

**First Quarter Financial Reports
For the Three Months Ended June 30, 2006 - Consolidated**

August 7, 2006

Company name: **Takara Leben Co., Ltd.**
 Shares listed on: The First Section of Tokyo Stock Exchange
 Security code: 8897
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1. Notes Related to the Preparation of This Report

- (1) Use of simplified accounting method: Not used
 (2) Change in accounting policies from the last accounting period: None
 (3) Change in the scope of consolidation and application of equity method: None

**2. Consolidated Financial Results for the Three Months Ended June 30, 2006
(April 1, 2006 to June 30, 2006)**

(1) Operating Results

(Amounts rounded down to million yen)

	Net sales		Operating income		Ordinary income	
	million yen	%	million yen	%	million yen	%
Three months ended June 30, 2006	7,738	51.2	480	2,716.8	351	-
Three months ended June 30, 2005	5,118	-16.0	17	-	-149	-
Year ended March 31, 2006	57,157		5,888		5,352	

	Net income		Net income per share	Diluted net income per share
	million yen	%	yen	yen
Three months ended June 30, 2006	175	-	10.48	10.11
Three months ended June 30, 2005	-91	-	-6.26	-5.09
Year ended March 31, 2005	2,620		169.33	146.45

- Notes: 1. The percentage figure shown in net sales, operating income and ordinary income columns represent year-on-year changes.
 2. Year-on-year comparisons of the first quarter ordinary income and net income are not available as they were negative in the previous year.
 3. Average number of shares issued and outstanding during the period (consolidated basis):
 Three months ended June 30, 2006: 16,737,064 shares
 Three months ended June 30, 2005: 14,673,477 shares
 Year ended March 31, 2006: 15,144,040 shares

[Review of Operating Results]

The Takara Leben Group's total consolidated sales for the first three months (from April 1 to June 30, 2006) of the fiscal year ending March 31, 2007 amounted to 7,738 million yen.

By segment, revenues from real estate sales were 7,010 million yen, reflecting sales of 149 condominium units, delivery of 26 single unit houses and other properties as well as sales of one rental building.

Revenues from the rental property business totaled 135 million yen, reflecting rents received from rental condominium blocks, rental offices and store spaces.

Management services revenues were 285 million yen on maintenance services provided for 219 residential condominium blocks (11,437 units). Revenues from other businesses totaled 306 million yen, consisting of commissions and revenues from renovation/improvement services.

In respect of sales results, 1,458 units were contracted during the first quarter including the units that were delivered during the period. As shown in the following table, out of the 815 units scheduled for delivery during the first six months of this fiscal year, 772 units have already been contracted with the contract ratio reaching 94.7%, and out of the 1,593 units scheduled for delivery during this fiscal year, 1,226 units have already been contracted with the contract ratio reaching 77.0%. These indicate steady sales growth for the fiscal year to date.

[Number of contracted units/Planned number of deliveries]

	Three months ended June 30, 2006			Three months ended June 30, 2005		
	Planned number of deliveries (Units)	Of which, units contracted (Units)	Contract ratio (%)	Planned number of deliveries (Units)	Of which, units contracted (Units)	Contract ratio (%)
Interim	815	772	94.7	760	700	92.1
Full year	1,593	1,226	77.0	1,608	1,356	84.3
Next fiscal year	1,568	232	14.8	1,593	238	14.9

Note: The figures shown above include only the number of units of residential condominiums.

(2) Financial Position (consolidated basis)

(Figures rounded down to the nearest million yen)

	Total assets	Net assets	Equity ratio	Net assets per share	
	million yen	million yen	%	yen	yen
Three months ended June 30, 2006	74,028	14,075	19.0	838	57
Three months ended June 30, 2005	60,454	9,396	15.5	643	24
Year ended March 31, 2006	65,104	14,082	21.6	839	12

Note: Number of shares issued and outstanding at the end of the period (consolidated basis):

Three months ended June 30, 2006: 16,784,891 shares

Three months ended June 30, 2005: 14,607,691 shares

Year ended March 31, 2006: 16,716,591 shares

Number of treasury shares at the end of the period (consolidated basis):

Three months ended June 30, 2006: 186,532 shares

Three months ended June 30, 2005: 892,309 shares

Year ended March 31, 2006: 186,407 shares

Note: Figures previously presented as "shareholders' equity", "shareholders' equity ratio" and "shareholders'

equity per share” for the first three months ended June 30, 2005 and the year ended March 31, 2006 are presented under “net assets”, “equity ratio” and “net assets per share,” respectively.

[Cash Flow Position (consolidated basis)]

(Figures rounded down to the nearest million yen)

	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
Three months ended June 30, 2006	-10,074	-2,962	11,581	15,209
Three months ended June 30, 2005	-6,757	-974	6,963	12,760
Year ended March 31, 2006	3,513	-3,890	3,422	16,664

[Review of Change in Consolidated Financial Position]

Total assets at the end of the period increased 8,923 million yen from the end of the previous fiscal year. This was due primarily to an increase in inventories as the Company actively purchased land for further business expansion.

(Current Assets)

Current assets increased 5,888 million yen from the end of the previous fiscal year primarily reflecting a significant increase in inventories as the Company actively purchased land for further business expansion.

(Fixed Assets)

Fixed assets increased 3,035 million yen from the end of the previous fiscal year, mainly reflecting purchase of rental properties.

(Current Liabilities)

Current liabilities increased 6,630 million yen from the end of the previous fiscal year, mainly reflecting an increase in borrowings to finance the purchase of land for construction projects, among others.

(Fixed Liabilities)

Fixed liabilities increased 2,306 million yen from the end of the previous fiscal year, mainly reflecting an increase in long-term borrowings to finance the increase in inventories.

Cash and cash equivalents amounted to 15,209 million yen at the end of the period, representing a decrease of 1,455 million yen from the end of the previous fiscal year. This mainly reflects negative cash flows from operating activities due to increased inventories as a result of land purchases to construct condominiums for sale as well as tax payment, which were not fully compensated by an increase in funds from financing activities through borrowing.

(a) Cash flows from operating activities

Net cash used in operating activities amounted to 10,074 million yen, mainly reflecting the increase in inventories as a result of land purchases, a decrease in accounts payable in relation to payment of construction costs, and tax payments.

(b) Cash flows from investing activities

Net cash used in investing activities was 2,962 million yen due primarily to the purchase of rental properties.

(c) Cash flows from financing activities

Net cash provided by financing activities totaled 11,581 million yen. This is mainly attributable to

the increased borrowings to finance land purchases for projects to construct condominiums for sale.

[Reference]

Consolidated Earnings Forecast for the Year Ending March 31, 2007

(April 1, 2006 – March 31, 2007)

	Net sales	Ordinary income	Net income
	million yen	million yen	million yen
Interim	30,000	2,650	1,490
Full year	58,760	5,590	3,150

Reference: Projected net income per share for the full year: 184.21 yen

Note: No change from forecasts announced on May 15, 2006.

*The above forecast incorporates certain assumptions and projections based on which the future outlook and plans by the Company as announced in this document are formulated. Actual results may differ from the above forecast depending on various conditions.

Attachment

The figures in the following table are rounded down to the nearest million yen.

1. Summary of Consolidated Balance Sheets

(In million yen)

	As of	As of	Increase/		As of
	June 30, 2006	June 30, 2005	Decrease		March 31, 2006
	Amount	Amount	Amount	%	Amount
Assets					
I Current assets					
1. Cash and deposits	15,263	12,827	2,436		16,715
2. Inventories	40,968	33,580	7,387		34,417
3. Other	4,342	5,324	-982		3,551
Total current assets	60,573	51,732	8,841	17.1	54,685
II Fixed assets					
1. Tangible fixed assets	10,248	6,966	3,282	47.1	7,265
2. Intangible fixed assets	497	253	243	96.0	499
3. Investments and other assets	2,708	1,501	1,206	80.3	2,654
Total fixed assets	13,454	8,722	4,732	54.3	10,419
Total assets	74,028	60,454	13,574	22.5	65,104
Liabilities					
I Current liabilities					
1. Notes and accounts payable-trade	9,044	7,350	1,693		10,528
2. Short-term borrowings	13,365	3,858	9,506		5,839
3. Long-term debt due within one year	17,127	15,044	2,083		15,125
4. Advances	4,202	3,845	357		3,866
5. Other	1,859	1,237	621		3,608
Total current liabilities	45,598	31,336	14,262	45.5	38,967
II Fixed liabilities					
1. Corporate bonds	-	100	-100		-
2. Convertible bonds	582	3,000	-2,418		652
3. Long-term loans	12,815	15,565	-2,750		10,606
4. Other	957	1,056	-98		789
Total fixed liabilities	14,354	19,721	-5,367	-27.2	12,048
Total liabilities	59,952	51,057	8,894	17.4	51,015
Minority interests					
I Minority interests	-	-	-	-	5

(In million yen)

	As of June 30, 2006	As of June 30, 2005	Increase/ Decrease		As of March 31, 2006
	Amount	Amount	Amount	%	Amount
Net assets					
I Shareholders' capital					
1. Common stock	2,151	-	-	-	-
2. Additional paid-in capital	2,281	-	-	-	-
3. Retained earnings	9,604	-	-	-	-
4. Treasury stock	-247	-	-	-	-
Total shareholders' capital	13,789	-	-	-	-
II Valuation and translation adjustments					
1. Net gains and losses on other securities	284	-	-	-	-
Total valuation and translation adjustments	284	-	-	-	-
III Minority interests	1	-	-	-	-
Total net assets	14,075	-	-	-	-
Total liabilities and net assets	74,028	-	-	-	-
Shareholders' equity					
I Common stock	-	1,399	-	-	2,116
II Additional paid-in capital	-	1,443	-	-	2,246
III Retained earnings	-	7,112	-	-	9,678
IV Net unrealized gains/losses on other securities	-	237	-	-	288
V Treasury stock	-	-796	-	-	-247
Total shareholders' equity	-	9,396	-	-	14,082
Total liabilities and shareholders' equity	-	60,454	-	-	65,104

2. Summary of Consolidated Statements of Operations

(In million yen)

	Three months ended June 30, 2006	Three months ended June 30, 2005	Increase/Decrease		Year ended March 31, 2006
	Amount	Amount	Amount	%	Amount
I Net sales	7,738	5,118	2,619	51.2	57,157
II Cost of sales	5,758	3,979	1,778	44.7	43,313
Gross profit	1,979	1,138	841	73.9	13,843
III Selling, general and administrative expenses	1,499	1,121	378	33.7	7,955
Operating income/loss	480	17	463	2,716.8	5,888
IV Non-operating income	45	33	11	35.0	244
V Non-operating expense	173	200	-26	-13.2	780
Ordinary income/loss	351	-149	501	-	5,352
VI Extraordinary gains	-	1	-1	-	0
VII Extraordinary losses	5	1	4	425.0	908
Net income/loss before income taxes	346	-149	496	-	4,444
Income tax, inhabitants tax and enterprise tax	90	13	77	593.1	2,272
Income tax adjustments	108	-70	179	-	-429
Minority interests in loss of consolidated subsidiaries	27	-	27	-	18
Net income/loss	175	-91	267	-	2,620

**3. Consolidated Statement of Changes in Shareholders' Capital
(April 1, 2006 – June 30, 2006)**

(In million yen)

	Shareholders' Capital					Valuation and translation adjustments	Stock option	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 period									
Cash dividends			-167		-167				-167
Directors' bonuses			-55		-55				-55
Net income			175		175				175
Loss on disposal of treasury stock					-				-
Purchase of treasury stock				-0	-0				-0
Disposal of treasury stock					-				-
Net change in items other than shareholders' capital during period	35	35	-27		42	-4		-4	34
Total change during period	35	35	-74	-0	-4	-4	-	-4	-13
Balance as of June 30, 2006	2,151	2,281	9,604	-247	13,789	284	-	1	14,075

4. Summary of Consolidated Statements of Cash Flows

(In million yen)

	Three months ended June 30, 2006	Three months ended June 30, 2005	Year ended March 31, 2006
	Amount	Amount	Amount
I Cash flows from operating activities:			
Net income/loss before income taxes	346	-149	4,444
Depreciation and amortization	60	43	184
Interest expense	164	185	756
Decrease/increase in accounts receivable-trade	95	996	1,267
Increase in inventories	-6,550	-6,626	-6,370
Increase/decrease in accounts payable-trade	-1,484	-1,129	2,048
Other	-957	872	3,379
Sub total	-8,326	-5,807	5,710
Interest and dividend received	7	2	26
Interest paid	-192	-193	-777
Income taxes paid	-1,563	-759	-1,445
Net cash used in/provided by operating activities	-10,074	-6,757	3,513
II Cash flows from investing activities:			
Purchase of tangible fixed assets	-3,041	-551	-2,991
Other	79	-423	-899
Net cash used in investing activities	-2,962	-974	-3,890
III Cash flows from financing activities			
Net increase/decrease in short-term borrowings	7,525	2,743	4,624
Redemption of corporate bonds	-	-	-100
Proceeds from long-term loans	7,119	6,371	18,468
Repayment of long-term loans	-2,908	-1,788	-18,763
Payment for purchase of treasury stock	0	-235	-513
Dividend payment	-155	-126	-294
Other	-	-	2
Net cash provided by financing activities	11,581	6,963	3,422
IV Increase/decrease in cash and cash equivalents	-1,455	-769	3,045
V Cash and cash equivalents at the beginning of the period	16,664	13,529	13,529
VI Increase in cash and cash equivalents resulting from the change in scope of consolidation	-	-	89
VII Cash and cash equivalents at the end of the period	15,209	12,760	16,664

5. Supplementary information regarding net sales or net sales equivalents

(1) Net sales by business segment

(In million yen)

	Three months ended June 30, 2006		Three months ended June 30, 2005	
	Amount	%	Amount	%
Real estate sales	7,010	90.6	4,586	89.6
Real estate rental	135	1.8	139	2.7
Management service	285	3.6	238	4.7
Other businesses	306	4.0	153	3.0
Total	7,738	100.0	5,118	100.0

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

(2) Contracted units

(In million yen)

	Three months ended June 30, 2006		Three months ended June 30, 2005	
	Unit	Amount	Unit	Amount
Real estate sales	418	15,227	631	19,069
Total	418	15,227	631	19,069

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

(3) Outstanding contracts

(In million yen)

	Three months ended June 30, 2006		Three months ended June 30, 2005	
	Unit	Amount	Unit	Amount
Real estate sales	1,363	42,402	1,466	45,599
Total	1,363	42,402	1,466	45,599

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