

**First Quarter Financial Reports  
For the Three Months Ended June 30, 2005 - Consolidated**

August 8, 2005

Company name: **Takara Leben Co., Ltd.**  
 Shares listed on: The First Section of Tokyo Stock Exchange  
 Security code: 8897  
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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: None

**2. Consolidated Financial Results for the Three Months Ended June 30, 2005  
(April 1, 2005 to June 30, 2005)**

(1) Operating Results

(Amounts rounded down to million yen)

	Net sales		Operating income		Ordinary income	
	million yen	%	million yen	%	million yen	%
Three months ended June 30, 2005	5,118	-16.0	17	-	-149	-
Three months ended June 30, 2004	6,092	180.6	-37	-	-209	-
Year ended March 31, 2005	54,039		3,874		3,272	

	Net income		Net income per share	Diluted net income per share
	million yen	%	yen	yen
Three months ended June 30, 2005	-91	-	-6.26	-5.09
Three months ended June 30, 2004	-145	-	-9.40	-
Year ended March 31, 2005	1,760		111.33	99.58

- Notes: 1. The percentage figure shown in net sales, operating income and ordinary income columns represent year-on-year changes.  
 2. Year-on-year comparisons of the first quarter operating income, ordinary income and net income are not available as they were negative in the previous year.  
 3. Since this is the first quarter for the Company to announce its first quarter results for Operating income, Ordinary income and Net income, year-on-year comparisons are not shown in this report.  
 4. Average number of shares issued and outstanding during the period (consolidated basis):  
 Three months ended June 30, 2005: 14,673,477 shares  
 Year ended March 31, 2005: 15,333,901 shares

5. Diluted net income per share data are not applicable for the three months ended June 30, 2005 as there were no residual shares outstanding.

[Review of Operating Results]

The Takara Leben Group's total consolidated sales for the first three months (from April 1 to June 30, 2005) of the fiscal year ending March 31, 2006 amounted to 5,118 million yen.

By segment, revenues from real estate sales were 4,586 million yen, reflecting the sales of 132 condominium units and delivery of 22 single unit houses.

Real estate rental income was 139 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 238 million yen on maintenance services provided for 186 residential condominium blocks (9,162 units), while other revenues from commissions and renovation/improvement services were 153 million yen.

During the period, sales decreased as the delivery of already contracted units scheduled to be recognized for the period was delayed into the second quarter (from July 1 to September 30) of the fiscal year. However, the delay of recognition will not affect revenue for the second quarter.

In respect of sales results, 1,594 units were contracted during the first quarter including the units that were delivered during the period. The following table shows that, out of the 1,605 units scheduled for delivery during this fiscal year, 1,356 units have already been contracted with the contract ratio reaching 84.5%, which indicates strong sales performance for the fiscal year to date.

[Number of contracted units/Planned number of deliveries]

	Three months ended June 30, 2005			Three months ended June 30, 2004		
	Planned number of deliveries (Units)	Of which, units contracted (Units)	Contract ratio (%)	Planned number of deliveries (Units)	Of which, units contracted (Units)	Contract ratio (%)
Interim	760	700	92.1	872	828	95.0
Full year	1,605	1,356	84.5	1,555	1,238	79.6
Next fiscal year	-	238	-	-	90	-

Note: The figures shown above include only the number of units of residential condominiums

(2) Financial Position

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	million yen	million yen	%	yen
Three months ended June 30, 2005	60,454	9,396	15.5	643.24
Three months ended June 30, 2004	56,474	8,634	15.3	557.06
Year ended March 31, 2005	53,999	9,849	18.2	659.82

Note: Number of issued shares issued and outstanding at the end of the period (consolidated basis):

Three months ended June 30, 2005: 14,607,691 shares  
Year ended March 31, 2005: 14,845,891 shares

[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
Three months ended June 30, 2005	-6,757	-974	6,963	12,760
Three months ended June 30, 2004	-2,487	-252	3,508	12,925
Year ended March 31, 2005	-1,831	-1,217	4,421	13,529

[Review of Change in Financial Position]

Total assets at the end of the period increased 6,454 million yen from the end of the previous fiscal year. This was due primarily to the increase in inventories as the Company actively purchased land for further business expansion.

(Current Assets)

Current assets increased 5,365 from the end of the previous fiscal year primarily reflecting the increase in inventories as the Company actively purchased land for further business expansion.

(Fixed Assets)

Fixed assets increased 1,089 million yen mainly reflecting the purchase of office space for rent.

(Current Liabilities)

Current liabilities increased 1,767 million yen from the end of the previous fiscal year, mainly reflecting land purchases for construction projects and an increase in receipt of upfront and interim deposits from customers for units scheduled for delivery.

(Fixed Liabilities)

Fixed liabilities increased 5,140 million yen mainly reflecting an increase in long-term borrowings to finance the increase in inventories.

Cash and cash equivalents amounted to 12,760 million yen at the end of the period, representing a decrease by 769 million yen from the end of the previous fiscal year. This mainly reflects a decrease in cash flows from operating activities due to increased inventories as a result of land purchases for condominium construction and tax payment, which were not fully compensated by an increase in funds from financing activities through borrowing.

(a) Cash flows from operating activities

Net cash used in operating activities amounted to 6,757 million yen, reflecting the increase in inventories as a result of land purchases for construction of condominiums for sale, a decrease in trade payables in relation to payment of construction costs, and tax payments.

(b) Cash flows from investing activities

Net cash used in investing activities was 974 million yen due primarily to the purchase of office space for rent and subordinated loans to a special purpose company in an asset securitization scheme.

(c) Cash flows from financing activities

Net cash in the amount of 6,963 million yen was provided by financing activities. This is mainly attributable to the increased borrowings to finance land purchases for projects to construct condominiums for sale.

[Reference]

Forecast for Consolidated Earnings for the Year Ending March 31, 2006  
(April 1, 2005 – March 31, 2006)

	Net sales	Ordinary income	Net income
	million yen	million yen	million yen
Interim	29,340	2,350	915
Full year	57,490	4,240	1,940

Reference: Projected net income per share for the full year: 123.03 yen

Note: No change from the forecasts announced on May 16, 2005

\* 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 to the nearest million yen.

### 1. Summary of Consolidated Balance Sheets

(In millions of yen)

	As of June 30, 2005	As of June 30, 2004	As of March 31, 2004
	Amount	Amount	Amount
<b>Assets</b>			
I Current assets			
1. Cash and cash equivalents	12,827	13,498	13,611
2. Inventories	33,580	30,757	26,954
3. Other	5,324	5,947	5,801
Total current assets	51,732	50,203	46,366
II Fixed Assets			
1. Tangible fixed assets	6,966	4,905	6,457
2. Intangible fixed assets	253	249	235
3. Investments and other assets	1,501	1,116	939
Total fixed assets	8,722	6,270	7,632
Total assets	60,454	56,474	53,999
<b>Liabilities</b>			
I Current liabilities			
1. Notes and accounts payable-trade	7,350	12,295	8,480
2. Short-term borrowings	3,858	3,451	1,115
3. Long-term debt due within one year	15,044	12,482	15,473
4. Advances	3,845	3,224	2,529
5. Other	1,237	2,721	1,970
Total current liabilities	31,336	34,175	29,568
II Fixed liabilities			
1. Corporate bonds	100	200	100
2. Convertible bonds	3,000	-	3,000
3. Long-term loans	15,565	12,594	10,553
4. Other	1,056	869	927
Total fixed liabilities	19,721	13,664	14,581
Total liabilities	51,057	47,839	44,150
<b>Shareholders' equity</b>			
I Common stock	1,399	1,399	1,399
II Additional paid-in capital	1,443	1,443	1,443
III Retained earnings	7,112	5,616	7,406
IV Net unrealized gains/losses on other securities	237	175	161
V Treasury stock	-796	-	-561
Total shareholders' equity	9,396	8,634	9,849
Total liabilities and shareholders' equity	60,454	56,474	53,999

## 2. Summary of Consolidated Statements of Operations

(In millions of yen)

	Three months ended June 30, 2005 (A)	Three months ended June 30, 2004 (B)	(A) – (B)		Year ended March 31, 2005
	Amount	Amount	Amount	%	Amount
I Net sales	5,118	6,092	-974	-16.0	54,039
II Cost of sales	3,979	4,762	-783	-16.4	42,572
Gross profit	1,138	1,330	-191	-14.4	11,466
III Selling, general and administrative expenses	1,121	1,367	-246	-18.0	7,592
Operating income/loss	17	-37	54	-	3,874
IV Non-operating income	33	36	-2	-7.3	263
V Non-operating expense	200	208	-8	-3.9	865
Ordinary income/loss	-149	-209	60	-	3,272
VI Extraordinary gains	1	-	1	-	50
VII Extraordinary losses	1	0	0	83.3	135
Net income/loss before income taxes	-149	-210	60	-	3,188
Income tax, inhabitants tax and enterprise tax	13	11	1	9.6	1,435
Income tax adjustments	-70	-76	5	-	-7
Net income/loss	-91	-145	53	-	1,760

### 3. Summary of Consolidated Statements of Cash Flows

(In millions of yen)

	Three months ended June 30, 2005	Three months ended June 30, 2004	Year ended March 31, 2005
	Amount	Amount	Amount
<b>I Cash flows from operating activities:</b>			
Net income/loss before income taxes	-149	-210	3,188
Depreciation and amortization	43	35	163
Interest expense	185	195	781
Decrease/increase in accounts receivable, trade	996	662	-361
Increase in inventories	-6,626	-4,195	-392
Increase/decrease in accounts payable, trade	-1,129	1,594	-2,220
Other	872	989	-204
Sub total	-5,807	-927	954
Interest and dividend received	2	2	58
Interest paid	-193	-182	-774
Income taxes paid	-759	-1,380	-2,060
Other	-	-	-10
Net cash used in operating activities	-6,757	-2,487	-1,831
<b>II Cash flows from investing activities:</b>			
Purchase of tangible fixed assets	-423	6	763
Other			
Net cash used in investing activities	-974	-252	-1,217
<b>III Cash flows from financing activities</b>			
Increase in short-term debt	2,743	2,202	-134
Proceeds from issuance of bonds	-	-	3,000
Proceeds from long-term borrowings	6,371	3,998	16,827
Repayment of long-term borrowings	-1,788	-2,560	-14,440
Payment for purchase of treasury stock	-235	-	-561
Dividend payment	-126	-130	-270
Net cash provided by financing activities	6,963	3,508	4,421
<b>IV Increase/decrease in cash and cash equivalents</b>	-769	768	1,372
<b>V Cash and cash equivalents at the beginning of the period</b>	13,529	12,157	12,157
<b>VI Cash and cash equivalents at the end of the period</b>	12,760	12,925	13,529

#### 4. Supplementary information regarding net sales or net sales equivalents

##### (1) Net sales by business segment

(In millions of yen)

	Three months ended June 30, 2005		Three months ended June 30, 2004	
	Amount	%	Amount	%
Real estate sales	4,586	89.6	5,752	94.4
Real estate rental	139	2.7	107	1.8
Management service	238	4.7	197	3.2
Other businesses	153	3.0	34	0.6
Total	5,118	100.0	6,092	100.0

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

##### (2) Contracted units

	Three months ended June 30, 2005		Three months ended June 30, 2004	
	Unit	Amount	Unit	Amount
Real estate sales	631	19,069	411	11,986
Total	631	19,069	411	11,986

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

##### (3) Outstanding contracts

	Three months ended June 30, 2005		Three months ended June 30, 2004	
	Unit	Amount	Unit	Amount
Real estate sales	1,466	45,599	1,146	34,686
Total	1,466	45,599	1,146	34,686