

FOR IMMEDIATE RELEASE

Takara Leben Co., Ltd.
Reports Earnings for the First Half of the Fiscal Year Ended March 31, 2007 (FY2007)

Tokyo, Japan (November 13, 2006) – Takara Leben Co., Ltd. (TSE stock code: 8897) today announced its operating results for the six months ended September 30, 2006.

Results of Operations

During the six months under review, the U.S. stock markets remained strong, buoyed by the much-anticipated signs of stabilization of energy prices and interest rates. At the same time, there are significant concerns that the bursting of the U.S. housing bubble may severely affect not only the U.S. economy but also the rest of the world. Furthermore, the Chinese economy, which has been maintaining a double-digit growth rate, is also expected to face slower growth in near future. In Japan, the economy maintained its steady recovery on the back of robust capital investment by the private sector and strong housing investment.

In the real estate industry, low-interest rates and the end of prolonged deflation have led to higher prices, and in turn to higher levels of inventories. Some of the market participants appear to have embarked on aggressive sales measures with higher selling prices, fueling concerns that steep price increases may dampen buyer motivation. Against this background, the Takara Leben Group strove to market affordably priced Leben Heim-series condominiums targeted at prospective first-time buyers.

Under such circumstances, consolidated sales at the Group totaled ¥29,381 million, up 8.6% from the same period a year earlier. Operating income rose 0.6% on year to ¥3,030 million yen and ordinary income increased 0.1% to ¥2,734 million. Net income amounted to ¥1,575 million, or ¥93.84 a share, representing a 47.4% jump compared with the same period a year ago. Diluted EPS came to ¥90.80.

During the six months, the number of condominium units sold by the Group totaled 806, up 76 from the same period of the previous fiscal year and resulting in sales of ¥23,981 million. Overall sales of the real estate sales business rose 8.0% on year to ¥27,628 million. Revenues from rental property business rose 21.3% to ¥320 million yen. Revenues from management services business jumped 19.6% to ¥578 million, as the Group managed 12,239 residential condominiums, up 2,356 units from the same period a year ago. Revenues from other businesses rose 18.1% to ¥853 million mainly on orders for optional works arising from sale of condominiums and real estate sales commissions.

Sales breakdown by business segment:

	Sales (¥ million)	Y-o-Y Change (%)
Real Estate Sales Business	27,628	+8.0
Rental Property Business	320	+21.3
Management Services Business	578	+19.6
Other Businesses	853	+18.1

Financial Position

Total assets at the end of the six months under review stood at ¥76,673 million, up ¥14,518 million from the end of the same period of the previous fiscal year. This reflects a ¥11,038 million yen increase in inventories resulting from active procurement in anticipation of the business expansion in the future as well as a ¥5,885 million increase in fixed assets reflecting the acquisitions of real estate properties held for sale.

Total liabilities totaled ¥60,984 million, up ¥9,407 million, as a result of increased purchases and development of land for condominiums and an increase in borrowings for acquisition of real estate properties held for sale.

Net assets stood at ¥15,689 million, an increase of ¥5,111 million, mainly due to accumulation of retained earnings and an increase in shareholders' equity resulting from exercise of share warrants of bonds with equity warrant attached.

Cash Flow analysis

Net cash used in operating activities amounted to ¥10,758 million, due mainly to the increase in inventories, reflecting a steady increase in procurement and decrease in accounts payable.

Net cash used in investing activities was ¥4,406 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 ¥12,452 million, mainly reflecting a rise in inventories and an increase in borrowings associated with purchases of real estate properties held for sale.

As a result, consolidated net cash and cash equivalents totaled ¥13,952 million at the end of the six months, representing a decline of ¥1,403 million from a year earlier, reflecting an increase in inventories resulting from a steady increase in procurement and acquisition of real estate properties held for sale.

Outlook for the Fiscal Year Ending March 31, 2007

For the full year ending March 31, 2007, the Group kept its earnings forecasts unchanged from the figures announced on May 15, 2006. It expects consolidated net sales of ¥58,760 million, up 2.8% from the previous fiscal year, ordinary income of ¥5,590 million, up 4.4%, and net income of ¥3,150 million, up 20.2%, or ¥184.21 per share. Regarding profit distribution, the Group is proposing to pay an interim dividend of ¥11.0 per share for the first half and a year-end dividend of ¥11.0 per share for an annual dividend of ¥22.0 per share.

Forecast for the fiscal year ending March 31, 2007:

	Sales	Ordinary income	Net income
Full year ending March 31, 2007	¥58,760 million	¥5,590 million	¥3,150 million
Y-o-Y change	2.8%	4.4%	20.2%

Looking further ahead to the next fiscal year, the Group expects to deliver a total of 1,672 condominiums in the real estate sales business. It has already purchased the land for constructing these condominiums and sales contracts have been closed for 973 units, or 58.2% of the total. The Group aims to achieve a contract ratio of 70% for the period, which is same as the target for the preceding fiscal year.

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 prefectures 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) Consolidated Balance Sheets

(In million yen)

	As of September 30, 2005 (A)		As of September 30, 2006 (B)		(B)-(A)	As of March 31, 2006	
	Amount	%	Amount	%		Amount	%
Assets							
I Current assets							
1. Cash and cash equivalents	15,426		14,018			16,715	
2. Notes and accounts receivable, trade	619		284			95	
3. Marketable securities	46		35			39	
4. Inventories	33,275		44,313			34,417	
5. Other	4,112		3,462			3,427	
Allowance for doubtful accounts	-10		-12			-10	
Total current assets	53,469	86.0	62,103	81.0	8,633	54,685	84.0
II Fixed assets							
1. Tangible fixed assets							
(1) Buildings and structures	2,600		4,398			2,763	
(2) Land	3,553		7,097			4,443	
(3) Construction in progress	107		-			-	
(4) Other	56	6,318	62	11,559	15.1	58	7,265
2. Intangible fixed assets		254		498	0.6		499
3. Investments and other assets	2,119		2,526			2,662	
Allowance for doubtful accounts	-7	2,112	-14	2,512	3.3	-7	2,654
Total fixed assets		8,684		14,570	19.0		10,419
Total assets		62,154		76,673	100.0		65,104
Liabilities							
I Current liabilities							
1. Notes and accounts payable, trade	7,750		8,290			10,528	
2. Short-term borrowings	4,997		12,855			5,839	
3. Long-term debt due within one year	18,982		14,472			15,125	
4. Corporate bonds due within one year	200		-			100	
5. Advances	3,224		4,373			3,866	
6. Reserve for bonuses	146		187			170	
7. Reserve for directors' bonuses	-		27			-	
8. Other	2,705		2,691			3,337	
Total current liabilities	38,006	61.2	42,899	55.9	4,892	38,967	59.9
II Fixed liabilities							
1. Convertible bonds	3,000		382			652	
2. Long-term loans	9,550		16,963			10,606	
3. Reserve for employees' retirement benefits	56		73			65	
4. Reserve for directors' retirement benefits	43		51			45	
5. Other	919		614			678	
Total fixed liabilities	13,570	21.8	18,084	23.6	4,514	12,048	18.5
Total liabilities	51,576	83.0	60,984	79.5	9,407	51,015	78.4
Minority interests							
Minority interests	-	-	-	-	-	5	0.0
Shareholders' equity							
I Common stock	1,399	2.3	-	-	-1,399	2,116	3.3
II Additional paid-in capital	1,443	2.3	-	-	-1,443	2,246	3.4
III Retained earnings	8,273	13.3	-	-	-8,273	9,678	14.9
IV Net unrealized gains/losses on other securities	258	0.4	-	-	-258	288	0.4
V Treasury stock	-796	-1.3	-	-	796	-247	-0.4
Total shareholders' equity	10,578	17.0	-	-	-10,578	14,082	21.6
Total liabilities and shareholders' equity	62,154	100.0	-	-	-62,154	65,104	100.0

Net assets								
I Shareholders' capital								
1. Common stock	-	-	2,251	2.9	2,251	-	-	
2. Additional paid-in capital	-	-	2,381	3.1	2,381	-	-	
3. Retained earnings	-	-	11,031	14.4	11,031	-	-	
4. Treasury stock	-	-	-247	-0.3	-247	-	-	
Total shareholders' capital	-	-	15,417	20.1	15,417	-	-	
II Valuation and translation adjustments								
1. Net unrealized holding gains on other securities	-	-	272	0.4	272	-	-	
Total valuation and translation adjustments	-	-	272	0.4	272	-	-	
III Minority interests	-	-	-	-	-	-	-	
Total net assets	-	-	15,689	20.5	15,689	-	-	
Total liabilities and net assets	-	-	76,673	100.0	76,673	-	-	

(2) Consolidated Profit and Loss Statement

(In million yen)

	Six months ended September 30, 2005 (A)		Six months ended September 30, 2006 (B)		(B)-(A) Amount	Year ended March 31, 2006	
	Amount	%	Amount	%		Amount	%
I Net sales	27,043	100.0	29,381	100.0	2,338	57,157	100.0
II Cost of sales	20,338	75.2	21,760	74.1	1,421	43,313	75.8
Gross profit	6,704	24.8	7,620	25.9	916	13,843	24.2
III Selling, general and administrative expenses	3,690	13.6	4,590	15.6	899	7,955	13.9
Operating income	3,014	11.2	3,030	10.3	16	5,888	10.3
IV Non-operating income							
1. Interest income	5		4			12	
2. Commissions received	40		55			89	
3. Commissions received from affiliates	5		-			8	
4. Dividend on investment fund	53		44			100	
5. Other	13	118	17	122	0.4	34	244
Operating income		0.4					0.4
V Non-operating expense							
1. Interest paid	387		401			756	
2. Miscellaneous losses	13	400	16	418	1.4	23	780
Operating income		10.1		2,734	9.3		5,352
Operating income		10.1				2	
VI Extraordinary gains							
1. Gain on sale of investment securities	0	0	-	-	-	0	0
Operating income		0.0					0.0
VII Extraordinary losses							
1. Loss on disposal of fixed assets	6		12			64	
2. Impairment losses	667		-			769	
3. Valuation loss on real estate held for sale	-		-			74	
4. Office relocation expense	-	673	43	56	0.2	-617	-
Operating income		2.5					908
Operating income		2.5					1.6
Income before income taxes		2,059		2,678	9.1	619	4,444
Income tax, inhabitants tax and enterprise tax	1,337		1,161			2,272	
Income tax adjustments	-323	1,013	-52	1,108	3.7	94	1,842
Minority interests in loss of consolidated subsidiary		23		5	0.0	-18	18
Net income		1,069		1,575	5.4	506	2,620
		3.9					4.6

(3) Consolidated Statements of Additional Paid-in Capital and Retained Earnings and Statement of Changes in Shareholders' Capital

Consolidated Statements of Additional Paid-in Capital and Retained Earnings

(In million yen)

	Six months ended September 30, 2005		Year ended March 31, 2006	
	Amount		Amount	
Additional paid-in capital				
I Balance, beginning of period		1,443		1,443
II Increase in additional paid-in capital				
1. Issuance of new shares on exercise of stock option	-		717	
2. Gains/losses on disposal of treasury stock	-	-	85	803
III Balance, end of period		1,443		2,246
Retained earnings				
I Balance, beginning of period		7,406		7,406
II Increase in retained earnings				
1. Net income	1,069	1,069	2,620	2,620
III Decrease in retained earnings				
1. Dividends	148		294	
2. Bonuses for directors	53	201	53	347
IV Balance, end of period		8,273		9,678

Consolidated Statement of Changes in Shareholders' Capital

Six months ended September 30, 2006 (April 1, 2006 – September 30, 2006)

(In million yen)

	Shareholders' capital				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' capital
Balance as of March 31, 2006	2,116	2,246	9,678	-247	13,794
Changes during the period					
Issuance of new shares	135	135			270
Distribution of retained earnings*			-167		-167
Directors' bonuses*			-55		-55
Net income			1,575		1,575
Purchase of treasury stock				-0	-0
Net change in items other than shareholders' capital during the period					
Total changes during the period	135	135	1,352	-0	1,622
Balance as of September 30, 2006	2,251	2,381	11,031	-247	15,417

	Valuation and translation adjustments		Minority interests	Total net assets
	Net unrealized holding gains/losses on other securities	Total valuation and translation adjustments		
Balance as of March 31, 2006	288	288	5	14,088
Changes during the period				
Issuance of new shares				270
Distribution of retained earnings*				-167
Directors' bonuses*				-55
Net income				1,575
Purchase of treasury stock				-0
Net change in items other than shareholders' capital during the period	-15	-15	-5	-21
Total changes during the period	-15	-15	-5	1,601
Balance as of September 30, 2006	272	272	-	15,689

Note* Subject to the resolution on the appropriation of retained earnings adopted by the Annual General Meeting of Shareholders held in June 2006.

(4) Consolidated Statements of Cash Flows

(In million yen)

	Six months ended	Six months ended	(B)-(A)	Year ended
	September 30, 2005 (A)	September 30, 2006 (B)		March 31, 2006
	Amount	Amount	Amount	Amount
I Cash flows from operating activities:				
Income before income taxes	2,059	2,678		4,444
Depreciation and amortization	88	110		184
Amortization of consolidated adjustment account	-	-		0
Amortization of goodwill	-	0		-
Increase in reserves	59	71		95
Interest and dividend income	-7	-8		-33
Dividend on investment fund	-53	-44		-100
Interest expense	387	401		756
Impairment losses	667	-		769
Valuation loss on real estate held for sale	-	-		74
Loss on disposal of fixed assets	6	12		64
Gain on sale of investment securities	-0	-		-0
Office relocation expense	-	43		-
Decrease/increase in accounts receivable, trade	744	-188		1,267
Increase in loans, trade	-43	-85		-83
Increase in inventories	-6,326	-9,866		-6,370
Increase/decrease in accounts payable, trade	-729	-2,238		2,048
Payment of directors' bonuses	-53	-55		-53
Other	1,269	582		2,647
Subtotal	-1,931	-8,587	-6,655	5,710
Interest and dividend received	4	10		26
Interest paid	-369	-642		-777
Income taxes paid	-737	-1,539		-1,445
Net cash used in /provided by operating activities	-3,034	-10,758	-7,723	3,513
II Cash flows from investing activities:				
Placements in time deposits	-26	-30		-58
Withdrawals from time deposits	36	14		89
Purchase of bonds	-39	-35		-39
Proceeds from redemption of bonds	39	39		39
Purchase of investment securities	-130	-18		-299
Sale of investment securities, etc.	7	-		2
Purchase of tangible fixed assets	-617	-4,458		-2,991
Purchase of intangible fixed assets	-23	-4		-261
Net decrease in short-term loans	7	5		11
Long-term loans made	-380	-		-380
Proceeds from collection of long-term loans	-	80		1
Other	-8	-		-3
Net cash used in investing activities	-1,134	-4,406	-3,271	-3,890
III Cash flows from financing activities:				
Net increase in short-term loan	3,782	7,016		4,624
Redemption of corporate bonds	-	-100		-100
Proceeds from long-term borrowings	11,253	13,513		18,468
Repayment of long-term borrowings	-8,746	-7,808		-18,763
Payment for purchase of treasury stock	-235	-0		-513
Proceeds from issuance of stock to minority shareholders	2	-		2
Dividend payment	-149	-167		-294
Net cash provided by financing activities	5,906	12,452	6,546	3,422
IV Increase/decrease in cash and cash equivalents	1,736	-2,712	-4,448	3,045
V Cash and cash equivalents at the beginning of the period	13,529	16,664	3,135	13,529
VI Increase in cash and cash equivalents due to change in scope of consolidation	89	-	-89	89
VII Cash and cash equivalents at the end of the period	15,355	13,952	-1,403	16,664