

FOR IMMEDIATE RELEASE

Takara Leben Co., Ltd. Reports Earnings for the First Half of Fiscal Year Ending March 31, 2005 (FY2005)

Tokyo, Japan November 15, 2004 – Takara Leben Co., Ltd. (TSE Ticker 8897) today announced its operating results for the six months that ended September 30, 2004.

Results of Operations

The first six months in fiscal 2005 posted substantial gains both in sales and profit, compared to the same period a year earlier. Consolidated sales grew 123.6% to ¥28.85 billion, primarily on account of a jump in real estate sales which increased 127.4% year-on-year. Real estate sales, which comprise most of the sales at the Takara Leben Group, consisted of ¥27.63 billion in sales of 16 blocks of developed condominiums (877 units) and ¥403 million in sales from zoned and other property.

The real estate industry in Japan has tended to amass sales during the second half of a fiscal year, due partly to seasonal factors in demand as well as a widespread practice in the industry of acquiring and developing property and implementing marketing activities in anticipation of sales in the third and fourth quarters. While the Takara Leben Group had not been an exception to this practice, the Group decided to depart from such a practice to minimize seasonal fluctuations in earnings by planning property acquisition and development as well as marketing activities to level out sales throughout the year. The substantial sales growth in the six months under review reflected the result of these endeavors for leveling out sales. The Group now projects a 19.7% increase in sales for the full year ending March 31, 2005.

Breakdowns of sales during the six months under review:

	Sales (¥ million)	Y-o-Y Change (%)
Real Estate Sales Business	28,028	127.4
Rental Property Business	196	61.7
Management Services Business	403	28.4
Other Businesses	219	58.9

Selling and general and administrative expenses (SG&A) climbed some 60%, due mainly to an increase in advertising expenses, which rose to ¥1.25 billion from ¥515 million a year earlier. However, the ratio of SG&A to total sales fell from 19% to 13.6%, thanks to substantial sales growth. As a result, operating income jumped 150.7% to ¥1.86 billion while net income surged 512% to ¥767 million. Compared to the original projections for the six-month period, sales were higher by 0.1%, operating income by 0.3%,

and net income by 5.1%. Earnings per share, based on 15,500,000 shares outstanding, were 49.52 yen for the period vs. 9.13 yen a year ago.

Financial Position

The Takara Leben Group places emphasis on optimal inventory management, and it uses two main indices to gauge improvements: the ratio of the unsold condominium units completed in move-in conditions to the total number of units completed and available for sales; and the ratio of contracted condominium units, which have not been completed, to total units planned for sale. Unsold units at the end of this six-month period were 141, up from 125 a year earlier, but their ratio to total units showed improvement, dropping to 7.4% from 9.4%. Compared to the original projections putting unsold units at 169, the 141 unsold represented an improvement of 28 units. Furthermore, unsold units at the end of fiscal 2005 are projected to be lower than 100 units. On the other hand, contracted units, still under construction at the end of this six-month period, were 775, a decrease of 182 from 957 a year ago. Although the number decreased, the ratio of the contracted units at the end of this period to total units planned for sale during the second half of fiscal 2005 was 81%, showing a trend in improvement from last year's ratio of 80.3%.

At the end of this six-month period, total assets increased by ¥10 billion from the same period last year, and by ¥1 billion compared to the end of fiscal 2004. Reflecting an increase in profit, shareholder's equity climbed to ¥9.49 billion, compared to ¥6.02 billion a year earlier and ¥8.92 billion at the end of fiscal 2004. Shareholders' equity ratio also rose to 18.2% from 14.3% a year earlier.

Cash and cash equivalents stood at ¥15.2 billion at the end of this six-month period, an increase of ¥9.05 billion from a year prior. Despite increased repayment of long-term loans, the issuance of convertible bonds, as well as decreased inventory through more contracted condominium sales, contributed to the increase in cash and cash equivalents.

Full Year Projections

Projections for contracted condominium sales to planned sales for the second half of fiscal 2005 ending March 31, 2005:

Year-to-date	Planned sales units	Contracted units (inclusive)	Ratio: contracted/planned
3 rd quarter	1,081 units	1,057 units	97.8%
4 th quarter	1,555 units	1,426 units	91.7%

In view of the year-earlier ratio of 81%, projections for fiscal 2005 represent considerably strong business.

Sales for fiscal 2005 are forecast to reach ¥50.96 billion, a 19.7% increase from fiscal 2004. Net income is projected to climb 5.6% to ¥1.66 billion.

Condominium sales are expected to enter a period of stable growth during the fiscal year ending March 31, 2006. In fiscal 2006, the Takara Leben Group projects the sales of 1,575 completed and contracted condominium units, for all of which the Group has already acquired land. 45% of total annual sales for fiscal 2006 are expected to be booked in the first half and the balance in the second half. Studying the balance of estimated supply and contracts, the Group aims to raise the ratio of contracted condominium sales to total planned sales for fiscal 2006 as of March 2005 to 65%.

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>.

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(in million yen)

	Six months ended September 30, 2004 (as of September 30, 2004)		Six months ended September 30, 2003 (as of September 30, 2003)		Increase (Decrease) Amount	Year ended march 31, 2004 (as of March 31, 2004)	
	Amount	%	Amount	%		Amount	%
Assets							
I Current assets							
1. Cash and cash equivalents	15,355		6,921			12,741	
2. Notes and accounts receivable-trade	2,737		404			1,002	
3. Marketable securities	39		129			128	
4. Inventories	24,104		24,558			26,561	
5. Deferred income taxes	91		39			146	
6. Other	4,123		4,179			4,558	
Allowance for doubtful accounts	-3		-3			-2	
Total current assets	46,447	89.0	36,229	85.9	10,217	45,136	88.4
II Fixed Assets							
1. Tangible fixed assets							
(1)Buildings and structures	1,875		1,910			1,854	
(2)Land	2,770		2,797			2,797	
(3)Construction in progress	-		-			7	
(4)Other	37		41			32	
Total tangible fixed assets	4,683	9.0	4,748	11.3	-65	4,691	9.2
2. Intangible fixed assets	248	0.5	247	0.6	1	244	0.5
3. Investments and other assets	823	1.5	923	2.2	-99	1,004	1.9
Total fixed assets	5,755	11.0	5,919	14.1	-164	5,941	11.6
Total assets	52,202	100.0	42,148	100.0	10,053	51,077	100.0

(in million yen)

	Six months ended September 30, 2004 (as of September 30, 2004)		Six months ended September 30, 2003 (as of September 30, 2003)		Increase (Decrease) Amount	Year ended March 31, 2004 (as of March 31, 2004)	
	Amount	%	Amount	%		Amount	%
	Liabilities						
I Current liabilities							
1. Notes and accounts payable-trade	11,563		3,525			10,700	
2. Short-term borrowings	1,812		2,332			1,249	
3. Commercial paper	-		700			-	
4. Long-term debt due within one year	9,662		13,226			11,360	
5. Corporate bonds due within one year	-		1,000			-	
6. Income taxes payable	620		38			1,388	
7. Advances	1,986		2,476			2,678	
8. Reserve for bonuses	96		84			85	
9. Other	1,771		1,432			1,399	
Total current liabilities	27,513	52.7	24,817	58.9	2,695	28,863	56.5
II Fixed liabilities							
1. Corporate bonds	200		200			200	
2. Convertible bonds	3,000		-			-	
3. Long-term loans	11,125		10,281			12,279	
4. Reserve for retirement benefits	48		35			39	
5. Accrued retirement benefits for directors	38		-			-	
6. Other	787		792			776	
Total fixed liabilities	15,200	29.1	11,310	26.8	3,889	13,295	26.0
Total liabilities	42,713	81.8	36,127	85.7	6,585	42,159	82.5
Shareholders' equity							
I Common stock	1,399	2.7	727	1.7	672	1,399	2.8
II Additional paid-in capital	1,443	2.8	726	1.7	717	1,443	2.8
III Retained earnings	6,529	12.5	4,593	10.9	1,936	5,970	11.7
IV Net unrealized gains/losses on other securities	116	0.2	18	0.1	97	105	0.2
V Treasury stock	-		-43	-0.1	43	-	-
Total shareholders' equity	9,488	18.2	6,020	14.3	3,467	8,918	17.5
Total liabilities and shareholders' equity	52,202	100.0	42,148	100.0	10,053	51,077	100.0

(2) Consolidated Statements of Operations

(in million yen)

	Six months ended September 30, 2004 (April 1, 2004 to September 30, 2004)		Six months ended September 30, 2003 (April 1, 2003 to September 30, 2003)		Increase (Decrease) Amount	Year ended March 31, 2004 (April 1, 2003 to March 31, 2004)			
	Amount	%	Amount	%		Amount	%		
I Net sales	28,848	100.0	12,899	100.0	15,949		42,556	100.0	
II Cost of sales	23,053	79.9	9,696	75.2	13,356		32,540	76.5	
Gross profit	5,795	20.1	3,203	24.8	2,592		10,016	23.5	
III Selling, general and administrative expenses	3,930	13.6	2,459	19.0	1,471		6,091	14.3	
Operating income	1,864	6.5	743	5.8	1,121		3,924	9.2	
IV Non-operating income									
1. Interest income	16		15				30		
2. Dividend income	2		1				2		
3. Commissions received	36		15				67		
4. Commissions received from affiliates	7		8				45		
5. Amortization of consolidation goodwill	1		-				-		
6. Miscellaneous income	12	76	4	45	0.3	30	54	200	0.5
V Non-operating expense									
1. Interest paid	405		437				854		
2. Miscellaneous losses	66	471	115	553	4.3	-81	184	1,039	2.4
Ordinary income		1,468		235	1.8	1,233		3,086	7.3
VI Extraordinary gains									
1. Reversal of allowance for doubtful accounts	-		0				0		
2. Reversal of accrued retirement allowance	0		-				-		
3. Gain on sale of fixed assets	0		-				-		
4. Gain on sale of investment securities	20	21	33	34	0.3	-12	33	34	0.1
VII Extraordinary losses									
1. Loss on sale of fixed assets	3		-				-		
2. Loss on disposal of fixed assets	6		18				35		
3. Valuation loss on investment securities	-		-				26		
4. Valuation loss on golf club membership	-		-				10		
5. Retirements benefits for directors	46		-				-		
6. Provision for prior year directors' retirement benefit	34		-				-		
7. Other	-	90	24	42	0.3	48	84	157	0.4
Income before income taxes		1,399		227	1.8	1,172		2,963	7.0
Income tax, inhabitants tax and enterprise tax	596		35				1,430		
Income tax adjustments	35	632	66	101	0.8	530	-37	1,392	3.3
Net income		767		125	1.0	642		1,571	3.7

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

(in million yen)

	Six months ended September 30, 2004 (April 1, 2004 to September 30, 2004)		Six months ended September 30, 2003 (April 1, 2003 to September 30, 2003)		Increase (Decrease) Amount	Year ended March 31, 2004 (April 1, 2003 to March 31, 2004)	
	Amount		Amount			Amount	
Additional paid-in capital							
I Balance, beginning of period		1,443		726	717		726
II Increase in additional paid-in capital							
1. Issuance of new shares by capital increase	-		-			670	
2. Gains/losses on disposal of treasury stock	-	-	-	-	-	46	717
III Balance, end of period		1,443		726	717		1,443
Retained earnings							
I Balance, beginning of period		5,970		4,698	1,272		4,698
II Increase in retained earnings							
1. Net income		767		125	642		1,571
III Decrease in retained earnings							
1. Dividends	155		171			240	
2. Bonuses for directors	53	208	58	230	-22	58	299
IV Balance, end of period		6,529		4,593	1,936		5,970

(4) Consolidated Statements of Cash Flows

(in million yen)

	Six months ended September 30, 2004 (April 1, 2004 to September 30, 2004)	Six months ended September 30, 2003 (April 1, 2003 to September 30, 2003)	Increase (Decrease)	Year ended March 31, 2004 (April 1, 2003 to March 31, 2004)
	Amount	Amount	Amount	Amount
I Cash flows from operating activities:				
Income before income taxes	1,399	227		2,963
Depreciation and amortization	73	73		149
Amortization of consolidation goodwill	-1	-		-
Increase/decrease in reserves	59	21		25
Interest and dividend income	-18	-17		-33
Interest expense	405	437		854
Retirement benefits for directors	46	-		-
Gain on sale of investment securities	-20	-33		-33
Valuation loss on investment securities	-	-		26
Gain on sale of tangible assets	-0	-		-
Valuation loss on golf club membership	-	-		10
Loss on disposal of tangible fixed assets	6	18		35
Loss on sale of tangible fixed assets	3	-		-
Decrease/increase in accounts receivable, trade	-1,734	-142		-744
Decrease/increase in loans/advances, trade	-8	-6		-46
Decrease/increase in inventories	2,457	-3,339		-5,342
Increase/decrease in accounts payable, trade	862	-4,920		2,254
Payment of directors' bonuses	-53	-58		-58
Retirement benefits for directors	-46	-		-
Other	134	-83		-308
Sub total	3,564	-7,824	11,389	-246
Interest and dividend received	45	3		6
Interest paid	-403	-412		-814
Income taxes paid	-1,369	-1,132		-1,177
Net cash provided by operating activities	1,836	-9,365	11,202	-2,231
II Cash flows from investing activities:				
Placements in time deposits	-681	-1,443		-2,602
Withdrawals from time deposits	1,109	1,469		2,823
Purchase of loans	-39	-128		-128
Redemption of loans	128	128		129
Purchase of investment securities	-5	-		-1
Sale of investment securities	15	44		44
Purchase of tangible fixed assets	-108	-29		-51
Sale of tangible fixed assets	25	-		-
Purchase of intangible assets	-6	-0		-0
Net decrease/increase in short-term loans	-3	5		11
Long-term loans made	-	-		-8
Collection of long-term loans	301	-		-
Purchase of subsidiaries' shares resulting from change in scope of consolidation	-1	-		-
Other	-86	-		-0
Net cash used in investing activities	648	46	601	214
III Cash flows from financing activities				
Decrease/increase in short-term loan	562	89		-993
Net decrease/increase in commercial papers	-	200		-500
Proceeds from long-term borrowings	6,426	4,233		14,718
Repayment of long-term borrowings	-9,278	-2,821		-13,175
Proceeds from issuance of corporate bonds	3,000	1,100		1,100
Repayment of corporate bonds	-	-		-1,000
Sale of treasury stock	-	-		90
Dividend payment	-154	-168		-238
Public stock offering	-	-		1,342
Net cash provided by investing activities	556	2,633	-2,077	1,345

IV Increase/decrease in cash and cash equivalents	3,041	-6,685	9,727	-672
V Cash and cash equivalents at the beginning of the period	12,157	12,829	-672	12,829
VI Cash and cash equivalents at the end of the period	15,198	6,143	9,055	12,157