

Non-consolidated Financial Statements

May 31, 2006

(For the year ended March 31, 2006)

Name of Company Listed: **Leopalace21 Corporation**

Code number: 8848

(URL: <http://leopalace21.com>)

Representative:

Position: President and CEO

Name of Contact Person:

Position: General Manager

Stock Listings: Tokyo Stock Exchange

Location of Head Office: Tokyo

Name: Yusuke Miyama

Name: Masumi Iwakabe

Telephone: +81-3-5350-0216

Date of the Meeting of the Board of Directors for Approval of Settlement of Accounts: May 31, 2006

Existence of Interim Dividend System: Yes

Scheduled Starting Date for Dividend Payments: June 30, 2006

Date of the Shareholders' Regular Meeting: June 29, 2006

Adoption of Trading Lot System: Yes (1 trading unit is 100 shares)

1. Results of FY 2006 (April 1, 2005 through March 31, 2006)

(1) Non-consolidated financial results

(Amounts less than one million yen are omitted)

	Net sales		Operating profit		Recurring profit	
	Million yen	%	Million yen	%	Million yen	%
FY ended March 2006	457,135	(2.6)	39,534	(28.0)	38,752	(25.2)
FY ended March 2005	469,181	12.6	54,879	6.0	51,817	10.0

	Net income (loss)		Net income (loss) per share	Diluted net income (loss) per share	Return on equity	Recurring profit/Total capital	Recurring profit/Net sales
	Million yen	%	Yen	Yen	%	%	%
FY ended March 2006	(33,346)	-	(209.23)	-	(22.1)	8.8	8.5
FY ended March 2005	28,750	3.3	190.47	-	21.0	11.5	11.0

Notes: 1) Average number of shares outstanding (consolidated) in FY 2006: 159,380,414 shares, FY 2005: 150,942,955 shares.

2) Change in accounting method: No.

3) The percentage figures accompanying net sales, operating profit, recurring profit and net income (loss) represent year-on-year changes.

(2) Dividends

	Annual dividend per share			Total dividend (full year)	Dividend percentage	Dividend yield
	Yen	Interim	Year-end			
FY ended March 2006	15.00	0.00	15.00	2,390	(7.2)	1.8
FY ended March 2005	15.00	0.00	15.00	2,390	7.9	1.4

(3) Non-consolidated financial position

	Total assets	Shareholders' equity	Equity ratio	Equity per share
	Million yen	Million yen	%	Yen
FY ended March 2006	409,721	133,106	32.5	835.15
FY ended March 2005	469,467	168,457	35.9	1,056.95

Notes: 1) Number of shares outstanding in FY 2006: 159,380,065 shares, FY 2005: 159,380,755 shares.

2) Number of shares of treasury stock in FY 2006: 163,850 shares, FY 2005: 163,160 shares.

2. Estimation of business results for the year ending March 31, 2007

	Net sales	Recurring profit	Net income	Annual dividend per share		
				Interim	Year-end	Yen
FY ending March 2007 interim	291,800	29,500	16,000	15.00	-	-
FY ending March 2007	616,000	73,000	40,000	-	15.00	30.00

Reference: Estimated net income per share (full year): 250.97 yen.

Note: The above forecasts are based on information available to management on the day of the announcement. These statements involve a variety of uncertainties including assumptions about future economic conditions and as a result actual performance may differ materially from these forecasts.