

**Third Quarter Financial Results  
For the Nine Months Ended December 31, 2005 - Consolidated**

February 13, 2006

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: One additional company newly included in consolidation.

**2. Consolidated Financial Results for the Nine Months Ended December 31, 2005  
(April 1, 2005 to December 31, 2005)**

(1) Operating Results

(Amounts rounded down to million yen)

	Net sales		Operating income		Ordinary income	
	million yen	%	million yen	%	million yen	%
Nine months ended December 31, 2005	30,245	-15.7	2,602	27.5	2,190	48.7
Nine months ended December 31, 2004	35,882	136.6	2,041	110.8	1,473	129.5
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
Nine months ended December 31, 2005	781	1.2	53.14	44.54
Nine months ended December 31, 2004	772	-	50.02	46.67
Year ended March 31, 2005	1,760		111.33	99.45

- Notes: 1. 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, 2005: 14,708,099 shares  
 Nine months ended December 31, 2004: 15,441,965 shares  
 Year ended March 31, 2005: 15,333,901 shares

[Review of Operating Results]

The Takara Leben Group's total consolidated sales for the nine months (from April 1 to December 31, 2005) of the fiscal year ending March 31, 2006 amounted to 30,245 million yen.

By segment, revenues from real estate sales were 28,160 million yen, reflecting the sales of 818 condominium units and delivery of 30 single unit houses.

Real estate rental income was 392 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 741 million yen on maintenance services provided for 199 residential condominium blocks (9,983 units), while other revenues from commissions and renovation/improvement services were 950 million yen.

In respect of sales results, 2,428 units were contracted during the nine months ended December 31, 2005. The following table shows that, out of the 1,608 units scheduled for delivery during this fiscal year, 1,616 units have already been contracted with the contract ratio reaching 100.5%.

[Number of contracted units/Planned number of deliveries]

	Nine months ended December 31, 2005			Nine months ended December 31, 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 (%)
Full year	1,608	1,616	100.5	1,555	1,526	98.1
Next fiscal year	1,619	812	50.2	1,608	576	35.8

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

The ratio of sales contracts closed during the nine months period as percentage of the number of units budgeted for delivery during the next fiscal year has already exceeded 50% which was originally set as the minimum target for the current fiscal year.

Thus sales of condominiums are progressing satisfactorily in terms of the number of contracted units vis-à-vis the budgeted number of delivered units for the current fiscal year, as well as in terms of the level of income generated from the sale of condominiums. Real estate sales other than condominiums, have also already achieved the full year target.

(2) Financial Position

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	million yen	million yen	%	yen
Nine months ended December 31, 2005	65,421	11,536	17.6	725.72
Nine months ended December 31, 2004	55,824	9,144	16.4	602.62
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):  
 Nine months ended December 31, 2005: 15,896,791 shares  
 Nine months ended December 31, 2004: 15,173,900 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
Nine months ended December 31, 2005	-6,822	-1,457	9,449	14,787
Nine months ended December 31, 2004	-951	-1,127	4,600	14,678
Year ended March 31, 2005	-1,841	-1,207	4,421	13,529

[Review of Change in Financial Position]

Total assets at the end of the period increased 11,422 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 9,858 million yen from the end of the previous fiscal year, primarily reflecting the significant increase in inventories as the Company actively purchased land for further business expansion.

(Fixed Assets)

Fixed assets increased 1,564 million yen from the end of the previous fiscal year, mainly reflecting the purchase of office space for rent and valuation gains on investment securities.

(Current Liabilities)

Current liabilities increased 12,245 million yen from the end of the previous fiscal year, mainly reflecting an increase in receipt of upfront and interim deposits from customers for units scheduled for delivery as well as in borrowings for the purchase of land for construction projects.

(Fixed Liabilities)

Fixed liabilities decreased 2,510 million yen from the end of the previous fiscal year, mainly reflecting the progress in conversion of convertible bonds.

Cash and cash equivalents amounted to 14,787 million yen at the end of the period, representing an increase by 1,258 million yen from the end of the previous fiscal year. This mainly reflects an increase in funds from financing activities through additional borrowings, which was partly offset by the decrease in cash flows from operating activities due to tax payment and increased inventories resulting from land purchases for condominium construction.

(a) Cash flows from operating activities

Net cash used in operating activities amounted to 6,822 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 1,457 million yen due primarily to the purchase of office space for rent.

(c) Cash flows from financing activities

Net cash in the amount of 9,449 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
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 December 31, 2005	As of December 31, 2004	As of March 31, 2005
	Amount	Amount	Amount
<b>Assets</b>			
I Current assets			
1. Cash and bank deposits	14,842	14,760	13,611
2. Inventories	36,531	27,640	26,954
3. Other	4,806	5,853	5,756
Total current assets	56,180	48,254	46,321
II Fixed Assets			
1. Tangible fixed assets	6,596	6,395	6,457
2. Intangible fixed assets	252	247	235
3. Investments and other assets	2,393	927	984
Total fixed assets	9,241	7,570	7,677
Total assets	65,421	55,824	53,999
<b>Liabilities</b>			
I Current liabilities			
1. Notes and accounts payable-trade	7,301	10,931	8,480
2. Short-term borrowings	5,455	2,120	1,115
3. Long-term borrowings due within one year	22,676	13,322	15,473
4. Advances	4,812	2,907	2,529
5. Other	1,568	1,698	1,970
Total current liabilities	41,814	30,980	29,568
II Fixed liabilities			
1. Corporate bonds	-	200	100
2. Convertible bonds	1,589	3,000	3,000
3. Long-term loans	9,199	11,566	10,553
4. Other	1,282	933	927
Total fixed liabilities	12,070	15,700	14,581
Total liabilities	53,885	46,680	44,150
<b>Shareholders' equity</b>			
I Common stock	1,648	1,399	1,399
II Additional paid-in capital	1,778	1,443	1,443
III Retained earnings	7,840	6,418	7,406
IV Net unrealized gains/losses on other securities	355	140	161
V Treasury stock	-85	-257	-561
Total shareholders' equity	11,536	9,144	9,849
Total liabilities and shareholders' equity	65,421	55,824	53,999

## 2. Summary of Consolidated Statements of Operations

(In millions of yen)

	Nine months ended December 31, 2005 (A)	Nine months ended December 31, 2004 (B)	(A) – (B)		Year ended March 31, 2005
	Amount	Amount	Amount	%	Amount
I Net sales	30,245	35,882	-5,637	-15.7	54,039
II Cost of sales	22,735	28,451	-5,716	-20.1	42,572
Gross profit	7,510	7,430	79	1.1	11,466
III Selling, general and administrative expenses	4,907	5,389	-482	-8.9	7,592
Operating income/loss	2,602	2,041	561	27.5	3,874
IV Non-operating income	171	92	78	84.9	263
V Non-operating expense	583	660	-77	-11.7	865
Ordinary income/loss	2,190	1,473	717	48.7	3,272
VI Extraordinary gains	0	22	-21	-98.6	50
VII Extraordinary losses	682	91	591	648.1	135
Net income/loss before income taxes	1,508	1,404	103	7.4	3,188
Income tax, inhabitants tax and enterprise tax	979	559	420	75.1	1,435
Income tax adjustments	-228	72	-301	-414.6	-7
Minority interests in loss of consolidated	23	-	23	-	-
Net income/loss	781	772	9	1.2	1,760

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

(In millions of yen)

	Nine months ended December 31, 2005	Nine months ended December 31, 2004	Year ended March 31, 2005
	Amount	Amount	Amount
<b>I Cash flows from operating activities:</b>			
Net income/loss before income taxes	1,508	1,404	3,188
Depreciation and amortization	133	112	163
Impairment losses	667	-	-
Interest expense	567	591	781
Decrease/increase in accounts receivable, trade	1,274	-148	-361
Increase in inventories	-9,540	-1,078	-392
Increase/decrease in accounts payable, trade	-1,179	230	-2,220
Other	1,739	367	-204
Sub total	-4,829	1,480	954
Interest and dividend received	24	47	48
Interest paid	-547	-558	-774
Income taxes paid	-1,470	-1,921	-2,060
Other	-	-	-10
Net cash used in operating activities	-6,822	-951	-1,841
<b>II Cash flows from investing activities:</b>			
Purchase of tangible fixed assets	-954	-1,860	-1,981
Other	-503	732	773
Net cash used in investing activities	-1,457	-1,127	-1,207
<b>III Cash flows from financing activities</b>			
Net increase/decrease in short-term borrowings	4,239	870	-134
Proceeds from issuance of bonds	-	3,000	3,000
Proceeds from long-term borrowings	15,843	11,673	16,827
Repayment of long-term borrowings	-9,994	-10,424	-14,440
Payment for purchase of treasury stock	-351	-257	-561
Dividend payment	-289	-262	-270
Other	2	-	-
Net cash provided by financing activities	9,449	4,600	4,421
IV Increase in cash and cash equivalents	1,168	2,521	1,372
V Cash and cash equivalents at the beginning of the period	13,529	12,157	12,157
VI Increase in cash and cash equivalents due to change in scope of consolidation	89	-	-
VII Cash and cash equivalents at the end of the period	14,787	14,678	13,529

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

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

(In millions of yen)

	Nine months ended December 31, 2005		Nine months ended December 31, 2004	
	Amount	%	Amount	%
Real estate sales	28,160	93.1	34,656	96.6
Real estate rental	392	1.3	305	0.9
Management service	741	2.5	624	1.7
Other businesses	950	3.1	295	0.8
Total	30,245	100.0	35,882	100.0

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

##### (2) Contracted units

	Nine months ended December 31, 2005		Nine months ended December 31, 2004	
	Unit	Amount	Unit	Amount
Real estate sales	1,472	46,640	1,212	37,634
Total	1,472	46,640	1,212	37,634

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

##### (3) Outstanding contracts

	Nine months ended December 31, 2005		Nine months ended December 31, 2004	
	Unit	Amount	Unit	Amount
Real estate sales	1,613	49,598	1,045	31,430
Total	1,613	49,598	1,045	31,430

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