

FOR IMMEDIATE RELEASE

**Takara Leben Co., Ltd.**  
**Reports Earnings for the Fiscal Year Ended March 31, 2007 (FY2006)**

Tokyo, Japan (May 14, 2007) – Takara Leben Co., Ltd. (TSE stock code: 8897) today announced its operating results for the twelve months ended March 31, 2007.

**Results of Operations**

During the twelve months under review, economies of not only the BRICs countries but also countries in the Middle East and Africa remained robust bolstered apparently by excessive consumption in the U.S., excessive investment in China and excessive liquidity in Europe. Such extreme inflation of credit creation around the world calls for collaboration among the governments of relevant countries and their collective leadership under a cooperative framework with an eye on the unpredictable levels and timing of risks associated with the chain reaction brought about by the globalization of the economy. The Japanese economy also remained strong, though its growth was somewhat lackluster compared with other countries. This is thought to be attributable to the conservative business stance of the corporate sector as well as the insufficient income distribution to individuals reflected in the recent declines in personal saving rate. It is important to put the economy on a positive growth cycle by distributing the profits made at businesses to individuals and encouraging savings and investments to ensure future growth.

In the real estate industry, there was a noticeable shift in popular areas from urban centers to the suburbs against the backdrop of flourishing inventory accumulation in anticipation of future rises in selling prices reflecting the upswing in cost of procurement. Even so, many of such areas with steep increase in selling prices are facing slower sales, as end-users remained unruffled by the speculations of companies. 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 ¥58,007 million, up 1.5% from the previous fiscal year. Operating income rose 4.9% on year to ¥6,174 million yen and ordinary income increased 5.1% to ¥5,626 million. Net income amounted to ¥3,157 million, or ¥187.77 a share, representing a 20.5% jump compared with a year ago. Diluted EPS came to ¥182.80.

On a non-consolidated basis, parent Takara Leben posted sales of ¥54,614 million, down 0.5% compared with the previous fiscal year. Its operating income rose 6.6% to ¥5,992 million, ordinary income increased 6.8% to ¥5,487 million and net income jumped 24.6% to ¥3,111 million.

During the fiscal year under review, Takara Leben sold 1,520 units of condominiums, down 111 from the previous fiscal year and resulting in sales of ¥46,845 million. Overall sales of the real estate sales business fell 0.6% on year to ¥53,974 million. Revenues from the rental property business jumped 38.4% to ¥748 million. Revenues from the management services business rose 21.2% to ¥1,220 million, as the Group managed 13,370 residential condominiums, up 2,318 units from the same period a year ago. Revenues from other businesses soared 55.9% to ¥2,063 million compared with a year ago mainly on orders for optional works associated with sale of condominiums and real estate sales commissions as well as elderly nursing care services.

Sales breakdown by business segment:

	Sales (¥ million)	Y-o-Y Change (%)
Real Estate Sales Business	53,974	-0.6
Rental Property Business	748	+38.4
Management Services Business	1,220	+21.2
Other Businesses	2,063	+55.9

## Financial Position

Total assets at the end of the fiscal year stood at ¥82,635 million, up ¥17,531 million from the end of the same period of the previous fiscal year. This reflects an increase in inventories resulting from active procurement in anticipation of the business expansion in the future as well as an increase in fixed assets reflecting the acquisitions of real estate properties held for sale.

Total liabilities mounted to ¥66,057 million, up ¥15,041 million, as a result of increased borrowings for acquisition of land for constructing condominiums and real estate properties held for sale.

Net assets totaled ¥16,577 million, primarily due to accumulation of retained earnings and an increase in shareholders' equity resulting from exercise of conversion rights of convertible bonds.

### Cash Flow analysis

Net cash used in operating activities amounted to ¥17,848 million, due mainly to an increase in inventories and decline in accounts payable.

Net cash used in investing activities was ¥6,431 million, primarily 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 ¥17,383 million, mainly reflecting increased borrowings resulting from a rise in inventories.

As a result, consolidated net cash and cash equivalents totaled ¥9,768 million at the end of the fiscal year, representing a decline of ¥6,896 million from a year earlier.

## Outlook for the Fiscal Year Ending March 31, 2008

For the full year ending March 31, 2008, the Group expects consolidated net sales of ¥65,000 million, up 12.1% from the previous fiscal year, operating income of ¥7,200 million, up 16.6%, ordinary income of ¥6,150 million, up 9.3%, and net income of ¥3,500 million, up 10.8%, or ¥208.72 per share.

In the next fiscal year, Takara Leben expects to deliver a total of 1,676 condominiums in the real estate sales business. It has already purchased the land for constructing these condominiums and sales contracts have been closed for 1,068 units, or 63.7% of the total. Also, the company plans to supply approximately 130 newly built single houses in Oami, Chiba prefecture, Fujishiro, Ibaraki prefecture, and Ogawamachi, Saitama prefecture.

Forecast for the fiscal year ending March 31, 2008:

	Sales	Operating income	Ordinary income	Net income
Year ending March 31, 2008	¥65,000 million	¥7,200 million	¥6,150 million	¥3,500 million
Y-o-Y change	12.1%	16.6%	9.3%	10.8%

For the fiscal year ended March 31, 2007, the Group is proposing to pay a year-end dividend of ¥11.0 per share of common stock for an annual dividend of ¥22.0 per share. For the fiscal year ending March 31, 2008, it expects to offer an interim dividend of ¥12.0 per share of common stock and year-end dividend of ¥12.0 per share, for an annual dividend of ¥24.0 per share.

#### 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 financing for approved housing loan borrowers while they wait for the disbursement of the loans, which are provided from TAFUKO CO., LTD., 5) real estate sales agent services provided by Takara Live Net 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 million yen)

	Year ended March 31, 2006		Year ended March 31, 2007		Increase/ decrease	
	Amount	%	Amount	%		
<b>Assets</b>						
<b>I Current assets</b>						
1. Cash and cash equivalents		16,715		9,835		
2. Notes and accounts receivable-trade		95		146		
3. Marketable securities		39		35		
4. Inventories		34,417		51,098		
5. Deferred income taxes		237		295		
6. Other		3,189		6,032		
Allowance for doubtful accounts		(10)		(19)		
Total current assets		54,685	84.0	67,425	81.6	12,740
<b>II Fixed assets</b>						
1. Tangible fixed assets						
(1) Buildings and structures	4,532		6,434			
Accumulated depreciation	1,768	2,763	1,858	4,576		
(2) Furniture and fixtures	191		183			
Accumulated depreciation	133	58	128	54		
(3) Land		4,443		7,905		
Total tangible fixed assets		7,265	11.1	12,536	15.2	5,271
2. Intangible fixed assets						
(1) Consolidation adjustment		11		-		
(2) Goodwill		-		8		
(3) Other		488		504		
Total intangible fixed assets		499	0.8	512	0.6	13
3. Investments and other assets						
(1) Investment securities		1,170		1,074		
(2) Long-term loans		429		42		
(3) Deferred tax assets		225		366		
(4) Other		835		694		
Allowance for doubtful accounts		(7)		(17)		
Total investments and other assets		2,654	4.1	2,160	2.6	(493)
Total fixed assets		10,419	16.0	15,210	18.4	4,791
Total assets		65,104	100.0	82,635	100.0	17,531

(In million yen)

	Year ended March 31, 2006		Year ended March 31, 2007		Increase/ decrease
	Amount	%	Amount	%	
<b>Liabilities</b>					
<b>I Current liabilities</b>					
1. Notes and accounts payable-trade	10,528		6,981		
2. Short-term borrowings	5,839		14,916		
3. Bonds due within one year	100		-		
4. Long-term debt due within one year	15,125		10,275		
5. Income taxes payable	1,595		1,322		
6. Advances received	3,866		4,910		
7. Reserve for bonuses	170		214		
8. Reserve for directors' bonuses	-		61		
9. Other	1,742		1,658		
Total current liabilities	38,967	59.9	40,342	48.8	1,374
<b>II Fixed liabilities</b>					
1. Convertible bonds	652		345		
2. Long-term debt	10,606		24,646		
3. Reserve for employees' retirement benefits	65		83		
4. Reserve for directors' retirement benefits	45		52		
5. Other	678		588		
Total fixed liabilities	12,048	18.5	25,715	31.1	13,667
Total liabilities	51,015	78.4	66,057	79.9	15,041
<b>Minority interests</b>					
Minority interests	5	0.0	-	-	(5)
<b>Shareholders' equity</b>					
<b>I Common stock</b>	2,116	3.3	-	-	(2,116)
<b>II Additional paid-in capital</b>	2,246	3.4	-	-	(2,246)
<b>III Retained earnings</b>	9,678	14.9	-	-	(9,678)
<b>IV Net unrealized gains/losses on other securities</b>	288	0.4	-	-	(288)
<b>V Treasury stock</b>	(247)	(0.4)	-	-	247
Total shareholders' equity	14,082	21.6	-	-	(14,082)
Total liabilities, minority interests and shareholders' equity	65,104	100.0	-	-	(65,014)

<b>Net assets</b>							
I Shareholders' capital							
1. Common stock	-	-		2,270	2.8	2,270	
2. Additional paid-in capital	-	-		2,400	2.9	2,400	
3. Retained earnings	-	-		12,426	15.0	12,426	
4. Treasury stock	-	-		(675)	(0.8)	(675)	
Total shareholders' capital	-	-		16,421	19.9	16,421	
II Valuation and translation adjustments							
1. Net unrealized gains/losses on other securities	-	-		156	0.2	156	
Total valuation and translation adjustments	-	-		156	0.2	156	
III Minority interests	-	-		-	-	-	
Total net assets	-	-		16,577	20.1	16,577	
Total liabilities and net assets	-	-		82,635	100.0	82,635	

## (2) Consolidated Profit and Loss Statement

(In million yen)

	Year ended March 31, 2006		Year ended March 31, 2007		Increase/ decrease
	Amount	%	Amount	%	Amount
I Net sales	57,157	100.0	58,007	100.0	850
II Cost of sales	43,313	75.8	43,706	75.3	393
Gross profit	13,843	24.2	14,300	24.7	456
III Selling, general and administrative expenses	7,955	13.9	8,126	14.1	170
Operating income	5,888	10.3	6,174	10.6	286
IV Non-operating income					
1. Interest income	12		14		
2. Dividend income	21		6		
3. Commissions received	89		96		
4. Commissions received from affiliates	8		-		
5. Dividend on investment fund	100		111		
6. Miscellaneous income	12	244	73	301	56
V Non-operating expense					
1. Interest expense	756		804		
2. Miscellaneous losses	23	780	45	849	69
Ordinary income		5,352		5,626	273
VI Extraordinary gains					
1. Gain on sale of investment securities	0	0	5	5	4
VII Extraordinary losses					
1. Loss on disposal of fixed assets	64		79		
2. Valuation loss on real estate held for sale	74		-		
3. Impairment losses	769		63		
4. Office relocation expense	-		43		
5. Other	-	908	3	189	(718)
Income before income taxes		4,444		5,442	997
Income tax, inhabitants tax and enterprise tax	2,272		2,403		
Income tax adjustments	(429)	1,842	(108)	2,295	452
Minority interests in loss of consolidated subsidiaries		18		11	(7)
Net income		2,620		3,157	537

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

(In million yen)

	Year ended March 31, 2006	
	Amount	
<b>Additional paid-in capital</b>		
I Balance, beginning of period		1,443
II Increase in additional paid-in capital		
Issuance of new shares on exercise of stock option	717	
Gains/losses on disposal of treasury stock	85	803
III Balance, end of period		2,246
<b>Retained earnings</b>		
I Balance, beginning of period		7,406
II Increase in retained earnings		
Net income	2,620	2,620
III Decrease in retained earnings		
1. Dividend	294	
2. Bonuses paid to directors	53	347
IV Balance, end of period		9,678



## Consolidated Statement of Changes in Shareholders' Capital

Year ended March 31, 2007 (April 1, 2006 – March 31, 2007)

(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	153	153			307
Distribution of retained earnings *①			(353)		(353)
Directors' bonuses*②			(55)		(55)
Net income			3,157		3,157
Purchase of treasury stock				(428)	(428)
Net change in items other than shareholders' capital during the period					
Total changes during the period	153	153	2,748	(428)	2,626
Balance as of March 31, 2007	2,270	2,400	12,426	(675)	16,421

	Valuation and translation adjustments		Minority interests	Total net assets
	Net unrealized 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				307
Distribution of retained earnings*①				(353)
Directors' bonuses*②				(55)
Net income				3,157
Purchase of treasury stock				(428)
Net change in items other than shareholders' capital during the period	(131)	(131)	(5)	(137)
Total changes during the period	(131)	(131)	(5)	2,489
Balance as of March 31, 2007	156	156	-	16,577

Note ① Out of (353) million yen, (167) million yen is subject to the resolution on the appropriation of retained earnings adopted by the Annual General Meeting of Shareholders held in June 2006.

Note ② Subject to the resolution on the appropriation of retained earnings adopted by the Annual General Meeting of Shareholders held in June 2006

#### (4) Statements of Cash Flows

(In million yen)

	Year ended March 31, 2006	Year ended March 31, 2007	Increase/ decrease
	Amount	Amount	Amount
I Cash flows from operating activities:			
Net income before income taxes	4,444	5,442	
Depreciation and amortization	184	255	
Impairment losses	769	63	
Valuation loss on real estate held for sale	74	-	
Amortization of consolidation adjustment	0	-	
Amortization of goodwill	-	1	
Increase in reserves and allowances	95	152	
Interest and dividend income	(33)	(20)	
Dividend on investment fund	(100)	(111)	
Gain on sale of investment securities	(0)	(5)	
Interest expense	756	804	
Loss on disposal of tangible fixed assets	64	62	
Office relocation expense	-	43	
(Increase)/decrease in accounts receivable, trade	1,267	(50)	
Increase in loans/advances, trade	(83)	(188)	
Increase in inventories	(6,370)	(15,930)	
Increase/(decrease) in accounts payable, trade	2,048	(3,547)	
Payment of directors' bonuses	(53)	(55)	
Other	2,647	(832)	
Sub total	5,710	(13,914)	(19,625)
Interest and dividend received	26	16	
Interest paid	(777)	(1,283)	
Income taxes paid	(1,445)	(2,666)	
Net cash used in/provided by operating activities	3,513	(17,848)	(21,362)
II Cash flows from investing activities:			
Placements in time deposits	(58)	(64)	
Withdrawals from time deposits	89	48	
Net (increase)/decrease in short-term loans	11	(790)	
Long-term loans made	(380)	-	
Collection of long-term loans	1	80	
Purchase of bonds	(39)	(35)	
Redemption of bonds	39	39	
Purchase of investment securities	(299)	(18)	
Sale of investment securities	2	9	
Payment of purchase of tangible fixed assets	(2,991)	(5,685)	
Payment of purchase of intangible assets	(261)	(18)	
Other	(3)	4	
Net cash used in investing activities	(3,890)	(6,431)	(2,540)
III Cash flows from financing activities:			
Net Increase/(decrease) in short-term borrowings	4,624	9,076	
Redemption of corporate bonds	(100)	(100)	
Proceeds from long-term debt	18,468	27,871	
Repayment of long-term debt	(18,763)	(18,680)	
Payment for purchase of treasury stock	(513)	(428)	
Dividend payment	(294)	(354)	
Proceeds from share issuance	2	-	
Net cash provided by financing activities	3,422	17,383	13,960
IV Increase in cash and cash equivalents	3,045	(6,896)	(9,942)
V Cash and cash equivalents at the beginning of the period	13,529	16,664	3,135
VI Increase in cash and cash equivalents resulting from the change in scope of consolidation	89	-	(89)
VII Cash and cash equivalents at the end of the period	16,664	9,768	(6,896)