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Takara Leben Co., Ltd.
Reports Earnings for the Fiscal Year Ended March 31, 2006 (FY2006)

Tokyo, Japan (May 15, 2006) – Takara Leben Co., Ltd. (TSE stock code: 8897) today announced its operating results for the year ended March 31, 2006.

Results of Operations

Inflationary pressures continue to mount in the U.S. with across-the-board increases in the prices of energy, commodities and housing, and advances in capacity utilization and corporate capital expenditures. In Japan, positive impact of the longest post-war economic expansion is beginning to be felt, allowing Japanese corporations to regain profitability.

In the real estate industry, there are clear signs of an upturn in land prices. Selling prices of residential housing have been on the rise despite a continued increase in supply, which in turn is arguably causing a further increase in the supply of residential housing and the number of transactions closed. Against this background, the Takara Leben Group strove to market affordably priced condominiums targeted at prospective first-time buyers.

In the year ended March 31, 2006, consolidated sales totaled ¥57,157 million, rising 5.8% from a year earlier. Operating income jumped 52.0% to ¥5,888 million, ordinary income surged 63.6% to ¥5,352 million, and net income increased 48.8% to ¥2,620 million, or ¥169.33 per share. Diluted EPS was ¥146.45 per share. On a year-on-year basis, gross margin rose to 24.2% from 21.2% a year earlier on a modest increase in Group sales. The improvement in gross margin was a major driver behind the substantial improvements in other profitability measures. The Group met its profit targets at all levels albeit a 0.6% shortfall in sales.

The number of condominium units sold increased to 1,631, up 37 over the previous year, for a total sales of ¥49.2 billion, while combined sales of single unit housing and residential land increased to ¥5.1 billion. Real estate sales business as a whole recorded a 3.8% increase in revenue over the previous year. Revenues from management services business grew 18.6% to ¥1.0 billion as the number of units under management increased by 2,272 to 11,052. Revenues from other businesses increased 193% to ¥1.3 billion mainly on account of an increase in brokerage income.

The improvement in gross margin was made possible as projects with higher markups accounted for a greater share of total sales. Successful reduction in service cost and higher prices quoted for the competing properties in the neighborhood also helped boost sales and profit margins. An improvement in net interest expense further contributed to increased earnings. As a result, we were able to achieve substantial gains in net income despite the recognition of impairment losses that amounted to ¥769.9 million.

Results by business segment:

	Sales (¥ million)	Y-o-Y Change (%)
Real Estate Sales Business	54,285	+3.8
Rental Property Business	541	+16.1
Management Services Business	1,008	+18.6
Other Businesses	1,324	+193.0

Financial Position

Current assets increased 18.1% year-on-year to ¥54,685 million, reflecting a rise in cash balances as a result of healthy growth in the number of condominium units delivered and higher inventories from the

progress in land acquisition.

Fixed assets jumped 35.7% year-on-year to ¥10,419 million, led by an increase in tangible fixed assets through acquisition of properties for nursing homes and offices for rent.

Current liabilities grew 31.8% year-on-year to ¥38,968 million, due to a rise in borrowings to finance the purchases of condominium sites.

Fixed liabilities decreased 17.4% year-on-year to ¥12,048 million, resulting from the increased exercise of conversion rights by the holders of the convertible bonds.

Shareholders' equity jumped 43.0% year-on-year to ¥14,083 million on account of the increase in net income and share issuance upon the exercise of conversion rights by the holders of convertible bonds.

Cash Flow analysis

Net cash inflow from operating activities was ¥3,514 million (up ¥5,535 million year-on-year), reflecting an increase in pretax profit and an increase in accounts payable from the purchase of additional inventories.

Net cash outflow from investing activities was ¥3,891 million (down ¥2,683 million year-on-year), due mainly to the acquisition of real state properties in rental property business.

Net cash inflow from financing activities was ¥3,423 million (down ¥998 million year-on-year), mainly owing to an increase in borrowings to finance the acquisition of inventories

Outlook for the Fiscal Year Ending March 31, 2007

Regarding the outlook for the coming fiscal year, the Group expects to deliver a total of 1,593 condominiums in the real estate sales business. This is highly achievable, given that it has already made the necessary procurement for all of these units and that sales contracts have been already closed for 1,097 units, or 68.9% of the target. In the rental property business, the Group is projecting a 25% year-on-year growth in revenue. In the management services business, the Group is aiming for a year-on-year increase by roughly 2,500 units to at least 13,000 units under management.

For the year ending March 31, 2007, the Group is forecasting net sales of ¥58,760 million (up 2.8% year-on-year), ordinary income of ¥5,590 million (up 4.4% year-on-year), and net income of ¥3,150 million (up 20.2% year-on-year). Regarding profit distribution, the Group is projecting a regular dividend of ¥22 per share for the year, based on the prospects for successful achievement of its earnings targets and further improvement in shareholders' equity.

About the Takara Leben Group

The Takara Leben Group, consisting of Takara Leben Co., Ltd. and its four consolidated subsidiaries, 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 Leben Community Co., Ltd., 4) commissions on loan introductions and bridge loans for customers waiting for bank financing approval, which are provided from TAFUKO CO., LTD., 5) real estate sales agent services provided by Relivel Leben, Co., Ltd. and 6) the nursing care business conducted by As Partners 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) Balance Sheets

(In thousand yen)

	As of March 31, 2005		As of March 31, 2006		Increase/ Decrease	
	Amount	%	Amount	%		
Assets						
I Current assets						
1. Cash and time deposits		13,611,099		16,715,860		
2. Notes and accounts receivable-trade		1,363,410		95,996		
3. Marketable securities		44,843		39,030		
4. Inventories		26,954,121		34,636,735		
5. Deferred income taxes		123,226		237,917		
6. Other		4,228,211		2,970,220		
Allowance for doubtful accounts		-3,000		-10,540		
Total current assets		46,321,913	85.8	54,685,220	84.0	8,363,307
II Fixed Assets						
1. Tangible fixed assets						
(1) Buildings and structures	4,389,148		4,532,148			
Accumulated depreciation	1,722,609	2,666,538	1,768,229	2,763,919		
(2) Furniture and fixtures	171,582		191,266			
Accumulated depreciation	116,614	54,967	133,250	58,015		
(3) Land		3,716,288		4,443,428		
(4) Construction in progress		19,650		-		
Total tangible fixed assets		6,457,444	12.0	7,265,362	11.1	807,918
2. Intangible fixed assets						
(1) Consolidation goodwill		-		11,201		
(2) Other		235,574		488,099		
Total intangible fixed assets		235,574	0.4	499,301	0.8	263,726
3. Investments and other assets						
(1) Investment securities		562,451		1,170,913		
(2) Long-term loans		57,598		429,759		
(3) Deferred tax assets		2,806		225,679		
(4) Other		362,092		835,873		
Allowance for doubtful accounts		-600		-7,785		
Total investments and other assets		984,349	1.8	2,654,440	4.1	1,670,091
Total fixed assets		7,677,368	14.2	10,419,104	16.0	2,741,735
Total assets		53,999,281	100.0	65,104,325	100.0	11,105,043

(In thousand yen)

	As of March 31, 2005		As of March 31, 2006		Increase/ Decrease
	Amount	%	Amount	%	
Liabilities					
I Current liabilities					
1. Notes and accounts payable-trade	8,480,419		10,528,891		
2. Short-term borrowings	1,115,200		5,839,300		
3. Bonds due within one year	100,000		100,000		
4. Long-term debt due within one year	15,473,250		15,125,028		
5. Income taxes payable	768,517		1,595,263		
6. Advances received	2,529,577		3,866,478		
7. Reserve for bonuses	104,961		170,436		
8. Other	996,680		1,742,475		
Total current liabilities	29,568,607	54.8	38,967,873	59.9	9,399,265
II Fixed liabilities					
1. Corporate bonds	100,000		-		
2. Bonds with equity warrant attached	3,000,000		652,000		
3. Long-term loans	10,553,781		10,606,895		
4. Deferred tax liabilities	4,870		-		
5. Reserve for employees' retirement benefits	55,861		65,010		
6. Reserve for directors' retirement benefits	39,436		45,469		
7. Other	827,695		678,749		
Total fixed liabilities	14,581,645	27.0	12,048,124	18.5	-2,533,520
	44,150,252	81.8	51,015,997	78.4	6,865,744
Minority interests					
Minority interests	-	-	5,365	0.0	5,365
Shareholders' equity					
I Common stock	1,399,300	2.6	2,116,949	3.3	717,649
II Additional paid-in capital	1,443,424	2.6	2,246,522	3.4	803,097
III Retained earnings	7,406,504	13.7	9,678,663	14.9	2,272,159
IV Net unrealized gains/losses on other securities	161,117	0.3	288,196	0.4	127,079
V Treasury stock	-561,316	-1.0	-247,369	-0.4	313,947
Total shareholders' equity	9,849,029	18.2	14,082,962	21.6	4,233,933
Total liabilities, minority interests and shareholders' equity	53,999,281	100.0	65,104,325	100.0	11,105,043

(2) Profit and Loss Statement

(In thousand yen)

	Year ended March 31, 2005		Year ended March 31, 2006		Increase/ Decrease
	Amount	%	Amount	%	
I Net sales	54,039,532	100.0	57,157,000	100.0	3,117,468
II Cost of sales	42,572,674	78.8	43,313,069	75.8	740,394
Gross profit	11,466,857	21.2	13,843,930	24.2	2,377,073
III Selling, general and administrative expenses	7,592,115	14.0	7,955,767	13.9	363,652
Operating income	3,874,742	7.2	5,888,162	10.3	2,013,420
IV Non-operating income					
1. Interest income	18,799		12,178		
2. Dividend income	2,876		21,509		
3. Commissions received	70,516		89,306		
4. Commissions received from affiliates	91,176		8,200		
5. Amortization of consolidation goodwill	1,156		-		
6. Dividend on investment fund	54,781		100,890		
7. Miscellaneous income	24,316	263,622	12,766	244,851	0.4
V Non-operating expense					
1. Interest expense	781,266		756,649		
2. Miscellaneous losses	84,309	865,575	23,618	780,268	1.3
Ordinary income		3,272,789		5,352,745	9.4
VI Extraordinary gains					
1. Gain on sale of investment securities	49,784		300		
2. Gain on sale of fixed assets	974	50,758	-	300	0.0
VII Extraordinary losses					
1. Loss on sale of fixed assets	3,082		-		
2. Loss on disposal of fixed assets	17,048		64,431		
3. Directors' retirement benefits	46,600		-		
4. Provision for past service obligations related to directors' retirement benefits	34,567		-		
5. Valuation loss on real estate held for sale	-		74,051		
6. Impairment losses	-		769,922		
7. Other	34,210	135,507	-	908,406	1.6
Income before income taxes		3,188,040		4,444,639	7.8
Income tax, inhabitants tax and enterprise tax	1,435,308		2,272,587		
Income tax adjustments	-7,805	1,427,503	-429,617	1,842,970	3.2
Minority interests in loss of consolidated subsidiaries		-		18,425	0.0
Net income		1,760,536		2,620,095	4.6

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

(In thousand yen)

	Year ended March 31, 2005		Year ended March 31, 2006		Increase/ Decrease
	Amount		Amount		
Additional paid-in capital					
I Balance, beginning of period		1,443,424		1,443,424	-
II Increase in additional paid-in capital					
Issuance of new shares on exercise of stock option	-		717,626		
Gains/losses on disposal of treasury stock	-	-	85,471	803,097	803,097
III Balance, end of period		1,443,424		2,246,522	803,097
Retained earnings					
I Balance, beginning of period		5,970,417		7,406,504	1,436,087
II Increase in retained earnings					
Net income	1,760,536	1,760,536	2,620,095	2,620,095	859,558
III Decrease in retained earnings					
1. Dividend	271,250		294,535		
2. Bonuses paid to directors	53,200	324,450	53,400	347,935	23,485
IV Balance, end of period		7,406,504		9,678,663	2,272,159

(4) Statements of Cash Flows

(In thousand yen)

	Year ended	Year ended	Decrease/ Increase Amount
	March 31, 2005	March 31, 2006	
	Amount	Amount	
I Cash flows from operating activities:			
Net income before income taxes	3,188,040	4,444,639	
Depreciation and amortization	163,788	184,372	
Impairment losses	-	769,922	
Valuation loss on real estate held for sale	-	74,051	
Amortization of consolidation goodwill	-1,156	589	
Increase in reserves	75,051	95,381	
Interest and dividend income	-21,676	-33,688	
Dividend on investment fund	-54,781	-100,890	
Director's retirement benefits	46,600	-	
Gain on sale of investment securities	-49,784	-300	
Interest expense	781,266	756,649	
Gain on sale of tangible fixed assets	-974	-	
Loss on sale of tangible fixed assets	3,082	-	
Loss on disposal of tangible fixed assets	17,048	64,431	
Decrease (increase) in accounts receivable, trade	-361,007	1,267,414	
Increase in loans/advances, trade	-19,865	-83,888	
Increase in inventories	-392,390	-6,589,179	
Increase (decrease) in accounts payable, trade	-2,220,478	2,048,471	
Payment of directors' bonuses	-53,200	-53,400	
Payment of director's retirement benefits	-46,600	-	
Other	-108,469	2,866,348	
Sub total	944,492	5,710,926	4,766,434
Interest and dividend received	48,676	26,343	
Interest paid	-774,155	-777,858	
Income taxes paid	-2,060,329	-1,445,841	
Net cash used in/provided by operating activities	-1,841,316	3,513,570	5,354,887
II Cash flows from investing activities:			
Placements in time deposits	-729,211	-58,938	
Withdrawals from time deposits	1,231,774	89,181	
Net increase/decrease in short-term loans	6,494	11,463	
Long-term loans made	-	-380,000	
Collection of long-term loans	301,745	1,245	
Purchase of bonds	-39,040	-	
Redemption of bonds	128,995	-	
Purchase of investment securities	-184,800	-299,705	
Sale of investment securities	60,923	2,309	
Payment for acquisition of a subsidiary	-10,200	-	
Purchase of subsidiaries' shares resulting in change in scope of consolidation	-1,023	-	
Payment of purchase of tangible fixed assets	-1,981,172	-2,991,693	
Proceeds from sale of tangible fixed assets	25,730	-	
Payment of purchase of intangible assets	-8,128	-261,414	
Other	-9,684	-3,342	
Net cash used in investing activities	-1,207,597	-3,890,894	-2,683,296
III Cash flows from financing activities			
Net decrease/increase in short-term loan	-134,300	4,624,100	

Proceeds from issuance of corporate bonds	3,000,000	-	
Redemption of corporate bonds	-	-100,000	
Proceeds from long-term loans	16,827,400	18,468,000	
Repayment of long-term loans	-14,440,130	-18,763,108	
Payment of purchase of treasury stock	-561,316	-513,305	
Dividend payment	-270,267	-294,926	
Proceeds of share issuance	-	2,200	
Net cash provided by financing activities	4,421,385	3,422,958	-998,426
IV Increase in cash and cash equivalents	1,372,471	3,045,635	1,673,163
V Cash and cash equivalents at the beginning of the period	12,157,236	13,529,708	1,372,471
VI Increase in cash and cash equivalents resulting from the change in scope of consolidation	-	89,367	89,367
VII Cash and cash equivalents at the end of the period	13,529,708	16,664,711	3,135,003