

## Consolidated First Quarter Earnings Report for the Year Ending March 2005

August 6, 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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### 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: Yes  
     Consolidated subsidiaries: Newly included 1

### 2. Consolidated Operating Results and Financial Position for the First Quarter Ended June 2004 (First quarter FY2005)

(from April 1, 2004 to June 30, 2004)

#### (1) Operating Results

(Amounts rounded off to million yen)

	Net sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
First quarter FY2005	6,092	(180.6)	(37)	-	(209)	-	(145)	-
First quarter FY2004	2,171	-	-	-	-	-	-	-
(ref.) FY 2004	42,556		3,924		3,086		1,571	

	Net income per share	Diluted net income per share
	yen	yen
First quarter FY2005	(9.40)	-
First quarter FY2004	-	-
(ref.) FY2004	109.81	-

Notes: (1) Since this is the first year for the Company to announce its quarterly results except for net sales, year-on-year comparisons are not shown in this report. The percentage figure shown in net sales represents year-on-year changes.

(2) Average number of shares outstanding during the period (consolidated base):

First quarter ended June 2004 (First quarter FY2005): 15,500,000 shares

Year ended March 2004 (FY2004): 13,824,641 shares

(3) Diluted net income per share data are not applicable as there are no residual shares outstanding.

(2) Financial Position

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	million yen	million yen	%	yen
First quarter FY2005	56,474	8,634	15.3	557.06
First quarter FY2004	-	-	-	-
(ref.) FY 2004	51,077	8,918	17.5	571.97

Notes: (1) Since this is the first year for the Company to include "Financial Position" information in this report, year-on-year comparisons are not available.

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

First quarter ended June 2004 (First quarter FY2005): 15,500,000 shares

Year ended March 31, 2004 (FY2004): 15,500,000 shares

(Consolidated Cash Flow Position)

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of year
	million yen	million yen	million yen	million yen
First quarter FY2005	(2,487)	(252)	3,508	12,925
First quarter FY2004	-	-	-	-
(ref.) FY 2004	(2,231)	214	1,345	12,157

Note: Since this is the first year for the company to include "Consolidated Cash Flows Position" information in this report, year-on-year comparisons are not available.

FOR IMMEDIATE RELEASE

## **Takara Leben Co., Ltd. Reports Earnings for the First Quarter Ended June 30, 2004**

Tokyo, Japan August 6, 2004—Takara Leben Co., Ltd. (TSE Security Code 8897) announced consolidated revenues for the quarter ended June, 2004 of 6.092 billion yen and a net income deficit of 145 million yen, or minus 9.40 yen per share.

### **Summary of Operating Results**

Total consolidated revenues for the Takara Leben Group increased by 180.6% year-on-year for the quarter to 6.092 billion yen. Operating income was minus 37 million, and ordinary income was minus 209 million yen, producing a net income deficit for the period of 145 million.

A special characteristic of the condominium industry and the Company's condominium business is that deliveries of completed units tend to be concentrated in the second and fourth quarters of each fiscal year, producing higher revenues in these quarters than in the other quarters. As a result, profitability on first quarter revenues is seasonally low and earnings tend to fall into deficit during the period.

By segment, revenues from real estate sales were 5.752 billion yen, reflecting the sale of 182 condominium units and the delivery of four single unit houses. Real estate rental income was 107 million yen in rents received from 19 rental condominium blocks (396 units), as well as rents received from the rental of office and store space. Management services revenues were 197 million yen on maintenance services provided for 152 residential condominium blocks (7,422 units), while other revenues including commissions were 34 million yen.

### **Financial Condition**

Total assets for the first quarter ended June 30, 2004 increased by 5.396 billion yen from the March 31, 2004 end of the previous fiscal year. This reflected an increase in inventories on hand due to the active purchase of property for development needed for further expansion of the business. Consequently, current assets recorded a significant increase of 5.067 billion yen compared to the end of the previous fiscal year. Fixed assets at the end of the quarter were 329 million yen higher, reflecting the purchase of rental offices.

Current liabilities rose 5.312 billion yen, mainly because of an increase in notes payable to general construction contractors, purchases of property for development, borrowings to pay taxes due, and increases in customer deposits and advances.

Fixed liabilities increased by 368 million yen, mainly reflecting an increase in long-term borrowings related to the increase in inventories

## Cash Flows

Cash and cash equivalents for first quarter ended June 30, 2004 increased by 768 million yen from the end of the previous fiscal year to 12.925 billion yen, as net cash used in operating activities was more than offset by net cash provided by financing activities.

### Cash Flows from Operating Activities

During the first quarter ended June 30, 2004, the Group used 2.487 billion in operating activities mainly because of higher inventories of property for development and tax payments.

### Cash Flows from Investing Activities

Net cash used in investment activities during the quarter was 252 million. This is mainly attributable to purchases of offices for rent.

### Cash Flows from Financing Activities

Net cash provided by financing activities amounted to 3.508 billion yen during the quarter. This is mainly due to the increased borrowings to fund purchases of property for major condominium development projects, and payment of taxes.

## Outlook for the Full Fiscal Year

The Group's forecast for the interim period to September 30, 2004 and full year to March 31, 2005 are as follows:

( in million yen )

	Net Sales	Ordinary Profit	Net Income
Interim to September 30, 2004	28,810	1,455	730
(Year-on-Year % Change)	123.4%	519.1%	484.0%
Full Year to March 31, 2005	50,960	3,260	1,660
(Year-on-Year % Change)	19.7%	5.6%	5.7%

Notes: 1) 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.

2) One new consolidated subsidiary was added during the period.

## Status of Contracted Units and Expected Unit Deliveries

	Expected Unit Deliveries (Units)	Of which, Units Already Contracted (Units)	Contract Ratio (%)
Interim to September 30, 2004	872	828	95.0
Full Year to March 31, 2005	1,555	1,238	79.6
Next Fiscal Year	---	90	---

Note: For the first quarter of the previous year, expected unit deliveries, units already contracted and contract ratio were 1,279 units, 883 units and 69.0%, respectively.

### 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 regions aimed at a target market of younger first-time buyers. 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 consolidated 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 consolidated subsidiary TAFUKO CO., LTD. For additional information about the Takara Leben Group, please visit the Company's website at; <http://www.leben.co.jp>.

## Attachment

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

### 1. Condensed Consolidated Balance Sheet for the First Quarter of the Year Ending March 2005 (From April 1, 2004 to June 30, 2004)

(in million yen)

	First quarter FY2005
	Amount
<b>Assets</b>	
I Current assets	
1. Cash and cash equivalents	13,498
2. Inventories	30,757
3. Other	5,947
Total current assets	50,203
II Fixed Assets	
1. Tangible fixed assets	4,905
2. Intangible fixed assets	249
3. Investments and other assets	1,116
Total fixed assets	6,270
Total assets	56,474
<b>Liabilities</b>	
I Current liabilities	
1. Notes and accounts payable-trade	12,295
2. Short-term borrowings	3,451
3. Long-term debt due within one year	12,482
4. Advances	3,224
5. Other	2,721
Total current liabilities	34,175
II Fixed liabilities	
1. Corporate bonds	200
2. Long-term loans	12,594
3. Other	869
Total fixed liabilities	13,664
Total liabilities	47,839
<b>Shareholders' equity</b>	
I Common stock	1,399
II Additional paid-in capital	1,443
III Retained earnings	5,616
IV Net unrealized gains (losses) on other securities	175
Total shareholders' equity	8,634
Total liabilities and shareholders' equity	56,474

## 2. Condensed Consolidated Statement of Operations

(in million yen)

	First quarter FY2005
	Amount
I Net sales	6,092
II Cost of sales	4,762
Gross profit	1,330
III Selling, general and administrative expenses	1,367
Operating income (loss)	(37)
IV Non-operating income	36
V Non-operating expense	208
Ordinary income (loss)	(209)
VI Extraordinary gains	-
VII Extraordinary losses	0
Income (losses) before income taxes for first quarter FY2005	(210)
Income tax, inhabitants tax and enterprise tax	11
Income tax adjustments	(76)
Net income (loss) for first quarter FY2005	(145)

### 3. Condensed Consolidated Statement of Cash Flows

(in million yen)

	First quarter FY2005
	Amount
I Cash flows from operating activities:	
Income before income taxes	(210)
Depreciation and amortization	35
Interest expense	195
Decrease (increase) in accounts receivable, trade	662
Decrease (increase) in inventories	(4,195)
Increase (decrease) in accounts payable, trade	1,594
Other	989
Sub total	(927)
Interest and dividend received	2
Interest paid	(182)
Income taxes paid	(1,380)
Net cash provided by operating activities	(2,487)
II Cash flows from investing activities:	
Purchase of tangible fixed assets	(259)
Other	6
Net cash used in investing activities	(252)
III Cash flows from financing activities	
Decrease (increase) in short-term loan	2,202
Proceeds from long-term borrowings	3,998
Repayment of long-term borrowings	(2,560)
Dividend payment	(130)
Other	-
Net cash provided by investing activities	3,508
IV Increase (decrease) in cash and cash equivalents	768
V Cash and cash equivalents at the beginning of the period	12,157
VI Cash and cash equivalents at the end of the period	12,925