

**Third Quarter Earnings Report
For the Nine Months Ended December 31, 2004
(Consolidated)**

February 14, 2005

Company name: **Takara Leben Co., Ltd.**
 Shares listed on: The First Section of Tokyo Stock Exchange
 Security code: 8897
 URL: <http://www.leben.co.jp>
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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: The company changed its accounting policy with respect to the treatment of allowance for directors' retirement benefits. Please refer to "4.Change in accounting policies from the last accounting period" for details.
 (3) Change in the scope of consolidation and application of equity method: Yes
 Consolidated subsidiaries: Newly included 1
 Non-consolidated subsidiaries: Newly included 1

**2. Consolidated Financial Results for the Nine Months Ended December 31, 2004
(April 1, 2004 to December 31, 2004)**

(1) Operating Results

(Amounts rounded off to million yen)

	Net sales		Operating income		Ordinary income	
	million yen	%	million yen	%	million yen	%
Nine months ended December 31, 2004	35,882	136.6	2,041	110.8	1,473	129.5
Nine months ended December 31, 2003	26,275	-	1,841	-	1,138	-
Year ended March 31, 2004	42,556		3,924		3,086	

	Net income		Net income per share	Diluted net income per share
	million yen	%	yen	yen
Nine months ended December 31, 2004	772	-	50.02	46.80
Nine months ended December 31, 2003	-	-	-	-
Year ended March 31, 2004	1,571		109.81	-

Notes: 1. Since this is the first year for the Company to announce its third quarter results except for net sales, operating income and ordinary income, year-on-year comparisons are not shown in this report. The percentage figure shown in net sales, operating income and ordinary income columns represent year-on-year changes.

2. Average number of shares issued and outstanding during the period (consolidated basis):
 - Nine months ended December 31, 2004: 15,441,965 shares
 - Year ended March 31, 2004: 13,824,641 shares
3. Diluted net income per share data are not applicable for the nine months ended December 31, 2003 and the year ended March 31, 2004 as there were no residual shares outstanding.

[Review of Operating Results]

The Takara Leben Group's total consolidated sales for the nine months ended December 31, 2004 amounted to 35.882 billion yen.

By segment, revenues from real estate sales were 34.656 billion yen, reflecting the sale of 1,069 condominium units and the delivery of 19 single unit houses. Real estate rental income was 305 million yen in rents received from 18 rental condominium blocks (388 units), as well as rents received from the rental of office and store space. Management services revenues were 624 million yen on maintenance services provided for 167 residential condominium blocks (8,219 units), while other revenues including commission were 295 million yen.

Actual number of units sold during the third quarter including those delivered during the quarter is 2,102 units. Actual number of contracted units vis-à-vis planned number of deliveries is shown in the following table.

	Planned number of unit deliveries (Units)	Of which, units already contracted (Units)	Contract ratio (%)
Full year to March 31, 2005	1,555	1,526	98.1
Next fiscal year	-	576	-

Note: For the third quarter of the previous year, planned number of unit deliveries, units already contracted and contract ratio were 1,279 units, 1,167 units and 91.2%, respectively.

(2) Financial Position

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	million yen	million yen	%	yen
Nine months ended December 31, 2004	55,824	9,144	16.4	602.62
Nine months ended December 31, 2003	-	-	-	-
Year ended March 31, 2004	51,077	8,918	17.5	571.97

- Notes:
1. Since this is the first year for the Company to announce its third quarter information on "Financial Position," year-on-year comparisons are not available in this report.
 2. Number of issued shares issued and outstanding at the end of the period (consolidated basis):
 - Nine months ended December 31, 2004: 15,173,900 shares
 - Year ended March 31, 2004: 15,500,000 shares

[Cash Flows]

	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
Nine months ended December 31, 2004	-951	-1,127	4,600	14,678
Nine months ended December 31, 2003	-	-	-	-
Year ended March 31, 2004	-2,231	214	1,345	12,157

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

[Review of Change in Financial Position]

Total assets at the end of the nine months period stood at 55.824 billion yen, an increase of 4.746 billion yen from the end of the previous fiscal year. This was primarily because of the increase in inventory resulting from successful procurement of properties for sale in the next fiscal year and thereafter, and the increase in cash and cash equivalents from the issuance of bonds. Total liabilities increased by 4.521 billion yen to 46.680 billion yen mainly reflecting the increase in borrowings and issuance of bonds to finance the increase in inventories.

(a) Cash flows from operating activities

Net cash used in operating activities amounted to 951 million yen, reflecting the increase in inventories related to purchase of land for sale and tax payments.

(b) Cash flows from investing activities

Net cash used in investing activities was 1.127 billion yen due mainly to the purchase of office space for rent.

(c) Cash flows from financing activities

Net cash in the amount of 4.6 billion yen was provided by financing activities. This is mainly attributable to the increased borrowings to fund the purchase of inventories as well as the issuance of convertible bonds.

[Reference]

Forecast of Consolidated Earnings for the Year Ending March 31, 2005

(April 1, 2004 – March 31, 2005)

	Net sales	Ordinary income	Net income
	million yen	million yen	million yen
Full year	50,960	3,260	1,660

Reference: Projected net income per share for the full year: 103.94 yen

Note: There are no changes from the forecasts announced on May 14, 2004

* The above forecast incorporate certain assumptions and projections based on which the future outlook and plans by the Company as announced in this document are formulated. Actual results may differ from the above forecasts depending on various conditions.

Attachment

The figures in the following table are rounded down off to million yen.

1. Summary of Consolidated Balance Sheet

(In millions of yen)

	Nine months ended December 31, 2004	Nine months ended December 31, 2003	Year ended March 31, 2004
	As of December 31, 2004	As of December 31, 2003	As of March 31, 2004
	Amount	Amount	Amount
Assets			
I Current assets			
1. Cash and cash equivalents	14,760	-	12,741
2. Inventories	27,640	-	26,561
3. Other	5,853	-	5,833
Total current assets	48,254	-	45,136
II Fixed Assets			
1. Tangible fixed assets	6,395	-	4,691
2. Intangible fixed assets	247	-	244
3. Investments and other assets	927	-	1,004
Total fixed assets	7,570	-	5,941
Total assets	55,824	-	51,077
Liabilities			
I Current liabilities			
1. Notes and accounts payable-trade	10,931		10,700
2. Short-term borrowings	2,120		1,249
3. Long-term debt due within one year	13,322	-	11,360
4. Advances	2,907	-	2,678
5. Other	1,698	-	2,874
Total current liabilities	30,980	-	28,863
II Fixed liabilities			
1. Corporate bonds	3,200	-	200
2. Long-term loans	11,566	-	12,279
3. Other	933	-	816
Total fixed liabilities	15,700	-	13,295
Total liabilities	46,680	-	42,159
Shareholders' equity			
I Common stock	1,399	-	1,399
II Additional paid-in capital	1,443	-	1,443
III Retained earnings	6,418	-	5,970
IV Net unrealized gains/losses on other securities	140	-	105
V Treasury stock	-257	-	-
Total shareholders' equity	9,144	-	8,918
Total liabilities and shareholders' equity	55,824	-	51,077

Note: Since this is the first year for the company to release its *Third Quarter Earnings Report*, year-on-year comparisons are not available in this report.

2. Summary of Consolidated Statement of Operations

(In millions of yen)

	Nine months ended December 31, 2004 April 1, 2004– December 31, 2004	Nine months ended December 31, 2003 April 1, 2003– December 31, 2003	Increase /Decrease		Year ended March 31, 2004 April 1, 2003 – March 31, 2004
	Amount	Amount	Amount	%	Amount
I Net sales	35,882	26,275	9,606	136.6	42,556
II Cost of sales	28,451	-	-	-	32,540
Gross profit	7,430	-	-	-	10,016
III Selling, general and administrative expenses	5,389	-	-	-	6,091
Operating income	2,041	1,841	199	110.8	3,924
IV Non-operating income	92	-	-	-	200
V Non-operating expense	660	-	-	-	1,039
Ordinary income	1,473	1,138	335	129.5	3,086
VI Extraordinary gains	22	-	-	-	34
VII Extraordinary losses	91	-	-	-	157
Income before income taxes	1,404	-	-	-	2,963
Income tax, inhabitants tax and enterprise tax	559	-	-	-	1,430
Income tax adjustments	72	-	-	-	-37
Net income	772	-	-	-	1,571

Note: Since this is the first year for the Company to announce its third quarter results except for net sales, operating income and ordinary income, year-on-year comparisons are not shown in this report. The percentage figure shown in net sales, operating income and ordinary income represent year-on-year changes.

3. Summary of Consolidated Statement of Cash Flows

(In millions of yen)

	Nine months ended December 31, 2004 April 1, 2004– December 31, 2004	Nine months ended December 31, 2003 April 1, 2003– December 31, 2003	Year ended March 31, 2004 April 1, 2003 – March 31, 2004
	Amount	Amount	Amount
I Cash flows from operating activities:			
Income before income taxes	1,404	-	2,963
Depreciation and amortization	112	-	149
Interest expense	591	-	854
Increase in accounts receivable, trade	-148	-	-744
Increase in inventories	-1,078	-	-5,342
Increase in accounts payable, trade	230	-	2,254
Other	373	-	-382
Sub total	1,480	-	-246
Interest and dividend received	47	-	6
Interest paid	-558	-	-814
Income taxes paid	-1,921	-	-1,177
Net cash used in operating activities	-951	-	-2,231
II Cash flows from investing activities:			
Purchase of tangible fixed assets	-1,860	-	-51
Other	732	-	266
Net cash used in/provided by investing activities	-1,127	-	214
III Cash flows from financing activities			
Increase in short-term debt	870	-	-993
Proceeds from issuance of bonds	3,000	-	1,100
Redemption of bonds	-	-	-1,000
Proceeds from long-term borrowings	11,673	-	14,718
Repayment of long-term borrowings	-10,424	-	-13,175
Payment for purchase of treasury stock	-257	-	-
Dividend payment	-262	-	-238
Other	-	-	933
Net cash provided by financing activities	4,600	-	1,345
IV Increase/decrease in cash and cash equivalents	2,521	-	-672
V Cash and cash equivalents at the beginning of the period	12,157	-	12,829
VI Cash and cash equivalents at the end of the period	14,678	-	12,157

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

4. Change in accounting policies from the last accounting period

Allowance for directors' retirement benefits:

The Company changed the accounting method for retirement benefits for its directors, which had been previously accounted for as an expense at the time of actual payment. Beginning the consolidated accounting period under review, total amount of directors' retirement benefits payable at the end of the accounting period pursuant to the Company's bylaws concerning directors' retirement benefits shall be set aside as an "allowance for directors' retirement benefits."

The change was enabled by the Company's official adoption of related bylaws during the accounting period under review. The Company also took into consideration the fact that accrual accounting treatment of costs related to directors' retirement benefits has become a standard accounting practice among the Japanese corporations. The Company believes that this change will enable it to even out the cost of retirement benefits and avoid an extraordinary burden being imposed on the earnings of the year when the actual payment is made, and thereby facilitate rational and fair representation of the Company's earnings and realization of sound financial position.

Reflecting this change, the Company's operating income and ordinary income are smaller than otherwise would have been the case by 4 million yen respectively, and pre-tax income by 38 million yen likewise.

5. Supplementary information regarding net sales or net sales equivalents

(1) Net Sales by business segment

(In millions of yen)

	Nine months ended December 31, 2004 April 1, 2004– December 31, 2004		Nine months ended December 31, 2003 April 1, 2003– December 31, 2003	
	Amount	%	Amount	%
Real estate sales	34,656	96.6	25,390	96.6
Real estate rental	305	0.9	192	0.7
Management service	624	1.7	482	1.9
Other businesses	295	0.8	209	0.8
Total	35,882	100.0	26,275	100.0

Note: The above figures are stated net of consumption tax.

(2) Contracted units

	Nine months ended December 31, 2004 April 1, 2004– December 31, 2004		Nine months ended December 31, 2003 April 1, 2003– December 31, 2003	
	Unit	Amount	Unit	Amount
Real estate sales	1,212	37,634	990	33,061
Total	1,212	37,634	990	33,061

Note: The above figures are stated net of consumption tax.

(3) Outstanding contracts

	Nine months ended December 31, 2004 April 1, 2004– December 31, 2004		Nine months ended December 31, 2003 April 1, 2003– December 31, 2003	
	Unit	Amount	Unit	Amount
Real estate sales	1,045	31,430	931	29,197
Total	1,045	31,430	931	29,197

Note: The above figures are stated net of consumption tax.