

FOR IMMEDIATE RELEASE

Takara Leben Co., Ltd. Reports Earnings for the First Half of the Fiscal Year Ending March 31, 2006 (FY2006)

Tokyo, Japan (November 14, 2005) – Takara Leben Co., Ltd. (TSE stock code: 8897) today announced its operating results for the six months ended September 30, 2005.

Results of Operations

During the six months under review, the U.S. economy was characterized by uncertainty over a heated housing market, interest rate movements closely linked to the housing market, and surging oil prices. In Japan, there were growing signs that the economy was back on its feet, with expanding employment, rising wages, and growing household income. Corporations, coming back with leaner balance sheets, seemed to be showing an ability to withstand high oil prices, developed in previous periods of tight oil supply. Still, corporate Japan remained exposed to fierce competition under globalization, with all the macroeconomic and microeconomic risk factors that entails.

In the real estate industry, rising land price triggered consumer demand for houses and condominiums. Rising trends were seen in both the supply of real estate properties and the number of real property sales contracts, but still selling prices rebounded in central Tokyo, in a possible sign of an end to the deflationary trend in the real estate market. The supply of real estate properties shrank in central Tokyo, but grew in surrounding areas and in large cities in other parts of Japan. These trends require cautious monitoring, as they are reminiscent of those seen during the years of the bubble economy.

In these circumstances, the Takara Leben Group strove to market affordably priced condominiums targeted at young prospective first-time buyers. Although Group sales shrank slightly from the year-earlier period, all other earnings measures showed considerable increases, meeting or surpassing the company's initial earnings targets. Contract growth gained unprecedented momentum, and the Group expects to complete around 2,000 contracts in the full year. In condominium management, results greatly surpassed initial targets, reflecting steady growth in maintenance service contracts, major repair work, and renovation services. In real estate brokerage, both new and previously owned condominium units contributed to favorable results. In August, the Group started operation of its first nursing home with care services for elderly people, which achieved results largely in line with initial targets.

As a result of these factors, consolidated sales for the period totaled ¥27,043 million, declining 6.3% from a year earlier. Operating income surged 61.6% to ¥3,014 million, ordinary income jumped 86.0% to ¥2,732 million, and net income increased 39.3% to ¥1,069 million, or ¥73.03 per share. Diluted EPS was ¥60.84 per share.

Breakdown of sales in the six months under review:

	Sales (¥ million)	Y-o-Y Change (%)
Real Estate Sales Business	25,572	-8.8

Rental Property Business	264	+34.5
Management Services Business	484	+19.9
Other Businesses	723	+228.7

Financial Position

At the end of the six-month period, total assets were ¥62,155 million, an increase of ¥9,952 million from a year earlier. This reflects an increase in inventories resulting from growing purchases to expand sales in coming months, and an increase in fixed assets reflecting the acquisition of offices for rent.

Total liabilities increased by ¥8,863 million year-on-year to ¥51,577 million, as a result of increased purchases and development of land for condominiums, as well as an increase in borrowings associated with acquisition of offices for rent.

Shareholders' equity increased by ¥1,089 million to ¥10,578 million, as retained earnings more than offset a decrease in equity capital stemming from share buy-backs.

Consolidated net cash and cash equivalents totaled ¥15,355 million at the end of the period, representing an increase of ¥157 million from a year earlier, as the increase in inventories was outpaced by borrowings associated with inventory purchases and income before income taxes.

Net cash used in operating activities amounted to ¥3,030 million, due mainly to the increase in inventories, reflecting a steady increase in purchases.

Net cash used in investing activities was ¥1,140 million, mainly reflecting an increase in fixed assets as a result of purchases of real estate properties held for sale.

Net cash provided by financing activities was ¥5,906 million, mainly reflecting an increase in borrowings associated with purchase of inventories.

Full Year Projections

Projections for planned condominium sales and contracted sales for the half-year ending March 31, 2006 (second half of fiscal 2006) are as follows:

Year-to-date	Planned sales units	Of which, contracted units	Ratio (contracted/planned)	Y-o-Y change (%)
3 rd quarter	811	793	97.8%	97.8%
4 th quarter (full year)	1,608	1,539	95.7%	91.7%

In addition to steady progress in sales of condominium units, sales contracts for other real estate properties have already reached 98% of planned contracts. In this light, the Group is confident that it will achieve its target for sales units by the end of this fiscal year.

In the management services business, based on an increase in new maintenance contracts during the period under review, we expect to sign new maintenance contracts for over 1,200 units during the second half, enabling us to reach the full-year target

of 11,000 units. The Group also expects steady growth in contracts for renovation and major repair work, as well as strong sales of retail goods.

In the nursing homes business, the Group's first nursing home has been in operation since August, and a second nursing home is on schedule for its planned December opening . The Group will examine the operating performance of the first nursing home, and apply its findings to the operation of the second one, to achieve greater operating efficiency.

Based on these factors, the Group expects that consolidated net sales for the full year ending March 31, 2006 will increase 6.4% from a year earlier to ¥57,490 million, ordinary income will increase 29.6% to ¥4,240 million, and net income will increase 10.2% to ¥1,940 million.

Looking further ahead to the year ending March 31, 2007, the Group plans to sell a total of 1,612 condominiums, and it has already completed its purchase of land for construction of these condominiums. In view of the higher pace of sales contracts compared with a year earlier period, the Group aims to raise the ratio of contracted condominium sales to planned sales for the fiscal year to March 2007, to 70%-80% by March 31, 2006 which is the end of the current fiscal year.

About the Takara Leben Group

The Takara Leben Group is a real estate broker and condominium developer whose main business is the development, sale and rental of condominiums in the Tokyo, Saitama, Chiba and Kanagawa regions aimed at a target market of younger first-time buyers. The Group's core real estate business includes: 1) real estate sales, 2) rental of developed condominiums, offices and stores, 3) property management services provided mainly by its consolidated subsidiary Leben Community Co., Ltd., and 4) commissions on loan introductions and bridge loans for customers waiting for bank financing approval, which are provided from the Company's consolidated subsidiary TAFUKO CO., LTD. For additional information about the Takara Leben Group, please visit the Company's website at <http://www.leben.co.jp>.

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(In thousand yen)

	As of September 30, 2004 (A)		As of September 30, 2005 (B)		(B)-(A)	As of March 31, 2005			
	Amount	%	Amount	%		Amount	%		
Assets									
I Current assets									
1. Cash and cash equivalents	15,355,089		15,426,698			13,611,099			
2. Notes and accounts receivable, trade	2,737,273		619,154			1,363,410			
3. Marketable securities	39,040		46,450			44,843			
4. Inventories	24,104,412		33,275,883			26,954,121			
5. Other	4,215,330		4,205,210			4,396,219			
Allowance for doubtful accounts	-3,820		-10,440			-3,000			
Total current assets	46,447,325	89.0	53,562,958	86.2	7,115,632	46,366,694	85.9		
II Fixed Assets									
1. Tangible fixed assets									
(1)Buildings and structures	1,875,289		2,600,013			2,666,538			
(2)Land	2,770,575		3,553,796			3,716,288			
(3)Construction in progress	-		107,440			19,650			
(4)Other	37,245	4,683,110	56,914	6,318,165	10.2	1,635,054	54,967	6,457,444	12.0
2. Intangible fixed assets		248,575		254,622	0.4		6,047	235,574	0.4
3. Investments and other assets	824,084		2,026,086			940,168			
Allowance for doubtful accounts	-670	823,414	-7,215	2,018,871	3.2	1,195,457	-600	939,568	1.7
Total fixed assets		5,755,100		8,591,659	13.8		2,836,558	7,632,587	14.1
Total assets		52,202,426	100.0		62,154,617	100.0		53,999,281	100.0
Liabilities									
I Current liabilities									
1. Notes and accounts payable, trade	11,563,206		7,750,985					8,480,419	
2. Short-term borrowings	1,812,000		4,997,500					1,115,200	
3. Long-term debt due within one year	9,662,484		18,982,444					15,473,250	
4. Corporate bonds due within one year	-		200,000					100,000	
5. Advances	1,986,634		3,224,517					2,529,577	
6. Reserve for bonuses	96,719		146,064					104,961	
7. Other	2,392,458		2,705,027					1,765,197	
Total current liabilities	27,513,503	52.7	38,006,538	61.2	10,493,034			29,568,607	54.8
II Fixed liabilities									
1. Corporate bonds	200,000		-					100,000	
2. Convertible bonds	3,000,000		3,000,000					3,000,000	
3. Long-term loans	11,125,213		9,550,877					10,553,781	
4. Reserve for employees' retirement benefits	48,260		56,259					55,861	
5. Reserve for directors' retirement benefits	38,850		43,781					39,436	
6. Other	787,797		919,144					832,565	
Total fixed liabilities	15,200,120	29.1	13,570,061	21.8	-1,630,059			14,581,645	27.0
Total liabilities	42,713,624	81.8	51,576,599	83.0	8,862,974			44,150,252	81.8
Shareholders' equity									
I Common stock	1,399,300	2.7	1,399,300	2.3	-			1,399,300	2.6
II Additional paid-in capital	1,443,424	2.8	1,443,424	2.3	-			1,443,424	2.6
III Retained earnings	6,529,704	12.5	8,273,820	13.3	1,744,115			7,406,504	13.7
IV Net unrealized gains/losses on other securities	116,372	0.2	258,310	0.4	141,938			161,117	0.3
V Treasury stock	-	-	-796,837	-1.3	-796,837			-561,316	-1.0
Total shareholders' equity	9,488,801	18.2	10,578,018	17.0	1,089,216			9,849,029	18.2
Total liabilities and shareholders' equity	52,202,426	100.0	62,154,617	100.0	9,952,191			53,999,281	100.0

(2) Consolidated Statements of Operations

(In thousand yen)

	Six months ended September 30, 2004 (A)		Six months ended September 30, 2005 (B)		(B)-(A) Amount	Year ended March 31, 2005			
	Amount	%	Amount	%		Amount	%		
I Net sales	28,848,809	100.0	27,043,314	100.0	-1,805,495	54,039,532	100.0		
II Cost of sales	23,053,644	79.9	20,338,824	75.2	-2,714,820	42,572,674	78.8		
Gross profit	5,795,164	20.1	6,704,489	24.8	909,325	11,466,857	21.2		
III Selling, general and administrative expenses	3,930,295	13.6	3,690,416	13.6	-239,879	7,592,115	14.0		
Operating income	1,864,869	6.5	3,014,073	11.2	1,149,204	3,874,742	7.2		
IV Non-operating income									
1. Interest income	16,795		5,302			18,799			
2. Dividend income	-		55,369			57,657			
3. Commissions received	36,564		40,842			70,516			
4. Commissions received from affiliates	7,076		5,600			91,176			
5. Amortization of goodwill	1,156		-			1,156			
6. Other	14,416	76,009	11,618	118,732	0.4	42,723	24,316	263,622	0.5
V Non-operating expense									
1. Interest paid	405,762		387,161			781,266			
2. Miscellaneous losses	66,219	471,981	13,060	400,221	1.5	-71,760	84,309	865,575	1.6
Ordinary income		1,468,896		2,732,585	10.1	1,263,688		3,272,789	6.1
VI Extraordinary gains									
1. Gain on sale of fixed assets	974		-			974			
2. Gain on sale of investment securities	20,594	21,569	300	300	0.0	-21,269	49,784	50,758	0.1
VII Extraordinary losses									
1. Bad debt losses	-		-			5,805			
2. Loss on sale of fixed assets	6,726		6,541			17,048			
3. Loss on disposal of fixed assets	3,082		-			3,082			
4. Impairment losses	-		667,052			-			
5. Directors' retirements benefits	46,600		-			46,600			
6. Provision for prior year directors' retirement benefits	34,567		-			34,567			
7. Other	-	90,975	-	673,593	2.5	582,617	28,404	135,507	0.3
Income before income taxes		1,399,490		2,059,291	7.6	659,801		3,188,040	5.9
Income tax, inhabitants tax and enterprise tax	596,690		1,337,151			1,435,308			
Income tax adjustments	35,313	632,003	-323,243	1,013,908	3.8	381,904	-7,805	1,427,503	2.6
Minority interests in loss of consolidated subsidiary		-		23,790	0.1	23,790		-	
Net income		767,486		1,069,174	3.9	301,688		1,760,536	3.3

(3) Consolidated Statements of Additional Paid-in Capital and Retained Earnings

(In thousand yen)

	Six months ended September 30, 2004 (A)		Six months ended September 30, 2005 (B)		(B)-(A)	Year ended March 31, 2005	
	Amount		Amount		Amount	Amount	
Additional paid-in capital							
I Balance, beginning of period		1,443,424		1,443,424	-		1,443,424
II Increase in additional paid-in capital		1,443,424		1,443,424	-		1,443,424
Retained earnings							
I Balance, beginning of period		5,970,417		7,406,504	1,436,086		5,970,417
II Increase in retained earnings							
1. Net income	767,486	767,486	1,069,174	1,069,174	301,688	1,760,536	1,760,536
III Decrease in retained earnings							
1. Dividends	155,000		148,458			271,250	
2. Bonuses for directors	53,200	208,200	53,400	201,858	-6,341	53,200	324,450
IV Balance, end of period		6,529,704		8,273,820	1,744,115		7,406,504

(4) Consolidated Statements of Cash Flows

(In thousand yen)

	Six months ended	Six months ended	(B)-(A)	Year ended
	September 30, 2004 (A)	September 30, 2005 (B)		March 31, 2005
	Amount	Amount	Amount	Amount
I Cash flows from operating activities:				
Income before income taxes	1,399,490	2,059,291		3,188,040
Depreciation and amortization	73,649	88,366		163,788
Bad debt losses	-	667,052		-
Amortization of consolidated goodwill	-1,156	-		-1,156
Increase in reserves	59,511	59,900		75,051
Interest and dividend income	-18,820	-60,672		-76,457
Interest expense	405,762	387,161		781,266
Directors' retirement benefits	46,600	-		46,600
Gain on sale of tangible fixed assets	-974	-		-974
Loss on disposal of tangible fixed assets	6,726	6,541		17,048
Loss on sale of tangible fixed assets	3,082	-		3,082
Gain on sale of investment securities	-20,594	-300		-49,784
Decrease/increase in accounts receivable, trade	-1,734,870	744,255		-361,007
Increase in loans, trade	-8,134	-43,033		-19,865
Decrease/increase in inventories	2,457,607	-6,326,963		-392,390
Increase/decrease in accounts payable, trade	862,308	-729,434		-2,220,478
Payment of directors' bonuses	-53,200	-53,400		-53,200
Payment of directors' retirement benefits	-46,600	-		-46,600
Other	134,356	1,269,513		-98,469
Sub total	3,564,744	-1,931,722	-5,496,466	954,492
Interest and dividend received	45,820	9,104		58,676
Interest paid	-403,998	-369,750		-774,155
Income taxes paid	-1,369,764	-737,530		-2,060,329
Other	-	-		-10,000
Net cash provided by/used in operating activities	1,836,802	-3,029,898	-4,866,700	-1,831,316
II Cash flows from investing activities:				
Placements in time deposits	-681,428	-26,720		-729,211
Withdrawals from time deposits	1,109,098	36,800		1,231,774
Purchase of loans	-39,030	-39,040		-39,040
Redemption of loans	128,985	39,040		128,995
Purchase of investment securities	-5,800	-130,448		-184,800
Sale of investment securities	15,443	2,300		50,923
Purchase of tangible fixed assets	-108,820	-617,251		-1,981,172
Sale of tangible fixed assets	25,730	-		25,730
Purchase of intangible fixed assets	-6,146	-23,294		-8,128
Net decrease/increase in short-term loans	-3,412	7,358		6,494
Long-term loans made	-	-380,000		-
Proceeds from collection of long-term loans	301,745	-		301,745
Purchase of subsidiaries	-	-		-10,200
Purchase of subsidiaries' shares resulting in change of consolidation scope	-1,023	-		-1,023
Other	-86,784	-8,622		-9,684
Net cash provided by/used in investing activities	648,556	-1,139,878	-1,788,435	-1,217,597
III Cash flows from financing activities				
Net decrease/increase in short-term loan	562,500	3,782,300		-134,300
Proceeds from issuance of corporate bonds	3,000,000	-		3,000,000
Proceeds from long-term borrowings	6,426,000	11,253,000		16,827,400
Repayment of long-term borrowings	-9,278,064	-8,746,710		-14,440,130
Payment for purchase of treasury stock	-	-235,520		-561,316
Proceeds from issuance of stock to minority shareholders	-	2,200		-
Dividend payment	-154,224	-149,181		-270,267
Net cash provided by investing activities	556,210	5,906,087	5,349,877	4,421,385
IV Increase/decrease in cash and cash equivalents	3,041,568	1,736,310	-1,305,257	1,372,471
V Cash and cash equivalents at the beginning of the period	12,157,236	13,529,708	1,372,471	12,157,236
VI Increase in cash and cash equivalents due to change in scope of consolidation	-	89,367	89,367	-
VII Cash and cash equivalents at the end of the period	15,198,805	15,355,387	156,581	13,529,708