

Consolidated Earnings Report for the Fiscal Year Ended March 2004 (FY2004)

May 14, 2004

Company name:	Takara Leben Co., Ltd.
Shares listed on:	The First Section of Tokyo Stock Exchange
Security code number:	8897
URL:	http://www.leben.co.jp
Representative:	Yoshio Murayama, President and Representative Director
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Date of board of directors meeting:	May 14, 2004
U.S. GAAP:	Not adopted

1. Consolidated Operating Results for the Year Ended March 2004

(from April 1, 2003 to March 31, 2004)

(1) Consolidated Operating Results

(Amounts rounded off to million yen)

	Net sales		Operating income		Ordinary income	
	million yen	%	million yen	%	million yen	%
Year ended March 2004	42,556	16.1	3,924	4.8	3,086	3.8
Year ended March 2003	36,668	-	3,745	-	2,974	-

	Net income		Net income per share	Net income per share, fully diluted	Return on equity	Ordinary income/ Total assets	Ordinary income/ Net sales
	million yen	%	yen	yen	%	%	%
FY2004	1,571	13.5	109.81	-	20.9	6.5	7.3
FY2003	1,383	-	192.42	-	25.0	7.5	8.1

Notes:

1. Investment gain or loss on the equity method:

Year ended March 2004 (FY2004):	-	million yen
Year ended March 2003 (FY2003):	-	million yen
2. Average number of shares outstanding during the period (consolidated base):

Year ended March 2004 (FY2004):	13,824,641	shares
Year ended March 2003 (FY2003):	6,885,699	shares
3. Changes in accounting method: None
4. The percentage figures shown in net sales, operating income, ordinary income, and net income represent year-on-year changes.
5. A 2-for-1 stock split was effected on April 1, 2003. For pro forma "Net income per share" information reflecting the effect of the stock split, please refer to "Reference information: Pro forma per share data" in the next page.

(2) Consolidated Financial Position

(Amounts rounded off to million yen)

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	million yen	million yen	%	yen
Year ended March 2004	51,077	8,918	17.5	571.97
Year ended March 2003	44,329	6,106	13.8	881.12

Note: (1) Number of issued shares outstanding at the end of the period (consolidated base):

Year ended March 2004 (FY2004): 15,500,000 shares

Year ended March 2003 (FY2003): 6,863,900 shares

(2) A 2-for-1 stock split was effected on April 1, 2003. For pro forma per share dividend information reflecting the effect of the stock split, please refer to "Reference information: Pro forma per share data" below.

(3) Consolidated Cash Flow Position

(Amounts rounded off to million yen)

	Cash flows from operating activities	Cash flows from investment activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
	million yen	million yen	million yen	million yen
FY2004	(2,231)	214	1,345	12,157
FY2003	(1,409)	(159)	3,907	12,829

(4) Scope of consolidation and application of the equity method:

Number of consolidated subsidiaries: 2

Number of non-consolidated subsidiaries to which the equity method is applicable: None

Number of affiliated companies to which the equity method is applicable: None

(5) Changes in the scope of consolidation or application of the equity method:

Consolidated subsidiaries:

Newly included: None

Newly excluded: None

Affiliated companies to which the equity method is applicable:

Newly included: None

Newly excluded: None

2. Forecast of Consolidated Earnings for the Year Ending March 2005

(from April 1, 2004 to March 31, 2005)

	Sales	Ordinary income	Net income
	million yen	million yen	million yen
Interim	28,810	1,455	730
Full year	50,960	3,260	1,660

Note: Projected net income per share for full year: ¥103.94

* The above projection is based on information available to us as of the date of this document. Actual results may vary materially from those described in this document.

[Reference information: pro forma per share data]

The following table includes pro forma per share data prepared by applying the number of outstanding shares of the Company after the stock split effected on April 1, 2004 to the sales and shareholders' equity figures for the interim and full year periods of the previous fiscal year.

	Year ended March 2004		Year ended March 2003	
	Interim	Full year	Interim	Full year
	yen	yen	yen	yen
Net income per share	9.13	109.81	15.01	96.21
Shareholders' equity per share	438.59	571.97	358.22	440.56

Note: A stock split was effected during the year ended March 2004. Effective date of the 2-for-1 stock split was April 1, 2003.

FOR IMMEDIATE RELEASE

Takara Leben Co., Ltd. Reports Earnings for the Fiscal Year Ended March 31, 2004 (FY2004)

Tokyo, Japan May 14, 2004—Takara Leben Co., Ltd. (TSE Security Code 8897) announced consolidated revenues for the fiscal year ended March 31, 2004 of 42.556 billion yen and net income of 1.571 billion yen, or 109.81 yen per share.

Summary of Operating Results

Total consolidated revenues for the Takara Leben Group increased by 16.1% year-on-year to 42.556 billion yen. Operating income grew 4.8% to 3.924 billion yen, and ordinary income expanded by 3.8% to 3.086 billion yen, producing net income for the period of 1.571 billion yen, which represented a 13.5% increase over the previous year. By segment, revenues from real estate sales were up 16.2% year-on-year to 41.161 billion yen, while rental income increased 25.4% to 295 million yen and management services revenue grew 24.5% to 661 million yen. Other revenues declined 6.5% to 437 million yen.

As the global economic recovery progressed, it has become increasingly dependent on one economic engine for growth. This engine, the US economy, is seeing a strong corporate profit recovery supported by growth in personal consumption. On the other hand, the deteriorating situation in Iraq and other external factors have led to increased inflationary concerns and the risk of rising interest rates, making it difficult for the US to simultaneously achieve stated foreign policy and domestic economic goals. Japan's economy on the other hand is being stimulated by a digital consumer electronics boom and strong China demand, which is supporting a growing recovery in mainly the corporate sector. However, the pace of the recovery is mild, owing to spotty capital expenditures, weak employment and slowing export growth. While personal consumption is beginning to recover, there is concern about the negative impact of increased welfare insurance payments and the discontinuance of tax breaks.

Real estate sector fundamentals did not change significantly during the year, and remained stable aided by relaxed restrictions on large scale high rise buildings. However, it was a year in which supply was deliberately curtailed due to excess supply concerns. On the other hand, there were unusual changes such as rising unit prices in the face of shrinking average unit space, and expanding real estate securitization. In addition, changing tastes due to life style changes and the emergence of demand from baby boomer offspring are leading to a structural shift away from a preference for "my home". The Company believes it must respond to such changes in demand, and to the low birth rate/rising age demographics of Japan's population.

Given this environment, the Company actively worked to expand sales of its Leben Heim

condominium brand, a self-developed product concept designed for younger first-time buyers and priced so that virtually anyone can afford to purchase. For the year ended March 2004 the Company achieved record high sales levels, both in terms of units and value sold. While the bulk of sales were of family type blocks of under 50 units, there was a significant contribution from two large condominium complexes that accounted for one-third of total sales. In addition, the Company achieved its stated goal of reaching 1,500 units on a contracted basis.

After spending one year since being listed on the Tokyo Stock Exchange's Second Section in April 4, 2003, the Company took the next step up and was listed on the First Section of the Tokyo Stock Exchange in March 2004. At the same time, the Company procured more capital through a public offering and used the funds to strengthen its capital base and to expand its business.

Segment Information

Real Estate Sales Business

During the year ended March 31, 2004, the Company sold 20 blocks of developed condominiums (1,210 units) for a value of 38.299 billion yen, which mainly represented sales of its Leben Heim series condominiums in the Tokyo and surrounding regions. Including sales of zoned and other property of 2.861 billion yen, total real estate sales for the period increased 16.2% to 41.161 billion yen.

Rental Property Business

Rental revenues from 19 rented condominium blocks (396 units), offices and stores owned by the Company increased 25.4% for the year to 295 million yen.

Management Services Business

Revenue from management services performed by the Company's subsidiary, Leben Community, for 147 residential condominium blocks (7,157 units) increased 24.5% to 661 million yen.

Other Businesses

Revenues from orders for optional construction on newly sold condominiums, real estate brokerage commissions and other revenues declined by 6.5% to 437 million yen.

Financial Condition

Cash and cash equivalents as of March 31, 2004 declined by 672 million yen from the end of the previous fiscal year to 12.157 billion yen, mainly reflecting net cash used to build up inventories related to future deliveries of condominium units, which was partially offset by an increase in interest-bearing debt owing to increased borrowings to fund projects, and a public offering of shares.

Cash Flows from Operating Activities

Net cash used in operating activities amounted to 2.231 billion yen, reflecting a 5.342 billion yen increase in inventories related to future deliveries of condominium units, which was partially offset by pretax profits of 2.963 billion yen and an increase in interest-bearing debt of 2.254 billion yen.

Cash Flows from Investing Activities

Net cash provided by investing activities was 214 million yen. While expenditures on fixed assets increased due to the opening of new branches, this was offset by the early redemption of time deposits and the sale of marketable securities.

Cash Flows from Financing Activities

Net cash in the amount of 1.345 billion was provided by financing activities. The sources for the increase were new borrowings related to condominium development projects and a public offering of shares.

Outlook for the Coming Fiscal Year

For the year ending March 31, 2005, the Company is forecasting operating profits of 50.960 billion yen (up 19.7% YoY), ordinary profits of 3.260 billion yen (up 5.6% YoY) and net income for the period of 1.660 billion yen (up 5.6% YoY).

With regards to the expected dividend, assuming the Company's earnings forecast is met, the Company expects to pay a regular annual dividend of 15.0 yen per share, and a commemorative dividend of 2.5 yen per share to celebrate its listing on the First Section of the Tokyo Stock Exchange. Of this, the expected normal interim dividend to be paid at the end of the first half of the fiscal year to September 30, 2004 is 5.0 yen per share, to which a commemorative dividend of 2.5 yen per share will be added (assuming the above-mentioned conditions), for a total interim dividend of 7.5 yen per share.

The above forecast is based on certain underlying assumptions including but not limited to stable construction costs, no sharp rise in interest rates, continued low levels in other prices and generally stable industry fundamentals.

Update on the Three-Year Medium-Term Business Plan

The Company's goal for the year ended March 31, 2004 was to achieve contracted condominium sales

of 1,500 units. Our actual contracted results for the year were 1,518 units, including 1,476 of the Company's own units and 42 units sold on an agency basis. For the coming year, the Company is forecasting reported sales of 1,500 units and we are already making steady progress toward that goal. In addition, the Company will be implementing the following strategies to achieve its goals.

(a) Product Strategies

☞ Area Strategy: While there is no change in the Company's marketing focus on the major bed town areas surrounding metropolitan Tokyo, the major growth area for the Company has been central Tokyo's 23 wards. Since the market as a whole is tending to be skewed toward central Tokyo, we should be mindful of the need to secure geographical diversification at the same time.

☞ Product Share Strategy: The Company's business focus remains medium and small-sized condominium blocks of 30 to 100 units, while it also aims to achieve a 20%~30% share of large condominium complexes. Products for Dinks and Singles are mainly to complement this strategy.

☞ Planning Strategy: The Company is continually striving to provide extra differentiation on each project, and the aim is to become a multifaceted developer that is able to create its own demand. For example, it is already providing standardized welfare facility and fee-based health care services in conjunction with operators of homes for the elderly. Consequently future product development will encompass single unit and residential/commercial developments, in addition to the current main line of condominium development.

(b) Marketing Strategies

The Company needs to develop its business in the metropolitan as well as greater metropolitan region, and to adopt different perspectives in developing new demand. It is thus experimenting with new marketing approaches to complement its main technique of direct telephone appointment. These include efforts to uncover potential demand through various channels as discussed below, and are beginning to produce visible results.

Expanded Internet Presence.

The Company considers the Internet a major strategic marketing tool. It actively updates its home page content and promotes it through advertising. Over the past year, access to the Company's website has jumped six-fold, with the

number of requests for brochures rising two-fold. The number of related contracts concluded are up three-fold, and now accounts for 17% of total contracts. At the present time, average cost per acquisition of this medium is miles ahead of other marketing media.

Expanded Corporate Intranet

The Company has tied up with several corporate groups with large numbers of employees, who as a welfare measure promote home ownership among their employees. Full-fledged efforts began from April of last year and now we have tie-up arrangements with 26 corporate groups with approximately 90,000 employees, including employees from groups such as NEC, Toshiba and Sony. The Company expects more significant results as its name recognition continues to increase.

Market Research Center

While our conventional approach of telephone appointment focuses on customer information gathering, this new approach focuses on offering introductions to a specific condominium with a goal of gaining the consent of the potential customer to visit our model rooms. These efforts are presently focused on projects where it is difficult to attract prospective buyers. While the success ratio of these efforts is as yet around 2%, we consider this to be a solid method facilitating steady growth in sales.

(2) New Businesses

Real Estate Revitalization.

Little of the property put on the market as the result of corporate revitalization has been zoned and subdivided, which means that full-fledged recycling of this property will take some time. However, the Company has already procured converted products, and specific projects based on these procurements should begin contributing to next year's revenues and earnings.

Other New Projects.

- Anshin 24 System

We are planning to introduce this system as the Company's first effort in the nursing care segment, which the Company expects in the future will become a full-fledged business. As its first project, the Company has jointly developed the

system through a tied up with Smile Trade Co. Ltd. Smile Trade has a national network of relationships with medical institutions and the Company plans to provide 24-hour home visits, medical check-ups and regular consultations through these medical institutions as one way of improving the quality of life for condominium residents and providing them with peace of mind.

We will be gradually introducing these services to Company-owned condominiums. We expect that these services that combine nursing care and medical support will become an essential part of our service offerings in future.

- Cycle-In

These are unmanned bicycle parking lot management systems for small land plots being operated near fast-growing railway stations. While individually small, cost-performance is good and the Company believes this niche business has good potential.

(3) Group Strengths

While the Company's condominium management subsidiary, Leben Communications Co., Ltd. continues to expand the scope of services including after sales follow-up with existing customers, the Company's strategy is to introduce the previously mentioned Peace of Mind 24 System to condominium management unions and to have the whole Group promote this new business. In addition, the TAFUKO CO., LTD. continues working to enhance its financing and legal support services to existing customers.

The Company intends to use the entire resources of not only the Group but also business partners as well to provide integrated services that will ensure long-term relationships with its customers.

(4) Organization

The Company is continually reviewing the structure of its organization in response to changes in the operating environment. In order to ensure timely and appropriate responses to market needs, the Company's sales headquarters is in charge of section and branch resource allocation. The Company is also considering the introduction of a new Group system.

About the Takara Leben Group

The Takara Leben Group is a real estate broker and condominium developer whose main business is the

development, sale and rent of condominiums in the Tokyo, Saitama, Chiba and Kanagawa areas. The Group's primary aim is to provide housing for first-time buyers that virtually anyone can afford. The Company's key management philosophies are; a) stable growth, b) prepare for contingencies and maintain balanced development as well as management, c) contrarian business strategy, c) creative and contrarian thinking employees.

The scope of 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 its subsidiary, Leben Community Co. Ltd., and 4) commissions on loan introductions and bridge loans for customers waiting for bank financing approval, which are provided from the Company's another subsidiary, TAFUKO CO., LTD. For additional information about the Takara Leben Group, please visit the Company's website at; <http://www.leben.co.jp/>

Except for the historical information contained herein, matters discussed in this news release may contain forward-looking statements that involve risk and uncertainty, including but not limited to fluctuations in property prices, construction labor and building material prices, and interest rates, as well as the purchasing power of the Company's main customers.

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(in million yen)

	Year ended March 2004		Year ended March 2003		Increase (Decrease)
	(as of March 31, 2004)		(as of March 31, 2003)		
	Amount	%	Amount	%	
Assets					
I Current assets					
1. Cash and cash equivalents	12,741		13,633		
2. Accounts receivable-trade	1,002		262		
3. Marketable securities	128		129		
4. Inventories	26,561		21,218		
5. Deferred income taxes	146		117		
6. Other	4,558		2,366		
Allowance for doubtful accounts	(2)		(1)		
Total current assets		45,136		37,726	7,410
		88.4		85.1	
II Fixed Assets					
1. Tangible fixed assets					
(1) Buildings and structures	3,469		4,264		
Accumulated depreciation	1,614	1,854	1,650	2,613	
(2) Vehicles	13		13		
Accumulated depreciation	12	1	11	2	
(3) Fixtures and fittings	126		235		
Accumulated depreciation	94	31	194	40	
(4) Land		2,797		2,797	
(5) Construction in progress		7		-	
Total tangible fixed assets		4,691		5,453	(761)
		9.2		12.3	
2. Intangible fixed assets		244		249	(4)
		0.5		0.6	
3. Investments and other assets					
(1) Investment securities		235		114	
(2) Long-term loans		373		406	
(3) Deferred income taxes		5		68	
(4) Other		390		315	
Allowance for doubtful accounts		(0)		(5)	
Total investments and other assets		1,004		900	104
		1.9		2.0	
Total fixed assets		5,941		6,603	(661)
		11.6		14.9	
Total assets		51,077		44,329	6,748
		100.0		100.0	

(in million yen)

	Year ended March 2004		Year ended March 2003		Increase (Decrease)
	(as of March 31, 2004)		(as of March 31, 2003)		
	Amount	%	Amount	%	Amount
Liabilities					
I Current liabilities					
1. Notes and accounts payable-trade	10,700		8,446		
2. Short-term borrowings	1,249		2,243		
3. Commercial paper	-		500		
4. Long-term debt due within one year	11,360		10,104		
5. Income taxes payable	1,388		1,136		
6. Advances	2,678		1,531		
7. Reserve for bonuses	85		67		
8. Other	1,399		1,313		
Total current liabilities	28,863	56.5	25,342	57.2	3,521
II Fixed liabilities					
1. Corporate bonds	200		100		
2. Long-term loans	12,279		11,992		
3. Reserve for retirement benefits	39		29		
4. Other	776		759		
Total fixed liabilities	13,295	26.0	12,880	29.0	415
Total liabilities	42,159	82.5	38,222	86.2	3,936
Shareholders' equity					
I Common stock					
1. Common stock	1,399	2.8	727	1.7	672
II Additional paid-in capital					
1. Additional paid-in capital	1,443	2.8	726	1.6	717
III Retained earnings					
1. Retained earnings	5,970	11.7	4,698	10.6	1,272
IV Net unrealized gains (losses) on other securities					
1. Net unrealized gains (losses) on other securities	105	0.2	(0)	(0.0)	106
V Treasury stock					
1. Treasury stock	-	-	(43)	(0.1)	43
Total shareholders' equity	8,918	17.5	6,106	13.8	2,811
Total liabilities and shareholders' equity	51,077	100.0	44,329	100.0	6,748

(2) Consolidated Statements of Operations

(in million yen)

	FY2004 (from April 1, 2003 to March 31, 2004)		FY2003 (from April 1, 2002 to March 31, 2003)		Increase (Decrease)		
	Amount	%	Amount	%	Amount		
I Net sales		42,556	100.0		36,668	100.0	5,888
II Cost of sales		32,540	76.5		28,179	76.9	4,360
Gross profit		10,016	23.5		8,488	23.1	1,527
III Selling, general and administrative expenses		6,091	14.3		4,742	12.9	1,348
Operating income		3,924	9.2		3,745	10.2	179
IV Non-operating income							
1. Interest income	30			33			
2. Dividend income	2			1			
3. Commissions received	67			61			
4. Commissions received from affiliates	45			16			
5. Miscellaneous income	54	200	0.5	22	135	0.4	65
V Non-operating expense							
1. Interest paid	854			816			
2. Miscellaneous losses	184	1,039	2.4	89	906	2.5	133
Ordinary income		3,086	7.3		2,974	8.1	111
VI Extraordinary gains							
1. Reversal of allowance for doubtful accounts	0			2			
2. Gain on sale of investment securities	33	34	0.1	-	2	0.0	32
VII Extraordinary losses							
1. Loss on sale of fixed assets	-			26			
2. Loss on disposal of fixed assets	35			313			
3. Valuation loss on investment securities	26			22			
4. Valuation loss on golf club membership	10			24			
5. Other	84	157	0.4	8	395	1.1	(237)
Income before income taxes		2,963	7.0		2,582	7.0	381
Income tax, inhabitants tax and enterprise tax	1,430			1,210			
Income tax adjustments	(37)	1,392	3.3	(12)	1,198	3.2	194
Net income		1,571	3.7		1,383	3.8	187

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

(in million yen)

	FY2004 (from April 1, 2003 to March 31, 2004)		FY2003 (from April 1, 2002 to March 31, 2003)		Increase (Decrease)
	Amount		Amount		
Additional paid-in capital					
I Balance, beginning of period		726		726	-
II Increase in additional paid-in capital					
Issuance of new shares by capital increase	670		-		
Gains (losses) on disposal of treasury stock	46	717	-	-	
III Balance, end of period		1,443		726	717
Retained earnings					
I Balance, beginning of period		4,698		3,537	1,160
II Increase in retained earnings					
1. Net income		1,571		1,383	187
III Decrease in retained earnings					
1. Dividends	240		173		
2. Bonuses for directors	58	299	50	223	76
IV Balance, end of period		5,970		4,698	1,272

(4) Consolidated Statements of Cash Flows

(in million yen)

	FY2004	FY2003	Decrease (Increase)
	(from April 1, 2003 to March 31, 2004)	(from April 1, 2002 to March 31, 2003)	Amount
	Amount	Amount	Amount
I Cash flows from operating activities:			
Income before income taxes	2,963	2,582	
Depreciation and amortization	149	328	
Increase (decrease) in reserves	25	18	
Interest and dividend income	(33)	(35)	
Interest expense	854	816	
Gain on sale of investment securities	(33)	-	
Valuation loss on investment securities	26	22	
Valuation loss on golf club membership	10	24	
Loss on disposal of tangible fixed assets	35	313	
Loss on sales of tangible fixed assets	-	26	
Decrease (increase) in accounts receivable, trade	(744)	85	
Decrease (increase) in loans/advances, trade	(46)	(96)	
Decrease (increase) in inventories	(5,342)	(7,306)	
Increase (decrease) in accounts payable, trade	2,254	3,263	
Payment of directors' bonuses	(58)	(50)	
Other	(308)	557	
Sub total	(246)	549	(795)
Interest and dividend received	6	34	
Interest paid	(814)	(684)	
Income taxes paid	(1,177)	(1,309)	
Net cash provided by operating activities	(2,231)	(1,409)	(822)
II Cash flows from investing activities:			
Placements in time deposits	(2,602)	(2,867)	
Withdrawals from time deposits	2,823	3,115	
Net decrease (increase) in short-term loans	11	14	
Long-term loans made	(8)	(8)	
Collection of long-term loans	-	0	
Purchase of loans	(128)	(308)	
Redemption of loans	129	488	
Purchase of investment securities	(1)	(7)	
Sale of investment securities	44	0	
Purchase of tangible fixed assets	(51)	(688)	
Sale of tangible fixed assets	-	55	
Purchase of intangible assets	(0)	(3)	
Purchase of affiliates' shares	-	(21)	
Other	(0)	69	
Net cash used in investing activities	214	(159)	374
III Cash flows from financing activities			
Decrease (increase) in short-term loan	(993)	1,188	
Net decrease (increase) in commercial papers	(500)	500	
Proceeds from long-term borrowings	14,718	14,012	
Repayment of long-term borrowings	(13,175)	(11,676)	
Proceeds from issuance of corporate bonds	1,100	100	
Repayment of corporate bonds	(1,000)	-	

Purchase of treasury stock	-	(43)	
Sale of treasury stock	90		
Dividend payment	(238)	(173)	
Proceeds of issuance of common stock	1,342	-	
Net cash provided by investing activities	1,345	3,907	(2,562)
IV Increase (decrease) in cash and cash equivalents	(672)	2,337	(3,010)
V Cash and cash equivalents at the beginning of the period	12,829	10,491	2,337
VI Cash and cash equivalents at the end of the period	12,157	12,829	(672)