008, 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 ¥2,044 million, to ¥26,298 million during the term, due to an increase in tangible fixed assets stemming from purchases of income-generating properties.

(Current liabilities)

Current liabilities rose ¥1,376 million, to ¥51,018 million, owing to an increase in long-term debt redeemable within one year from a transfer from long-term borrowings, which outweighed the redemption of commercial paper.

(Long-term liabilities)

Long-term liabilities fell ¥8,920 million, to ¥21,961 million, due mainly to reduction of long-term debt arising from transfers, and repayment of long-term borrowings.

(Net assets)

At September 30, 2008, net assets totaled ¥19,991 million, up ¥672 million from March 31, 2008.

(2) Cash flows

At the end of the half, cash and cash equivalents amounted to ¥4,923 million, down ¥7,972 million from the end of the previous fiscal year.

(Cash flows from operating activities)

Net cash provided by operating activities amounted to ¥1,219 million. This was mainly due to a decrease in trade payables.

(Cash flows from investing activities)

Net cash used in investing activities totaled ¥2,849 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 ¥3,903 million. This was due mainly to repayment of short-term borrowings and redemption of commercial paper.

3. Consolidated Forecasts for Year Ending March 31, 2009

The Group has 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 31, 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 ¥149 million.

Consolidated Financial Statements

Consolidated Balance Sheets

(¥ millions)

ASSETS:	As of September 30, 2008	As of March 31, 2008
Current assets:		
Cash and time deposits	5,063	12,935
Accounts receivable—trade	137	438
Marketable securities	34	34
Real property for sale	8,900	7,004
Real property for sale in progress	46,185	49,265
Other current assets	6,362	5,921
Allowance for doubtful accounts	(9)	(10)
Total current assets:	**66,673**	**75,589**
Fixed assets:		
Tangible fixed assets		
Buildings and structures—net	5,594	5,292
Land	18,207	16,209
Other—net	204	118
Total tangible fixed assets:	24,006	**21,620**
Intangible fixed assets	**268**	**506**
Investments and other assets		
Others	2,036	2,141
Allowance for doubtful accounts	(13)	(14)
Total investments and other assets	**2,022**	**2,126**
Total fixed assets	**26,298**	**24,253**
Total assets	**92,971**	**99,842**
Liabilities:		
Current liabilities:		
Accounts payable—trade	6,669	9,151
Short-term debt	13,415	11,886
Long-term debt redeemable within one year	25,373	19,931
Income taxes payable	486	1,522
Allowance for completed project indemnities	300	285
Other current liabilities	4,773	6,863
Total current liabilities:	**51,018**	**49,641**
Fixed liabilities:		
Long-term debt	20,932	29,607
Allowance for completed project indemnities	156	150
Other current liabilities	873	1,124
Total fixed liabilities	**21,961**	**30,882**
Total liabilities	**72,980**	**80,524**

(¥ millions)

	As of September 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	16,277	15,549
Treasury stock	(1,294)	(1,294)
Total shareholders' equity	19,997	19,269
Valuation translation adjustment and others		
Net unrealized gain/losses on other securities	(16)	48
Total valuation translation adjustment and others	(16)	48
Minority interests in consolidated subsidiaries	10	—
Total net assets	**19,991**	**19,318**
Total liabilities and net assets	**92,971**	**99,842**

Consolidated Statements of Income

(¥ millions)

	Six months ended September 30, 2008
Net sales	**24,663**
Cost of sales	18,149
Gross Profit	6,513
Selling, general and administrative expenses	4,249
Operating income	**2,264**
Non-operating income:	
Interest income	4
Dividend Income	4
Fee receivable	27
Investment return by anonymous funds	60
Other income	32
Total non-operating income	129
Non-operating expenses:	
Interest expenses	641
Other non-operating expenses	71
Total non-operating expenses	713
Ordinary income	**1,680**
Extraordinary gains:	
Sale on investment securities	50
Total extraordinary gains	50
Extraordinary losses:	
Impairment loss	53
Loss on valuation of investments in securities	49
Loss on sale of investment securities	8
Total extraordinary losses	111
Income before income taxes	**1,618**
Income taxes inhabitants tax and enterprise tax	461
Income tax adjustments	219
Total income taxes	681
Minority interests	10
Net income	**926**

(¥ millions)

	Three months ended September 30, 2008
Net sales	**10,153**
Cost of sales	8,100
Gross Profit	2,052
Selling, general and administrative expenses	2,148
Operating income	**(95)**
Non-operating income:	
Interest income	2
Fee receivable	15
Investment return by anonymous funds	30
Other income	13
Total non-operating income:	62
Non-operating expenses:	
Interest expenses	332
Other non-operating expenses	62
Total non-operating expenses	394
Ordinary income	**(427)**
Extraordinary losses:	
Impairment loss	14
Total extraordinary losses	14
Income before income taxes	(442)
Income taxes inhabitants tax and enterprise tax	(343)
Income tax adjustments	165
Total income taxes	(177)
Minority interests	2
Net income	**(266)**

Consolidated Statements of Cash Flows

(¥ millions)

	Six months ended September 30, 2008
Cash flows from operating activities:	
Income before income taxes	1,618
Depreciation and amortization	171
Impairment losses for fixed assets	53
Provision to allowance for doubtful accounts	20
Interest and dividend income	(8)
Amortization of goodwill	0
Gain on investment for an anonymous association	(60)
Loss on sales of investment securities	8
Interest expense	641
Decrease in accounts receivable	301
Decrease in inventories	2,331
Decrease in accounts payable	(2,481)
Other	(1,639)
Subtotal	957
Cash receipts of interest and dividend income	8
Cash payments of interest expense	(671)
Income taxes paid	(1,513)
Net cash used in operating activities	**(1,219)**
Cash flows from investing activities:	
Payments for time deposits	(101)
Purchase of marketable and investment securities	(34)
Increase in redemption from investment securities	34
Purchase of tangible fixed assets	(2,805)
Purchase of intangible fixed assets	(6)
Sales of investment securities	61
Other	1
Net cash used in investing activities	**(2,849)**
Cash flows from financing activities:	
Increase in short-term debt	1,528
Decrease in commercial paper	(2,000)
Proceeds from long-term debt	4,950
Repayment of long-term debt	(8,183)
Cash dividends paid	(198)
Net cash used in financing activities	**(3,903)**
Net decrease in cash and cash equivalents	(7,972)
Cash and cash equivalents at beginning of year	12,896
Cash and cash equivalents at end of year	**4,923**

Effective the fiscal year ending March 31, 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

Business segment reporting

Six months ended September 30, 2008 (April 1, 2008, to September 30, 2008)

	Real estate sales business (¥ millions)	Other businesses (¥ millions)	Total (¥ millions)	Eliminations and Corporate (¥ millions)	Consolidated (¥ millions)
Net sales					
(1) Sales to external customers	21,741	2,921	24,663	—	24,663
(2) Inter-segment sales/transfers	16	458	474	(474)	—
Total	21,758	3,380	25,138	(474)	24,663
Operating income	1,867	363	2,231	32	2,264

Geographical segment reporting

During the six months ended September 30, 2008 (from April 1, 2008, to September 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.

Overseas sales

During the six months ended September 30, 2008 (from April 1, 2008, to September 30, 2008), the Company did not post overseas sales. For this reason, overseas sales information is not included in this report.

(6) Major changes in shareholders' equity

Not applicable

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

(1) Consolidated Statements of Income (Summary)

(¥ millions)

	First Half (April 1–September 30, 2007)		
I. Net sales		32,088	100.0%
II. Cost of sales		23,932	74.6
Gross profit		8,155	25.4
III. Selling, general and administrative expenses		4,316	13.4
Operating income		3,838	12.0
IV. Non-operating income			
1. Interest income	2		
2. Commissions received	48		
3. Dividend on investment fund	62		
4. Compensation received for seconded employees	22		
5. Others	31	167	0.5
V. Non-operating expenses			
Interest paid	612		
Miscellaneous losses	66	678	2.1
Ordinary income		3,327	10.4
VI. Extraordinary gains		—	—
VII. Extraordinary losses			
1. Loss on disposal of fixed assets	10		
2. Loss on valuation of investment securities	48		
3. Inventory asset valuation losses	145	205	0.7
Income before income taxes		3,122	9.7
Income, local and business taxes	1,503		
Income tax adjustments	(199)	1,303	4.0
Net income		1,818	5.7

(2) Consolidated Statements of Cash Flows (Summary)

(¥ millions)

	First Half (April 1–September 30, 2007)
I. Cash flows from operating activities	
Income before income taxes	3,122
Depreciation and amortization	158
Amortization of goodwill	0
Decrease in reserves	(6)
Interest and dividend income	(7)
Dividend on investment fund	(62)
Interest expense	612
Loss on disposal of fixed assets	10
Loss on valuation of investment securities	48
Inventory asset valuation losses	145
Decrease in accounts receivable	104
Increase in loans/advances– trade	(131)
Increase in inventories	(6,849)
Increase in joint project investments	(1,656)
Increase in accounts payable	349
Decrease in advance	(746)
Other	318
Subtotal	(4,588)
Interest and dividends received	18
Interest paid	(868)
Income taxes paid	(1,326)
Net cash used in operating activities	**(6,765)**
II. Cash flows from investing activities	
Placements in time deposits	(10)
Withdrawals from time deposits	40
Purchase of bonds	(34)
Proceeds from redemption of bonds	35
Purchase of investment securities	(54)
Purchase of tangible fixed assets	(2,852)
Purchase of intangible fixed assets	(12)
Net increase in short-term loans	1,105
Proceeds from collection of long-term loans	0
Other	(0)
Net cash used in investing activities	**(1,783)**
III. Cash flows from financing activities	
Net increase in short-term borrowings	(1,127)
Proceeds from long-term borrowings	17,078
Repayment of long-term borrowings	(3,906)
Payment for purchase of treasury stock	(599)
Dividend payment	(184)
Net cash provided by financing activities	**11,259**
IV. Increase cash and cash equivalents	**2,711**
V. Cash and cash equivalents at beginning of period	**9,768**
VI. Cash and cash equivalents at end of period	**12,479**

(3) Segment information

a. Business segment reporting

During the six months ended September 30, 2007 (from April 1, 2007, to September 30, 2007), 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

During the six months ended September 30, 2007 (from April 1, 2007, to September 30, 2007), 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

During the six months ended September 30, 2007 (from April 1, 2007, to September 30, 2007), the Company did not post overseas sales. For this reason, overseas sales information is not included in this report.