

November 8, 2002

# FACT BOOK

For the 6 months ended September 30, 2002



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## **Corporate Data**

**Mitsui Fudosan Co., Ltd.**

**Head Office:**

1-1, Nihonbashi Muromachi 2-chome, Chuo-ku, Tokyo, 103-0022, Japan

**Date of Establishment:**

July 15, 1941

**Stock Exchange Listing:**

Tokyo, Osaka, Sapporo (Code:8801)

**Please visit our website at:**

[www.mitsuifudosan.co.jp/english/](http://www.mitsuifudosan.co.jp/english/)

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### **Forward-Looking Statements**

In this Fact Book, statements other than historical facts are forward-looking statements that reflect the Corporation's plans and expectations. These forward-looking statements involve risks and uncertainties related to internal and external factors that may cause actual results and achievements to differ from those anticipated in these statements. Therefore, we do not advise potential investors to base investment decisions solely on this Fact Book.

## Consolidated Financial Highlights (Unaudited)

### For the Six Months Ended September 30, 2002

#### CONSOLIDATED INTERIM RESULTS

(¥ millions)	6 months to 9/02	6 months to 9/01	YoY change		Previous forecast	Difference	
			Amount	% change		Amount	% change
Revenue from operations	491,113	554,087	(62,973)	( 11.4 )	485,000	6,113	1.3
Operating income	37,984	47,137	(9,152)	( 19.4 )	33,500	4,484	13.4
Ordinary income	23,543	29,175	(5,632)	( 19.3 )	18,500	5,043	27.3
Net income	6,189	22,089	(15,899)	( 72.0 )	6,500	(311)	(4.8)

- ◆ In the interim term under review, consolidated revenue from operations amounted to ¥491.1 billion, down ¥62.9 billion from the previous year's corresponding period. Operating income totaled ¥37.9 billion, down ¥9.1 billion, and net income was ¥6.1 billion, down ¥15.8 billion.
- ◆ While both revenues and earnings were down year-on-year, the figures for revenue from operations, operating income, and ordinary income exceeded estimates announced at the beginning of the term, which accounted for factors described in the segment summaries below. The final results, therefore, were solid.
- ◆ Interim net income slipped below earlier projections, due to a ¥5.8 billion loss on evaluation of stockholdings stemming from depressed stock markets.
- ◆ Net extraordinary losses were ¥12.3 billion. Negative factors included the aforementioned devaluation loss, as well as loss on demolition of the Mitsui East No. 3 Wing and Ginza Mitsui Building. On the positive side, the Company posted an extraordinary gain on the sale of its stake in the Celestine Shiba Mitsui Building, completed in April 2002.
- ◆ The leasing segment posted a ¥2.7 billion decline in revenues and a ¥2.6 billion fall in operating income. The segment's results were affected profoundly by the demolition of the Mitsui East No. 3 Wing, located within the site of the Nihonbashi Muromachi redevelopment and the Ginza Mitsui Building (former Ginza Daiichi Hotel).
- ◆ Revenues from sales of housing, office buildings and land were down ¥38.5 billion, and operating income dropped ¥3.0 billion. The major factor of these declines was the effect of completions of large-scale condominium buildings, which will be concentrated in the second half of the current fiscal year, while in the previous year such completions were concentrated in the first half.
- ◆ Revenues in the construction segment slipped ¥15.9 billion, due to the exclusion of Mitsui Harbour and Urban Construction from the scope of consolidation in the interim term under review. Operating loss declined ¥3.0 billion owing to a reduction in the operating loss posted by Mitsui Home.
- ◆ The Company reported ¥6.0 billion in operating income from its non-asset business (brokerage, consignment sales and consulting, as well as property management).
- ◆ Revised projections for the entire fiscal year ending March 31, 2003, taking the interim results into consideration, are summarized below.

(¥ millions)	Previous forecast (5/02)	Revised projection (11/02)	Difference
Revenue from operations	1,110,000	1,100,000	(10,000)
Operating income	103,000	103,000	-
Ordinary income	74,000	75,500	1,500
Net income	38,000	33,000	(5,000)

**CONSOLIDATED FINANCIAL SUMMARY**

(¥ million)

<b>Operating Results:</b>	Six Months Ended Sep. 30, 2002	Six Months Ended Sep. 30, 2001	Change	Year Ended March 31, 2002
Revenue from Operations	¥491,113	¥554,087	62,973	¥1,152,483
Operating Income	37,984	47,137	9,152	102,950
Income before Income Taxes	11,151	40,537	29,386	43,369
Net Income	6,189	22,089	15,899	29,806
<b>Financial Position:</b>	Sep. 30, 2002	March 31, 2002	Change	Sep. 30, 2001
Total Assets	¥2,951,383	¥3,028,969	77,586	¥2,777,008
Interest-Bearing Debt	1,495,449	1,460,526	34,922	1,557,965
Shareholders' Equity	608,161	609,536	1,375	433,549
<b>Cash Flows:</b>	Six Months Ended Sep. 30, 2002	Six Months Ended Sep. 30, 2001	Change	Year Ended March 31, 2002
Cash Flows from Operating Activities	¥20,016	¥8,772	11,243	¥142,121
Cash Flows from Investing Activities	40,604	31,515	9,088	81,658
Cash Flows from Financing Activities	38,151	6,329	44,481	103,298
Cash and Cash Equivalents at End of Period	94,319	112,930	18,611	117,558

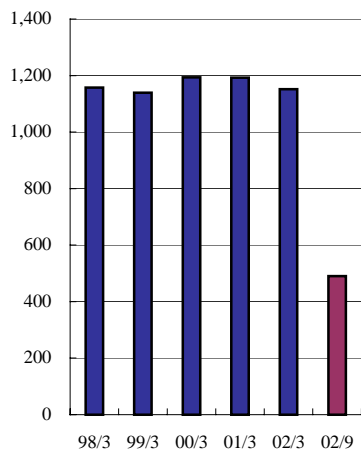
**SEGMENT INFORMATION**

(¥ million)

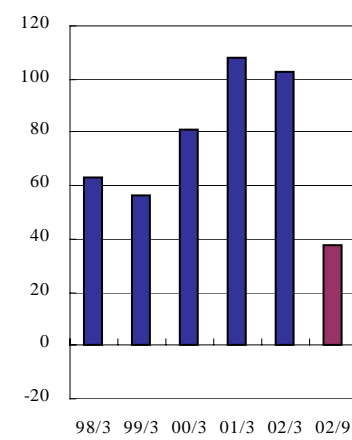
	Six Months Ended Sep. 30, 2002	Six Months Ended Sep. 30, 2001	Change	Year Ended March 31, 2002
<b>Leasing</b>				
Revenue from Operations	165,529	¥168,299	2,769	¥331,501
Operating Income	34,297	36,939	2,642	71,718
<b>Sales of Housing, Office Buildings and Land</b>				
Revenue from Operations	129,030	167,577	38,547	336,641
Operating Income	9,677	12,772	3,095	26,668
<b>Construction</b>				
Revenue from Operations	79,013	94,966	15,953	237,243
Operating Income	3,818	6,853	3,035	5,228
<b>Brokerage, Consignment Sales and Consulting</b>				
Revenue from Operations	18,392	19,916	1,523	45,742
Operating Income	2,124	6,262	4,138	17,541
<b>Property Management</b>				
Revenue from Operations	33,859	33,203	655	67,916
Operating Income	3,935	3,472	462	7,665
<b>Sales of Housing Materials and Merchandise</b>				
Revenue from Operations	35,216	37,686	2,469	71,577
Operating Income	464	808	344	1,342
<b>Facility Operations</b>				
Revenue from Operations	21,598	24,015	2,416	44,967
Operating Income	2,698	204	2,494	4,271
<b>Other</b>				
Revenue from Operations	8,473	8,421	52	16,893
Operating Income	1,314	655	658	858

*Note: The accompanying consolidated financial statements have been prepared from the accounts maintained by Mitsui Fudosan Co., Ltd., and its consolidated subsidiaries in accordance with provisions set forth in the Japanese Commercial Code and other countries' regulations and in conformity with accounting principles and practices generally accepted in Japan, which are different in certain respects as to application and disclosure requirements from International Accounting Standards. Figures have been rounded down to eliminate amounts less than one million yen. Sales by segment refers to sales to outside customers.*

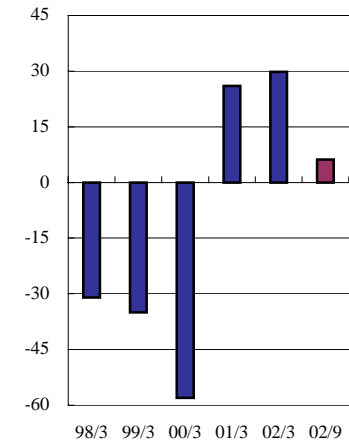
**Revenue from Operations**  
(¥ billion)



**Operating Income**  
(¥ billion)

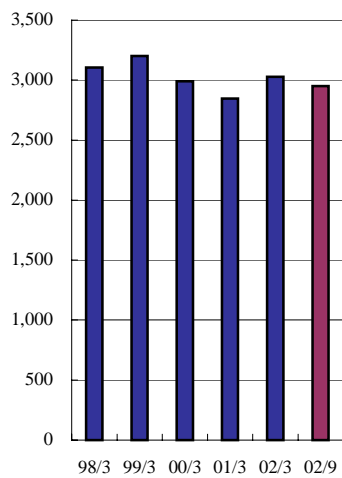


**Net Income**  
(¥ billion)

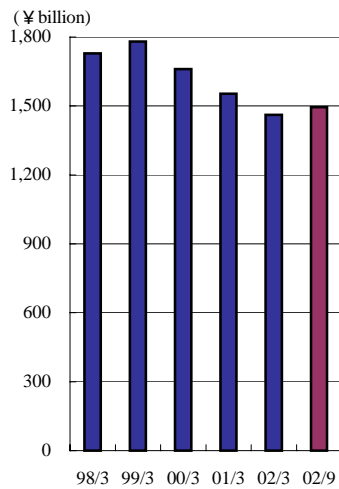


Note: "02/9" indicates interim results for the six months ended September 30, 2002.

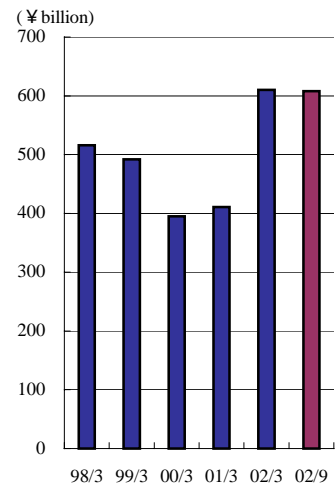
**Total Assets**  
(¥ billion)



**Interest-Bearing Debt**  
(¥ billion)



**Shareholders' Equity**  
(¥ billion)



Note: "02/9" indicates figures as of September 30, 2002.

# Consolidated Business Overview

## RESULTS OF OPERATIONS

(¥ million)

	Six Months Ended September 30		Change
	2002	2001	Amount
<b>Revenue from Operations</b>	491,113	554,087	62,973
Leasing	165,529	168,299	2,769
Sales of Housing, Office Buildings and Land	129,030	167,577	38,547
Construction	79,013	94,966	15,953
Brokerage, Consignment Sales and Consulting	18,392	19,916	1,523
Property Management	33,859	33,203	655
Sales of Housing Materials and Merchandise	35,216	37,686	2,469
Facility Operations	21,598	24,015	2,416
Other	8,473	8,421	52
<b>Operating Income</b>	37,984	47,137	9,152
Leasing	34,297	36,939	2,642
Sales of Housing, Office Buildings and Land	9,677	12,772	3,095
Construction	3,818	6,853	3,035
Brokerage, Consignment Sales and Consulting	2,124	6,262	4,138
Property Management	3,935	3,472	462
Sales of Housing Materials and Merchandise	464	808	344
Facility Operations	2,698	204	2,494
Other	1,314	655	658
Elimination	7,312	6,717	594
<b>Non-Operating Income/Expenses</b>	14,441	17,962	3,520
Equity in Net Income/Loss of Affiliated Companies	1,599	119	1,480
Interest Expense, in Net	13,219	14,990	1,770
Other	2,821	3,091	269
<b>Ordinary Income</b>	23,543	29,175	5,632
<b>Extraordinary Gains/Losses</b>	12,391	11,362	23,754
Extraordinary Gains	1,705	16,109	14,404
Extraordinary Losses	14,097	4,747	9,349
<b>Income before Income Taxes</b>	11,151	40,537	29,386
Income Taxes	5,805	19,406	13,601
Minority Interests	843	958	114
<b>Net Income</b>	6,189	22,089	15,899

### [Revenue from Operations and Operating Income]

Both revenues and earnings were down compared with the previous corresponding period due to factors described below.

- Demolition of the Ginza Mitsui Building (former Ginza Daiichi Hotel) and another old building (Mitsui East No. 3 Wing) in order to commence redevelopment of the Nihonbashi Muro-machi New Building.
- In the previous fiscal year, many large-scale condominium projects were concentrated in the first half. In the current fiscal year, they will be concentrated in the second half.
- Ownership of former wholly owned subsidiary, Mitsui Harbour and Urban Construction Co., Ltd., was transferred to the Mirai Group Co., Ltd.

However, net sales and operating income figures surpassed projections for the period under review, which took into account the above factors.

### [Ordinary Income]

- Net interest burden improved ¥1.8 billion, due to the effects of commencement of consolidated-basis fund-raising and declining interest rates in the United States.
- Equity in net income/loss of affiliates rose ¥1.5 billion.
  - Oriental Land: ¥1.3billion (up ¥1.1 billion from previous interim period)
  - TID: ¥0.5billion (up ¥0.6 billion from previous interim period)

## [Extraordinary Gains/Losses]

### Extraordinary gains

Gain on sales of fixed assets	¥1.1 billion	Mainly from sale of stake in Celestine Shiba Mitsui Building
Gain on sales of investment securities	¥0.5 billion	From sale of listed securities
Other	¥0.1 billion	

### Extraordinary losses

Loss on evaluation of investment securities	¥5.9 billion	Due to decline in market values of listed securities
Loss on demolition of fixed assets	¥2.5 billion	Due to demolition of Mitsui East No. 3 Wing, etc.
Losses associated with housing sales business	¥2.3 billion	Due to ongoing reassessment and restructuring of condominium business in Kobe
Loss on demolition of property for sale	¥1.5 billion	Due to demolition of Ginza Mitsui Building, former Ginza Daicichi Hotel
Provision to allowance for doubtful accounts	¥0.8 billion	Mitsui Fudosan Loan Guarantee
Loss on liquidation of affiliate	¥0.5 billion	Due to liquidation of affiliates of Mitsui Home
Other	¥0.6 billion	

## [Segment Results]

### [1] LEASING

Revenue from operations: ¥165,529 million (down ¥2,769 million, or 1.6%)  
Operating income: ¥34,297 million (down ¥2,642 million, or 7.2%)

- Compared with the previous corresponding period, both revenue and earnings from residential leasing and car-park businesses operated by subsidiaries were up. However, parent company revenues fell ¥1.5 billion, and profit declined ¥3.1 billion (gross profit basis) due to demolition of the Mitsui East No. 3 Wing (Chiyoda-ku, Tokyo) and the Ginza Mitsui Building (Chiyoda-ku, Tokyo). In addition, vacancy rates rose slightly among existing buildings. In addition, Mitsui Fudosan America posted lower revenues and earnings due to the yen's appreciation (US\$1:00 = ¥119.50). As a result, consolidated revenue from operations fell ¥2.8 billion and operating income dropped ¥2.6 billion.
- Vacancy rates at end of term
  - Tokyo metropolitan area office buildings: 3.6% (nonconsolidated); Previous term-end: 2.4%
  - All office buildings, commercial facilities: 5.2% (consolidated); Previous term-end: 4.1%
- Although the vacancy rate for office buildings increased since the end of March 2001, no major tenants have moved out. Moreover, Celestine Shiba Mitsui Building (Minato-ku, Tokyo) that has started its operation in April 2002 is fully occupied. In addition, several large-scale office buildings will be completed in the current fiscal year, including Shiodome City Center (Minato-ku, Tokyo) and Jimbocho Mitsui Building (Chiyoda-ku, Tokyo). Tenancy of such buildings has mostly been arranged.

**(a) Leasing**

		Six Months Ended September 30		Year Ended March 31, 2002
		2002	2001	
<b>Office Buildings and Commercial Facilities</b>	Revenue (¥ million)	<b>130,954</b>	<b>134,303</b>	<b>264,479</b>
	Leased Floor space (m <sup>2</sup> ):			
	Owned	1,881,261	2,046,531	1,900,141
	Managed	1,312,437	1,278,714	1,326,281
	<b>Total</b>	<b>3,193,698</b>	<b>3,325,245</b>	<b>3,226,422</b>
	Vacancy Rate at End of Term (%)	<b>5.2</b>	<b>2.5</b>	<b>4.1</b>
<b>Residentials</b>	Revenue (¥ million)	<b>23,508</b>	<b>22,847</b>	<b>44,601</b>
	Units:			
	Owned	377	350	365
	Managed	32,210	29,717	31,832
	<b>Total</b>	<b>32,587</b>	<b>30,067</b>	<b>32,197</b>
<b>Other</b>	Revenue (¥ million)	<b>11,066</b>	<b>11,148</b>	<b>22,419</b>
<b>REVENUE TOTAL</b>		<b>165,529</b>	<b>168,299</b>	<b>331,501</b>

**(b) Total Floor Space (nonconsolidated)**

	Six Months Ended September 30					
	2002			2001		
	No. of Units	Total Floor Space (1,000m <sup>2</sup> )	Share of Total Floor Space (%)	No. of Units	Floor Space (1,000m <sup>2</sup> )	Share of Total Floor Space (%)
Owned	126	2,333	49.8	124	2,307	50.6
Managed	193	2,348	50.2	200	2,255	49.4
<b>Total</b>	<b>319</b>	<b>4,682</b>	<b>100.0</b>	<b>324</b>	<b>4,563</b>	<b>100.0</b>

**(c) Vacancy Rate (nonconsolidated)**

	02/9	02/3	01/9	01/3	00/9	00/3
Vacancy Rate at End of Term (%)	5.4	4.3	2.4	2.2	2.5	3.5

**(d) Breakdown of Leasing Operations (nonconsolidated)**

		Total		Tokyo Metropolitan Area		Regional Areas	
		Six Months Ended Sep. 30		Six Months Ended Sep. 30		Six Months Ended Sep. 30	
		2002	2001	2002	2001	2002	2001
Office Buildings	Number of Buildings	274	278	230	236	44	42
	Leased Floor Space (1,000m <sup>2</sup> )	2,048	2,027	1,741	1,743	306	284
	Leasing Revenue (¥ million)	99,894	101,260	90,016	90,739	9,877	10,521
	Vacancy Rate (%)	5.0	2.7	3.6	1.7	12.1	8.2
Commercial Facilities	Number of Buildings	43	43	29	29	14	14
	Leased Floor Space (1,000m <sup>2</sup> )	770	825	499	469	271	356
	Leasing Revenue (¥ million)	18,475	17,406	11,429	10,207	7,046	7,198
	Vacancy Rate (%)	6.6	1.7	1.2	1.8	15.2	1.7

## [2] SALES OF HOUSING, BUILDINGS AND LAND

Revenue from operations: ¥129,030 million (down ¥38,547 million, or 23.0%)  
 Operating income: ¥9,677 million (down ¥3,095 million, or 24.2%)

- In the previous fiscal year, completions of large-scale projects, such as Shiba Park Tower (Minato-ku, Tokyo) and Park Tower Tokyo South (Shinagawa-ku, Tokyo) were concentrated in the first half (total of 3,137 units) due to the effects of a taxation system promoting residential unit acquisition. In the current fiscal year, however, many large-scale projects, such as Tokyo Twin Parks (Minato-ku, Tokyo) and Tokyo Park Tower (Chiyoda-ku, Tokyo) will be completed in the second half. As a result, only 2,321 units were sold in the interim term under review, down 816, leading to declines in revenues and earnings in this segment.
- On a nonconsolidated basis, completed inventories at the end of the term totaled 220 units (130 condominiums and 90 detached houses), unchanged compared with the end of the previous interim term.

### (a) Housing Sales

	Six Months Ended September 30						Year Ended March 31, 2002		
	2002			2001			Units	Revenue (¥ million)	Unit Price (¥10 thousand)
	Units	Revenue (¥ million)	Unit Price (¥10 thousand)	Units	Revenue (¥ million)	Unit Price (¥10 thousand)			
<b>Detached Housing</b>									
Tokyo Metropolitan Area	250	14,310	5,724	277	14,833	5,355	697	38,118	5,468
Other	84	2,842	3,384	87	3,899	4,482	203	8,167	4,023
<b>Total</b>	<b>334</b>	<b>17,152</b>	<b>5,135</b>	<b>364</b>	<b>18,733</b>	<b>5,146</b>	<b>900</b>	<b>46,285</b>	<b>5,142</b>
<b>Condominiums</b>									
Tokyo Metropolitan Area	1,475	70,437	4,775	1,970	108,191	5,491	3,583	183,649	5,125
Other	512	17,739	3,465	803	26,871	3,346	1,782	59,481	3,337
<b>Total</b>	<b>1,987</b>	<b>88,176</b>	<b>4,437</b>	<b>2,773</b>	<b>135,062</b>	<b>4,870</b>	<b>5,365</b>	<b>243,131</b>	<b>4,531</b>
<b>Total Housing Sales</b>									
Tokyo Metropolitan Area	1,725	84,747	4,913	2,247	123,024	5,475	4,280	221,767	5,181
Other	596	20,581	3,453	890	30,770	3,457	1,985	67,649	3,408
<b>Total</b>	<b>2,321</b>	<b>105,329</b>	<b>4,538</b>	<b>3,137</b>	<b>153,795</b>	<b>4,902</b>	<b>6,265</b>	<b>289,416</b>	<b>4,619</b>

### (b) Other Sales Revenue

	Six Months Ended September 30		Year Ended March 31, 2002
	2002	2001	Revenue (¥ million)
	Revenue (¥ million)		Revenue (¥ million)
Land	13,936	10,266	26,122
Buildings	9,764	3,515	21,102
<b>TOTAL</b>	<b>23,701</b>	<b>13,782</b>	<b>47,224</b>

### (c) Reported Housing Units (nonconsolidated)

	Six Months Ended September 30				Change	
	2002		2001		No. of Units	Ave. Unit Price (¥10 thousand)
	No. of Units	Ave. Unit Price (¥10 thousand)	No. of Units	Ave. Unit Price (¥10 thousand)		
Detached Housing	319	5,209	353	5,177	34	32
Condominiums	1,987	4,437	2,748	4,852	761	414
<b>Total</b>	<b>2,306</b>	<b>4,544</b>	<b>3,101</b>	<b>4,889</b>	<b>795</b>	<b>345</b>

### (d) Completed Housing Inventories (Units) (nonconsolidated)

	02/9	02/3	01/9	01/3	00/9	00/3
Detached Housing	90	45	55	70	25	20
Condominiums	130	175	190	140	85	200
<b>Total</b>	<b>220</b>	<b>220</b>	<b>245</b>	<b>210</b>	<b>110</b>	<b>220</b>

### (e) Housing Contracts for Sale (Units) (nonconsolidated)

	Contracts at Beginning of Term	Contracts during Term	Total	Reported No. of Units	Contracts at End of Term	Newly Launched during Term
Detached Housing	131	293	424	319	105	349
Condominiums	4,098	1,662	5,760	1,987	3,773	1,812
<b>Total</b>	<b>4,229</b>	<b>1,955</b>	<b>6,184</b>	<b>2,306</b>	<b>3,878</b>	<b>2,161</b>

### [3] CONSTRUCTION

Revenue from operations: ¥79,013 million (down ¥15,953 million, or 16.8%)

Operating loss: ¥3,818 million (improvement of ¥3,035 million)

- The year-on-year revenue decline stemmed from the transfer of all outstanding shares of Mitsui Harbour and Urban Construction (general contractor involved mainly in civil engineering), a 100% subsidiary, to Nitto Daito Kogyo (now Mirai Group).
- This segment posted a significant interim operating loss in the previous interim period, due to a decline in orders of Mitsui Home. In the interim term under review, however, operating income/loss improved ¥3.0 billion, thanks to the benefits of various structural reform measures formulated by that company in March 2002.

#### (a) Orders, Order Backlogs and Project Completions

(¥ million)

	Six Months Ended September 30						Year Ended March 31, 2002		
	2002			2001			Housing Construction	Civil Engineering	Total
	Housing Construction	Civil Engineering	Total	Housing Construction	Civil Engineering	Total			
<b>Orders:</b>									
Work-on-Hand at Beginning of Period	90,701	-	90,701	96,007	53,916	149,923	96,007	53,916	149,923
Orders during Period	77,767	-	81,221	72,279	18,452	90,731	139,102	54,021	193,124
<b>Total</b>	<b>168,468</b>	<b>-</b>	<b>171,922</b>	<b>168,286</b>	<b>72,368</b>	<b>240,655</b>	<b>235,109</b>	<b>107,938</b>	<b>343,048</b>
<b>Project Completions</b>	<b>62,580</b>	<b>-</b>	<b>66,035</b>	<b>57,953</b>	<b>13,610</b>	<b>71,563</b>	<b>140,811</b>	<b>62,093</b>	<b>202,905</b>
<b>Work-on-Hand at End of Period</b>	<b>105,887</b>	<b>-</b>	<b>105,887</b>	<b>110,332</b>	<b>-</b>	<b>169,091</b>	<b>94,298</b> <b>(90,701)</b>	<b>45,844</b> <b>(-)</b>	<b>140,142</b> <b>(90,701)</b>

Note:

Above table does not include figures for Mitsui Home Group companies other than Mitsui Home Co., Ltd.

Figures in parentheses do not include projects undertaken by Mitsui Harbour and Urban Construction or Sanei Engineering, which were excluded from scope of consolidation at the end of the previous fiscal year.

#### (b) Projects

(¥ million)

	Six Months Ended September 30						Year Ended March 31, 2002		
	2002			2001			Housing Construction	Civil Engineering	Total
	Housing Construction	Civil Engineering	Total	Housing Construction	Civil Engineering	Total			
<b>Project Completions:</b>	<b>62,580</b>	<b>-</b>	<b>62,580</b>	<b>57,953</b>	<b>13,610</b>	<b>71,563</b>	<b>140,811</b>	<b>62,093</b>	<b>202,905</b>
<b>Work-on-Hand at End of Period Total</b>	<b>105,887</b>	<b>-</b>	<b>105,887</b>	<b>110,332</b>	<b>58,758</b>	<b>169,091</b>	<b>94,298</b> <b>(90,701)</b>	<b>45,844</b> <b>(-)</b>	<b>140,142</b> <b>(90,701)</b>
Work in progress	19,737	-	19,737	17,580	18,578	36,158	14,603	9,646	24,249
As a percentage of Work-on-Hand at End of Period	18.6%	-	18.6%	15.9%	31.6%	21.4%	(14.358%) 15.5%	(-) 21.0%	(14.358%) 17.3%
<b>Projects during Period</b>	<b>67,934</b>	<b>3,454</b>	<b>67,934</b>	<b>63,526</b>	<b>22,717</b>	<b>86,244</b>	<b>143,412</b>	<b>62,268</b>	<b>205,680</b>

Note:

Above table does not include figures for Mitsui Home Group companies other than Mitsui Home Co., Ltd.

Figures in parentheses do not include projects undertaken by Mitsui Harbour and Urban Construction or Sanei Engineering, which were excluded from scope of consolidation at the end of the previous fiscal year.

#### [4] BROKERAGE, CONSIGNMENT SALES AND CONSULTING

Revenue from operations: ¥18,392 million (down ¥1,523 million, or 7.6%)  
 Operating income: ¥2,124 million (down ¥4,138 million, or 66.1%)

- Mitsui Real Estate Sales posted a solid revenue gain in its brokerage business, but its consignment sales business reported a revenue decline due to the effects of a taxation system promoting residential unit acquisition similar to the sales segment.
- In the previous interim period, the Company's consulting business benefited from various fee income associated with the public listing of Office Building Fund of Japan, as well as from other large-scale projects. Compared with that term, revenue in the term under review were down.
- In addition to the revenue decline, the fall in operating income stemmed from a realignment of the business segments of Mitsui Real Estate Sales associated with that company becoming a wholly owned subsidiary.

(¥ million)

	Six Months Ended September 30				Year Ended March 31, 2002	
	2002		2001			
	Units	Revenue	Units	Revenue	Units	Revenue
<b>Brokerage</b>	12,209	14,165	11,746	13,238	24,121	28,580
<b>Consignment Sales</b>	2,231	2,267	2,797	3,630	5,236	8,075
<b>Consulting</b>	-	1,960	-	3,047	-	9,086
<b>TOTAL</b>	-	<b>18,392</b>	-	<b>19,916</b>	-	<b>45,742</b>

#### <Segment reorganization of Mitsui Real Estate Sales>

In order to clarify that company's future positioning as a specialist in brokerage and consignment sales, it was made a 100% subsidiary following an exchange of shares. As a consequence, from the interim period under review all revenue-related and indirect expenses from that company's businesses are reported in the "Brokerage and Consignment Sales" segment, which had been allocated separately in leasing and other businesses.

#### [5] PROPERTY MANAGEMENT

Revenue from operations: ¥33,859 million (up ¥655 million, or 2.0%)  
 Operating income: ¥3,935 million (up ¥462 million, or 13.3%)

- In the period under review, revenue from the property management category dipped slightly, but sales from the tenant improvement category increased thanks to higher orders stemming from new office buildings coming on stream. As a result, overall segment revenues and earnings increased.

(¥ million)

	Six Months Ended September 30		Year Ended March 31, 2002
	2002	2001	
	Revenue	Revenue	Revenue
<b>Property Management</b>	22,616	23,393	46,403
<b>Tenant Improvement</b>	11,242	9,810	21,512
<b>TOTAL</b>	<b>33,859</b>	<b>33,203</b>	<b>67,916</b>

## [6] SALES OF HOUSING MATERIALS AND MERCHANDISE

Revenue from operations: ¥35,216 million (down ¥2,469 million, or 6.6%)  
 Operating income: ¥464 million (down ¥344 million, or 42.6%)

- In the interim period, both revenues and earnings declined due to sluggish economic conditions, as well as partial reorganization of the business.

(¥ million)

	Six Months Ended September 30		Year Ended March 31, 2002
	2002	2001	
	Revenue	Revenue	Revenue
<b>Housing Materials</b>	10,067	10,109	20,953
<b>Merchandise</b>	25,149	27,577	50,624
<b>TOTAL</b>	<b>35,216</b>	<b>37,686</b>	<b>71,577</b>

## [7] FACILITY OPERATIONS

Revenue from operations: ¥21,598 million (down ¥2,416 million, or 10.1%)  
 Operating loss: ¥2,698 million (down ¥2,494 million)

- Revenues from the Hawaii hotel business declined due to exchange rates and the effects of the terrorist attacks. In Japan, golf course revenues declined due to the closure of the Kashiwa Golf Course (Chiba prefecture) at September 30, 2001. Domestic hotel operation revenues also decreased in the wake of the stagnant economy.
- Segment operating income dropped significantly. However, this was the result of the fall in hotel revenues, as well as increased amortization expenses resulting from the closure of Skidome "SSAWS" (September 30, 2002).

(¥ million)

	Six Months Ended September 30		Year Ended March 31, 2002
	2002	2001	
	Revenue	Revenue	Revenue
<b>Hotels</b>	12,752	14,382	28,658
<b>Other</b>	8,846	9,632	16,309
<b>TOTAL</b>	<b>21,598</b>	<b>24,015</b>	<b>44,967</b>

## [8] OTHER

Revenue from operations: ¥8,473 million (up ¥52 million, or 0.6%)  
 Operating income: ¥1,314 million (up ¥658 million, or 100.5%)

(¥ million)

	Six Months Ended September 30		Year Ended March 31, 2002
	2002	2001	
	Revenue	Revenue	Revenue
<b>Finance and Lease</b>	1,140	2,098	3,925
<b>Other</b>	7,332	6,322	12,967
<b>TOTAL</b>	<b>8,473</b>	<b>8,421</b>	<b>16,893</b>

## ASSETS, LIABILITIES AND SHAREHOLDERS' EQUITY

(¥ million)

ASSETS	September 30, 2002	March 31, 2002	Change
Cash and Time Deposits	95,199	119,225	24,026
Marketable Securities	136	149	13
Real Property for Sale*	421,564	459,840	38,275
Tangible & Intangible Fixed Assets	1,693,840	1,698,841	5,000
Investment Securities	208,162	206,910	1,251
Short-Term & Long-Term Loans	47,395	57,837	10,442
Lease Deposits	221,351	224,543	3,192
Deferred Income Taxes	57,795	56,100	1,694
Deferred Income Taxes - Revaluation	37,191	37,191	-
Other Assets	168,745	168,327	417
<b>TOTAL ASSETS</b>	<b>2,951,383</b>	<b>3,028,969</b>	<b>77,586</b>

\*Real Property for Sale includes Advances Paid for Purchases.

LIABILITIES, MINORITY INTEREST AND SHAREHOLDERS' EQUITY	September 30, 2002	March 31, 2002	Change
Interest-Bearing Debt	1,495,449	1,460,526	34,922
Deposits from Tenants	313,473	327,359	13,886
Deferred Income Taxes	15,641	15,056	585
Deferred Income Taxes - Revaluation	160,925	160,925	-
Other Liabilities	339,083	435,373	96,289
<b>TOTAL LIABILITIES</b>	<b>2,324,572</b>	<b>2,399,240</b>	<b>74,667</b>
<b>MINORITY INTEREST</b>	<b>18,649</b>	<b>20,192</b>	<b>1,543</b>
<b>SHAREHOLDERS' EQUITY</b>			
Common Stock	134,433	134,433	-
Additional Paid-in Capital	204,693	204,693	-
Surplus from Land Revaluation	156,871	156,404	466
Retained Earnings	139,863	137,026	2,836
Unrealized Gains/Losses on Securities	1,618	2,905	1,286
Foreign Currency Translation Adjustment	25,830	20,013	5,817
Treasury Stock	250	102	148
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>608,161</b>	<b>609,536</b>	<b>1,375</b>
<b>TOTAL LIABILITIES, MINORITY INTEREST AND SHAREHOLDERS' EQUITY</b>	<b>2,951,383</b>	<b>3,028,989</b>	<b>77,586</b>

### [Real Property for Sale]

The parent company reported a ¥33.8 billion decline in real property for sale, due to a number of factors. These included a slight decline in land acquisitions for new investments in real property for sale, as well as recovery of costs, depreciation of ski-dome "SSAWS," and demolition of the Ginza Mitsui Building. Mitsui Fudosan America also posted a decline, leading to an overall fall of ¥38.3 billion.

### (a) Real Property for Sale (including Advances Paid for Purchases)

(¥ million)

	September 30, 2002	March 31, 2002	Change
Mitsui Fudosan	378,792	412,600	33,808
Mitsui Fudosan America	597	1,438	840
Other and Elimination	42,174	45,800	3,625
<b>Consolidated Total</b>	<b>421,564</b>	<b>459,840</b>	<b>38,275</b>

**(b) Accounts of Real Property for Sale (nonconsolidated)**

(¥ million)

March 31, 2002	New Investments	Cost Recovery	Others	September 30, 2002
412,600	73,489	101,395	5,902	378,792

Cost of acquiring land related to sales of housing and commercial properties:

September 30, 2002 interim term: ¥29.1 billion

September 30, 2001 interim term: ¥62.6 billion

September 30, 2000 interim term: ¥36.8 billion

September 30, 1999 interim term: ¥61.1 billion

**[Tangible and Intangible Assets]**

Total tangible and intangible assets of the parent company at interim term-end were up ¥9.7 billion. This was mainly due to the completion of new office buildings, including the Celestine Shiba Mitsui Building (Minato-ku, Tokyo) and the Nakanoshima Mitsui Building (Osaka). Due to exchange rate movements, however, such assets held by Mitsui Fudosan America fell ¥11.4 billion. Overall assets, therefore, declined ¥5.0 billion.

**(a) Tangible and Intangible Assets (Including revaluation differential)**

(¥ million)

	September 30, 2002	March 31, 2002	Change
Mitsui Fudosan	1,222,072	1,212,408	9,663
Mitsui Fudosan America	100,217	111,614	11,396
Mitsui Real Estate Sales	47,501	47,861	359
Mitsui Home	38,696	39,476	780
Other and Elimination	285,353	287,480	2,127
Consolidated Total	1,693,840	1,698,841	5,000

**(b) Tangible and Intangible Fixed Assets (nonconsolidated)**

(¥ million)

March 31, 2002	New Investments	Depreciation	Demolition/Sale	Others	September 30, 2002
1,212,408	28,015	10,339	7,946	65	1,222,072

Major new investments:

Nakanoshima Mitsui Building: ¥13.9 billion

Celestine Shiba Mitsui Building: ¥7.9 billion

Shiodome City Center: ¥1.0 billion

### [Interest-Bearing Debt]

In addition to the creation of a consolidated cash management system, in February 2002 the parent company began comprehensive fund-raising and launched a system for lending to subsidiaries. In line with these moves, we introduced the subsidiary lending system at Mitsui Real Estate Sales in the interim term under review. As a result, the balance of loans to subsidiaries by the parent company at term-end was ¥228.2 billion, up ¥25.2 billion from six months earlier. This has been eliminated in consolidation.

Interest-bearing debt of the parent company, excluding loans to subsidiaries, increased ¥33.6 billion due to payment of construction costs for new office buildings, as well as payment of construction costs for condominiums reported in the previous year. Interest-bearing debt of Mitsui Fudosan America declined owing to exchange rate factors. Overall Group interest-bearing debt at term-end was ¥1,495 billion, up ¥34.9 billion from March 31, 2002.

#### (a) Interest-Bearing Debt

	(¥ million)		
	September 30, 2002	March 31, 2002	Change
Mitsui Fudosan	1,278,842	1,220,060	58,782
Mitsui Real Estate Sales	91,120	79,254	11,866
Mitsui Fudosan America	82,156	89,342	7,185
Mitsui Home	10,025	10,172	146
Loans to subsidiaries	228,234	203,061	25,173
Other and Elimination	261,538	264,758	3,220
Consolidated Total	1,495,449	1,460,526	34,922

#### (b) Interest-Bearing Debt (nonconsolidated)

	(¥ million)		
	September 30, 2002	March 31, 2002	Change
Interest-Bearing Debt (excluding loans to subsidiaries)	1,050,607	1,016,999	33,608
Loans to Subsidiaries	228,234	203,061	25,173
Total	1,278,842	1,220,060	58,782

### [Retained Earnings]

Consolidated retained earnings at interim term-end, after deducting ¥2.8 billion in dividend payments, amounted to ¥139.9 billion, up ¥2.8 billion over the term. The primary contributing factor was ¥6.2 billion in interim net income.

#### Contingent Liabilities

	(¥ million)		
	September 30, 2002	March 31, 2002	Change
Loans Guaranteed	200,752	219,501	18,749

## CASH FLOWS

(¥ million)

	Six Months Ended September 30		Change
	2002	2001	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash Profit*	39,721	50,157	10,435
Purchase/Sale of Real Property for Sale	9,424	17,756	27,181
Other Changes in Assets and Liabilities	69,162	41,173	27,989
<b>Net Cash Provided by Operating Activities (1)</b>	<b>20,016</b>	<b>8,772</b>	<b>11,243</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchase/Sale of Marketable and Investment Securities	5,510	5,190	321
Purchase/Sale of Tangible and Intangible Fixed Assets	21,539	6,174	15,365
Increase/Decrease in Lease Deposits	10,111	982	9,128
Other	3,441	19,168	15,757
<b>Net Cash Used in Investing Activities (2)</b>	<b>40,604</b>	<b>31,515</b>	<b>9,088</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Increase/Decrease in Short-Term Debt	29,717	21,908	7,809
Proceeds from/Repayment of Long-Term Debt	68,384	25,480	42,904
Proceeds from Issuance of Corporate Bonds	80,000	-	80,000
Cash Dividends Paid	3,181	2,757	423
<b>Net Cash Used in Financing Activities</b>	<b>38,151</b>	<b>6,329</b>	<b>44,481</b>
<b>Effect of Exchange Rate Changes on Cash and Cash Equivalents</b>	<b>770</b>	<b>1,112</b>	<b>1,883</b>
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>23,239</b>	<b>45,505</b>	<b>22,265</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>117,558</b>	<b>158,435</b>	<b>40,876</b>
<b>Cash and Cash Equivalents at End of Year</b>	<b>94,319</b>	<b>112,930</b>	<b>18,611</b>

\*Note: Cash profit refers to income before income taxes, plus/minus gains/losses not related to the movement of cash, after adjustments for interest payments and taxes on a cash basis.

### [Cash Flows from Operating Activities]

Cash profits for the term were down ¥10.4 billion due to the ¥9.2 billion decline in operating income, interest and tax payments of ¥2.2 billion, and other factors. Net cash inflows from the purchase/sale of real property for sale improved ¥27.2 billion. Reasons for the change included a ¥28.1 billion decline stemming from decreased cost of recovery and a ¥55.6 billion increase due to lower payments for the purchase of real property for sale. Other changes in assets and liabilities saw net cash outflows of ¥28.0 billion. This was mainly the result of an increase in deposit payments from customers influenced by a fall in the number of consignment sales of Mitsui Real Estate Sales in the interim term.

### [Cash Flows from Investing Activities]

There was an increase in net cash outflows from the purchase/sale of tangible and intangible fixed assets, due partly to the major inflows in the previous interim period stemming from the sale of high-rise condominiums for rent. In the term under review, by comparison, the Company resumed normal capital investments, including payment for construction of newly completed office buildings.

### [Cash Flows from Financing Activities]

In the interim term, the Company raised a net ¥41.3 billion through long- and short-term borrowings and ¥80 billion in issuance of convertible bonds. The difference between this amount and that shown in the Balance Sheets (¥34.9 billion) resulted from difference in timing of translation.

As a result, cash and cash equivalents at interim term-end amounted to ¥94.3 billion, down ¥18.6 billion.

## Consolidated Earning Forecast For the Year Ending March 31, 2003

(¥ million)

	Year Ending March 31, 2003		Change from Previous Forecast	Year Ended March 31, 2002 (Results)
	Current Forecast	Previous Forecast (May 2002)		
<b>Revenue from Operations</b>	1,100,000	1,110,000	10,000	1,152,483
(Consolidated/Nonconsolidated Ratio)	(1.78)	(1.78)	(0.00)	(1.92)
Leasing	331,000	334,000	3,000	331,501
Sales of Housing, Office Buildings and Land	340,000	339,000	1,000	336,641
Construction	192,000	189,000	3,000	237,243
Brokerage, Consignment Sales and Consulting	46,000	48,000	2,000	45,742
Property Management	69,000	72,000	3,000	67,916
Sales of Housing Materials and Merchandise	66,000	70,000	4,000	71,577
Facility Operations	40,000	43,000	3,000	44,967
Other	16,000	15,000	1,000	16,893
<b>Operating Income</b>	103,000	103,000	-	102,950
(Consolidated/Nonconsolidated Ratio)	( 1.58 )	( 1.58 )	( 0.00 )	(1.56)
Leasing	67,000	65,500	1,500	71,718
Sales of Housing, Office Buildings and Land	27,000	26,000	1,000	26,668
Construction	1,000	1,000	-	5,228
Brokerage, Consignment Sales and Consulting	15,500	17,500	2,000	17,541
Property Management	7,500	8,000	500	7,665
Sales of Housing Materials and Merchandise	500	1,000	500	1,342
Facility Operations	3,000	2,500	500	4,271
Other	1,500	500	1,000	858
Elimination	14,000	14,000	-	13,345
<b>Non-Operating Income/Expenses</b>	27,500	29,000	1,500	30,150
Equity in Net Income of Affiliated Companies	2,500	2,000	500	3,300
Interest Expense, in Net	26,500	28,000	1,500	29,719
Other	3,500	3,000	500	3,731
<b>Ordinary Income</b>	75,500	74,000	1,500	72,800
(Consolidated/Nonconsolidated Ratio)	(1.64)	(1.64)	(0.01)	(1.59)
<b>Extraordinary Gains/Losses</b>	17,500	9,000	8,500	29,430
<b>Income Before Income Taxes</b>	58,000	65,000	7,000	43,369
<b>Income Taxes</b>	24,500	26,500	2,000	15,714
<b>Minority Interests</b>	500	500	-	2,151
<b>Net Income</b>	33,000	38,000	5,000	29,806
(Consolidated/Nonconsolidated Ratio)	( 1.69 )	(1.65)	(0.04)	(3.49)

### 【Revenue and Income from Operations】

The Company has adjusted its full-year projections slightly, taking into account the results of the interim term under review. Variations from previous forecasts are described below.

#### Leasing

Due to declining revenues of the parent company and exchange rate factors affecting Mitsui Fudosan America, we expect a ¥3.0 billion decline in segment sales for the year. Operating income, however, should grow ¥1.5 billion due to a reassessment of leasing expenses.

#### Sales of housing, office buildings and land

Segment revenues are expected to climb ¥1.0 billion thanks to nonresidential sales by the parent company. Operating income is forecast to increase a similar ¥1.0 billion.

### **Construction**

We anticipate a ¥3.0 billion rise in revenues in this segment as Mitsui Home takes direct control of the company's franchising subsidiary. Operating income will be unchanged.

### **Brokerage, consignment sales and consulting**

Revenues in this segment are projected to fall ¥2.0 billion due to a decline in the consignment sales business of Mitsui Real Estate Sales. Operating income should decline a similar ¥2.0 billion, affected partly by that company's segment reorganization.

### **Property management**

In this segment, we forecast a ¥3.0 billion fall in revenues and a ¥0.5 billion dip in operating income, because tenancy-preparation work in large-scale office buildings, due for completion by fiscal year-end, will be delayed until the following fiscal period.

### **Sales of housing materials and merchandise**

Segment revenues are estimated to fall ¥4.0 billion due to the sale of the supermarket arm of Uniliving, as well as prolonged economic stagnation. Operating income is expected to slip ¥0.5 billion.

### **Facility operations**

The depressed state of the hotel business in Hawaii that we suffered in the interim term will continue through the end of the fiscal year. We also expect the domestic hotel and golf course businesses to languish amid economic recession. Segment revenues are forecast to fall ¥3.0 billion, with operating income off ¥0.5 billion.

As a result of the above factors, the Company projects consolidated net sales of ¥1.1 trillion (¥10.0 billion below May 2002 estimates) and operating income of ¥103.0 billion in the year ending March 31, 2003.

### **【Ordinary Income and Net Income】**

Ordinary income is projected to total ¥75.5 billion, up ¥1.5 billion from earlier estimates. This improvement will derive from a decline in the net interest burden owing to the ongoing low-interest environment, as well as an improvement in equity in net income of affiliated companies, stemming from the favorable performance of Oriental Land.

The Company forecasts consolidated net income of ¥33.0 billion, down ¥5.0 billion from earlier estimates, reflecting an evaluation loss on investment securities in the interim term under review.

### **【Capital Expenditures】 (no change)**

(¥ million)

	Year Ending March 31, 2003			Year ended March 31, 2002 (Result)
	Current Forecast	Previous Forecast (May 2002)	Change	
Capital Expenditure	65,000	65,000	-	62,101
Depreciation	44,000	44,000	-	66,017
(Excluding one-time SSAWS amortization)	44,000	44,000	-	47,540

### **【Interest-Bearing Debt】 (no change)**

The Company expects to be able to cut interest-bearing debt to ¥1.4 trillion at fiscal year-end, reflecting earlier projections.

## [NONCONSOLIDATED EARNING FORECAST]

(¥ million)

	Year Ending March 31, 2003			March 31, 2002 (Result)
	Current Forecast	Previous Forecast (May 2002)	Change	
<b>Revenue from Operations</b>	618,000	624,000	6,000	599,305
Leasing	241,000	243,000	2,000	243,629
Sales of Housing, Office Building and Land	336,000	337,000	1,000	315,651
Sale of Housing	287,000	289,000	2,000	286,130
Detached Housing	46,000	44,000	2,000	45,153
Condominiums	241,000	245,000	4,000	240,977
Sale of Office Building and Land	49,000	48,000	1,000	29,521
Other	41,000	44,000	3,000	40,024
<b>Gross Margin (%)</b>	17.6	17.5	0.1	18.3
Leasing	19.5	19.0	0.5	21.4
Sales of Housing, Office Building and Land	17.0	17.0	-	16.9
Sale of Housing	18.0	18.5	0.5	17.4
Other	12.0	12.5	0.5	10.5
Selling, General and Administrative Expenses	44,000	44,000	-	43,879
<b>Operating Income</b>	65,000	65,000	-	65,851
<b>Non-Operating Income/Expense</b>	19,000	20,000	1,000	20,087
Interest Expense, in Net	17,000	18,000	1,000	17,323
<b>Ordinary Income</b>	46,000	45,000	1,000	45,764
<b>Extraordinary Gains/Losses</b>	11,000	5,000	6,000	31,592
Income before Income Taxes	35,000	40,000	5,000	14,171
Income Taxes	15,500	17,000	1,500	5,622
<b>Net Income</b>	19,500	23,000	3,500	8,549

### (a) Housing Units for Sale (unit)

	Year Ending March 31, 2003		Change
	Current Forecast	Previous Forecast	
Detached Housing	900	850	50
Condominiums	5,350	5,450	100
Total	6,250	6,300	50

### (b) Accounts of Real Property for Sale (¥ million)

March 31, 2002	New Investments	Cost Recovery	March 31, 2003
412,600	240,000	264,000	388,600

### (c) Tangible and Intangible Fixed Assets (¥ million)

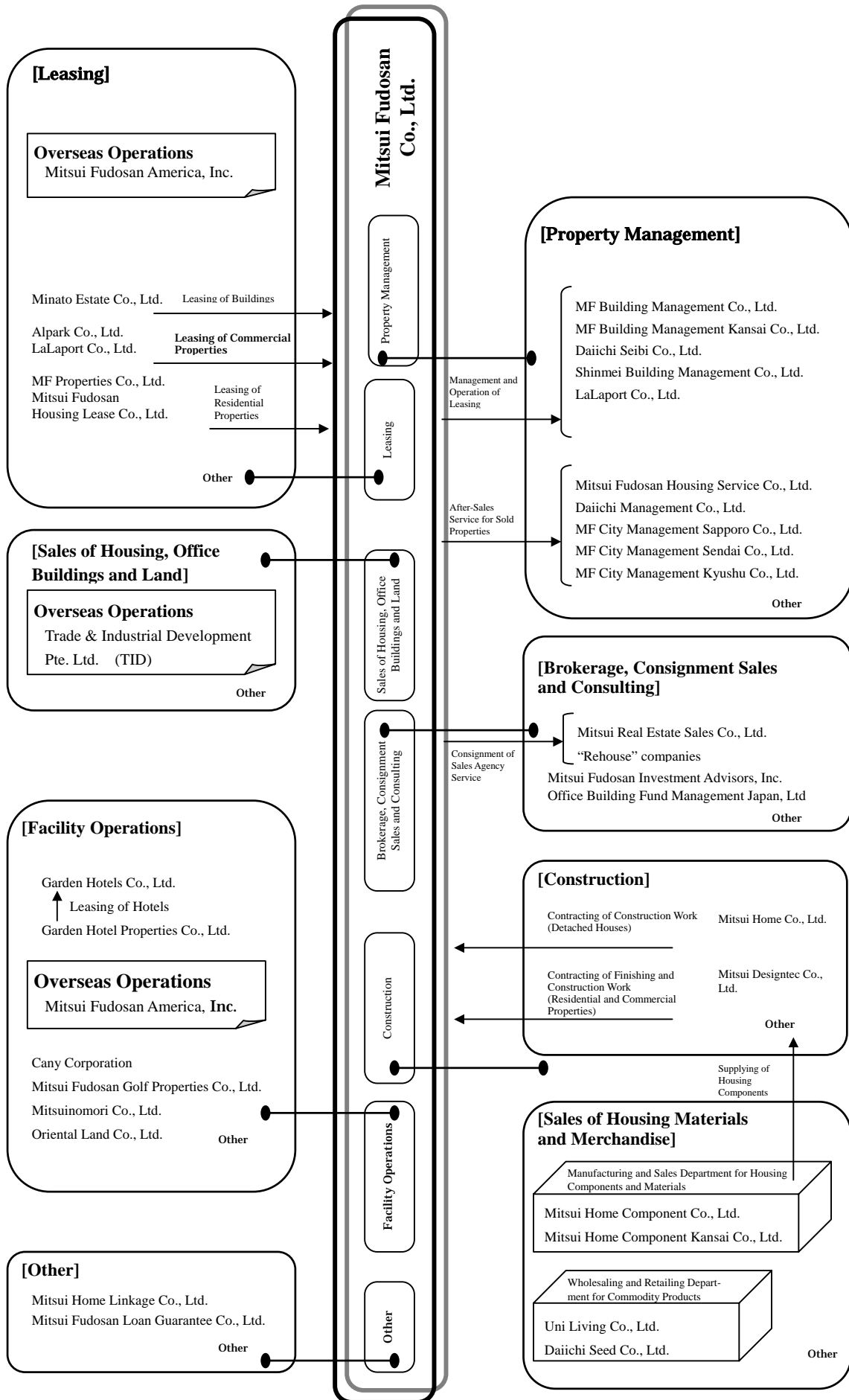
March 31, 2002	New Investments	Depreciation	Demolition/Sale	March 31, 2003
1,212,408	50,000	23,000	8,000	1,231,408

## [FORECAST FOR MAJOR SUBSIDIARIES]

(¥ million)

	Mitsui Real Estate Sales Co., Ltd.			Mitsui Home Co., Ltd.		
	Current Forecast	Previous Forecast (May 2002)	Change	Current Forecast	Previous Forecast (May 2002)	Change
Revenue from Operations	93,000	92,000	1,000	233,000	222,800	16,066
Operating Income	13,000	12,000	1,000	1,500	1,500	7,059
Ordinary Income	12,500	11,000	1,500	1,600	1,600	7,230
Net Income	7,500	7,500	-	450	450	10,158

Business lines of major affiliates and their relationship with Mitsui Fudosan Co., Ltd.



## SEGMENT INFORMATION

### Six Months Ended September 30, 2002

(¥ million)

	Revenue from Operations			Costs and Expenses	Operating Income (Loss)	Assets	Depreciation	Capital Expenditures
	(1) Outside Customers	(2) Inter-segment	Total					
(1) Leasing	165,529	2,700	168,229	133,932	34,297	1,972,324	13,073	28,171
(2) Sales of Housing, Office Buildings and Land	129,030	-	129,030	119,353	9,677	406,159	210	439
(3) Construction	79,013	3,649	82,662	86,481	3,818	52,846	879	1,218
(4) Brokerage, Consignment Sales and Consulting	18,392	3,548	21,941	19,816	2,124	27,881	327	570
(5) Property Management	33,859	10,916	44,775	40,840	3,935	32,784	413	301
(6) Sales of Housing Materials and Merchandise	35,216	14,378	49,595	49,130	464	47,504	621	267
(7) Facility Operations	21,598	57	21,656	24,354	2,698	126,212	1,792	1,217
(8) Other	8,473	4,855	13,328	12,013	1,314	43,920	1,805	1,344
<b>Total</b>	<b>491,113</b>	<b>40,105</b>	<b>531,219</b>	<b>485,922</b>	<b>45,296</b>	<b>2,709,634</b>	<b>19,122</b>	<b>33,530</b>
Elimination or Corporate	-	(40,105)	(40,105)	(32,792)	(7,312)	241,748	277	299
<b>Consolidated</b>	<b>491,113</b>	<b>-</b>	<b>491,113</b>	<b>453,129</b>	<b>37,984</b>	<b>2,951,383</b>	<b>19,400</b>	<b>33,829</b>

### Six Months Ended September 30, 2001

(¥ million)

	Revenue from Operations			Costs and Expenses	Operating Income (Loss)	Assets	Depreciation	Capital Expenditures
	(1) Outside Customers	(2) Inter-segment	Total					
Leasing	168,299	1,528	169,827	132,888	36,939	1,630,241	13,709	22,697
Sales of Housing, Office Buildings and Land	167,577	-	167,577	154,805	12,772	449,716	200	200
Construction	94,966	1,988	96,955	103,808	6,853	145,731	990	2,070
(1) Brokerage, Consignment Sales and Consulting	19,916	4,671	24,587	18,325	6,262	36,409	343	645
(2) Property Management	33,203	8,756	41,960	38,488	3,472	30,236	288	353
(3) Sales of Housing Materials and Merchandise	37,686	12,542	50,229	49,420	808	51,569	603	397
(4) Facility Operations	24,015	-	24,015	24,219	204	166,886	2,627	1,566
(5) Other	8,421	4,731	13,152	12,496	655	59,828	2,002	2,394
<b>Total</b>	<b>554,087</b>	<b>34,220</b>	<b>588,307</b>	<b>534,452</b>	<b>53,855</b>	<b>2,570,621</b>	<b>20,766</b>	<b>30,327</b>
Elimination or Corporate	-	(34,220)	(34,220)	(27,502)	(6,717)	206,386	171	260
<b>Consolidated</b>	<b>554,087</b>	<b>-</b>	<b>554,087</b>	<b>506,949</b>	<b>47,137</b>	<b>2,777,008</b>	<b>20,938</b>	<b>30,587</b>

#### Leasing

Leasing of office buildings, commercial facilities, residential properties, etc.

#### Sales of Housing, Office Buildings and Land

Sales of detached housing, condominiums, buildings, and land, etc.

#### Construction

Construction of detached housings and flats, etc.

#### Brokerage, Consignment Sales and Consulting

Real estate agency, sales agency, and sales consignment services, as well as project management services for development of office buildings and commercial facilities and asset management services for investors. On October 1, 2002, Mitsui Real Estate Sales became a wholly owned subsidiary through a share exchange.

#### Property Management

Property management services (including tenant improvement)

#### Sales of Housing Materials and Merchandise

Manufacture and sale of housing materials, as well as wholesale and retail sale of general goods. In October 2002, the supermarket arm of Uni Living, a "do-it-yourself" retailer, a wholly owned subsidiary, was sold to Maruetsu Inc.

#### Facility Operations

Operation of hotels and golf courses, etc. Skidome SSAWS (Chiba Prefecture), part of this segment, was closed in September 2002.

#### Other

Financing operations for housing loans and leasing business, etc.

## Consolidated Financial Summary (FY1994-1998)

(¥ million)

		Year Ended March 31					
		1994	1995	1996	1997	1998	
P/L	Revenue from Operations	1,301,899	1,242,158	1,209,875	1,270,814	1,158,715	
	Operating Income	83,484	75,952	67,551	1,402	63,635	
	Ordinary Income	8,701	9,515	13,484	47,634	16,571	
	Net Income (Loss)	10,187	9,090	4,174	43,991	31,523	
Segment	Leasing	Revenue from Operations	312,160	311,602	320,727	321,053	321,053
		Operating Income	55,481	55,262	57,740	57,206	57,206
	Sales of Housing, Office Buildings and Land	Revenue from Operations	434,090	420,038	374,231	309,096	309,096
		Operating Income	28,732	20,004	5,662	7,802	-
	Construction	Revenue from Operations	418,204	363,182	371,421	365,559	-
		Operating Income	8,724	6,123	10,005	6,593	-
	Brokerage, Consignment Sales and Consulting	Revenue from Operations	-	-	-	-	-
		Operating Income	-	-	-	-	-
	Property Management	Revenue from Operations	-	-	-	-	-
		Operating Income	-	-	-	-	-
	Sales of Housing Materials and Merchandise	Revenue from Operations	-	-	-	-	-
		Operating Income	-	-	-	-	258,429
	Facility Operations	Revenue from Operations	-	-	-	-	12,287
		Operating Income	-	-	-	-	-
Other	Revenue from Operations	220,002	231,106	226,626	258,429	-	
	Operating Income	11,403	7,501	8,649	12,287	-	
B/S	Total Assets	3,676,400	3,649,673	3,489,353	3,248,659	3,106,788	
	Real Property for Sale	1,036,908	1,024,891	914,670	722,896	698,885	
	Tangible Fixed Assets	1,383,764	1,414,195	1,362,573	1,330,121	1,379,939	
	Capital Expenditures	-	-	79,019	54,074	137,323	
	Depreciation	-	-	42,676	41,148	42,283	
	Interest-Bearing Debt	2,089,877	2,081,176	1,985,721	1,797,247	1,729,274	
	Retained Earnings	270,251	268,690	264,154	219,420	177,641	
	Shareholders' Equity	604,092	606,323	602,943	558,504	516,754	
C/F	Cash Flows from Operating Activities (1)	-	-	-	-	-	
	Cash Flows from Investing Activities (2)	-	-	-	-	-	
	Cash Flows from Financing Activities (3)	-	-	-	-	-	
	Free Cash Flows (1)+(2)	-	-	-	-	-	
Key Data	ROA (%)	2.71%	2.48%	2.28%	0.35%	2.20%	
	Debt/Equity Ratio (Times)	3.5	3.4	3.3	3.2	3.3	
	Equity Ratio (%)	16.4%	16.6%	17.3%	17.2%	16.6%	
	No. of Consolidated Subsidiaries	31	51	52	52	142	
	No. of Affiliates in Equity Method	2	2	2	2	70	

- Segment Revenues/Income: Revenues from operations and operating income for each business segment. (Figures for FY1998 are based on the same segmentation as that used in FY1999.) Above figures for segment revenues include intersegment transactions.
- Property for Sale: Property for sale + Advances paid for purchases
- Interest-Bearing Debt: Short-term borrowings + Commercial paper + Bonds due within 1 year + Long-term borrowings
- Consolidated Retained Earnings: Legal reserve + Surplus (until FY1997)
- ROA: (Operating income + Non-operating income)/Average total assets (Equity in net income/loss of affiliated companies, amortization of consolidated adjustment account, and enterprise taxes prior to FY1997 have been amended to reflect the present accounting standards.
- Debt-Equity Ratio: Interest-bearing debt/Shareholders' equity

## Consolidated Financial Summary (FY1998-2002)

(¥ million)

		Year Ended March 31				Six Months Ended Sep. 30	
		1999	2000	2001	2002	2002	
P/L	Revenue from Operations	1,140,242	1,194,837	1,193,080	1,152,483	491,113	
	Operating Income	56,934	81,923	108,334	102,950	37,984	
	Ordinary Income	9,436	52,259	73,420	72,800	23,543	
	Net Income (Loss)	35,794	58,417	26,112	29,806	6,189	
Segment	Leasing	Revenue from Operations	321,876	329,768	336,025	337,397	168,229
		Operating Income	63,840	61,147	68,550	71,718	34,297
	Sales of Housing, Office Buildings and Land	Revenue from Operations	327,974	359,326	328,281	336,641	129,030
		Operating Income	11,425	8,881	20,606	26,668	9,677
	Construction	Revenue from Operations	289,558	292,598	300,112	247,700	82,662
		Operating Income	4,552	6,031	6,718	5,228	3,818
	Brokerage, Consignment Sales and Consulting	Revenue from Operations	42,629	49,364	50,590	55,179	21,941
		Operating Income	7,720	13,353	13,607	17,541	2,124
	Property Management	Revenue from Operations	76,598	84,500	93,966	86,401	44,775
		Operating Income	3,608	5,871	7,298	7,665	3,935
	Sales of Housing Materials and Merchandise	Revenue from Operations	94,036	102,500	103,401	100,938	49,595
		Operating Income	583	301	834	1,342	464
	Facility Operations	Revenue from Operations	49,531	46,234	47,387	45,558	21,656
		Operating Income	566	25	55	4,271	2,698
	Other	Revenue from Operations	25,778	29,950	30,254	28,529	13,328
		Operating Income	2,119	2,831	3,807	858	1,314
B/S	Total Assets	3,202,426	2,991,203	2,846,467	3,028,989	2,951,383	
	Real Property for Sale	647,330	482,182	453,053	459,840	421,564	
	Tangible Fixed Assets	1,523,396	1,467,055	1,456,692	1,698,862	1,693,840	
	Capital Expenditures	133,152	83,945	67,478	62,101	33,829	
	Depreciation	42,249	45,776	44,418	66,017	19,400	
	Interest-Bearing Debt	1,781,271	1,660,127	1,554,360	1,460,526	1,495,449	
	Retained Earnings	153,469	89,168	98,643	137,026	139,863	
	Shareholders' Equity	492,591	395,132	411,097	609,557	608,161	
C/F	Cash Flows from Operating Activities (1)	142,802	134,200	173,664	142,121	20,016	
	Cash Flows from Investing Activities (2)	142,230	32,449	32,088	81,658	40,604	
	Cash Flows from Financing Activities (3)	25,625	96,576	150,001	103,298	38,151	
	Free Cash Flows (1)+(2)	572	101,750	141,575	60,463	60,620	
Key Data	ROA (%)	2.06%	3.10%	3.98%	3.86%	1.43%	
	Debt/Equity Ratio (Times)	3.6	4.2	3.8	2.4	2.5	
	Equity Ratio (%)	15.4%	13.2%	14.5%	20.1%	20.6%	
	No. of Consolidated Subsidiaries	163	160	150	143	139	
	No. of Affiliates in Equity Method	70	72	65	60	59	

## Consolidated Financial Statements

### CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(¥ million)

	September 30, 2002		March 31, 2002		Change	
		% of Total Assets		% of Total Assets	Amount	Percentage
<b>ASSETS:</b>						
<b>. Current Assets:</b>	686,080	23.2	749,027	24.7	62,947	8.4
Cash and Time Deposits	95,199		119,225		24,026	
Accounts Receivable—Trade	21,767		32,237		10,469	
Marketable Securities	136		149		13	
Real Property for Sale	414,948	14.1	447,619	14.8	32,670	7.3
Expenditure on Contracts in Progress	13,908		11,593		2,315	
Other Inventories	8,303		8,445		141	
Advances Paid for Purchases	6,615		12,220		5,604	
Short-Term Loans	25,699		32,454		6,755	
Deferred Income Taxes	43,874		41,896		1,977	
Other Current Assets	62,403		49,470		12,932	
Allowance for Doubtful Accounts	6,777		6,285		491	
<b>. Fixed Assets:</b>	2,265,301	76.8	2,279,920	75.3	14,619	0.6
<b>1. Tangible Fixed Assets:</b>	1,659,492	56.2	1,662,770	54.9	3,278	0.2
Buildings and Structures	493,219	16.7	487,711	16.1	5,508	1.1
Machinery, Equipment and Materials Handling Equipment	5,891		5,843		47	
Land	1,094,630	37.1	1,097,792	36.2	3,162	0.3
Construction in Progress	32,914		40,823		7,909	
Other Tangible Assets	32,835		30,598		2,237	
<b>2. Intangible Fixed Assets:</b>	34,348	1.2	36,070	1.2	1,721	4.8
Leasehold Rights	25,985		28,294		2,309	
Other Intangible Fixed Assets	8,363		7,776		587	
<b>3. Investment and Other Assets</b>	571,460	19.4	581,079	19.2	9,619	1.7
Investment Securities	208,162		206,910		1,251	
Long-Term Loans	21,696		25,383		3,687	
Lease Deposits	221,351		224,543		3,192	
Deferred Income Taxes	13,920		14,203		282	
Deferred Income Taxes- Revaluation	37,191		37,191		-	
Other	99,747		100,966		1,219	
Allowance for Doubtful Accounts	30,609		28,121		2,488	
<b>. Deferred Assets</b>	1		20		18	
<b>TOTAL ASSETS</b>	2,951,383	100.0	3,028,969	100.0	77,586	2.6

## CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(¥ million)

	September 30, 2002		March 31, 2002		Change	
		% of Total Assets		% of Total Assets	Amount	Percentage
<b>LIABILITIES:</b>						
<b>. Current Liabilities:</b>	650,094	22.0	654,896	21.6	4,801	0.7
Accounts Payable—Trade	55,348		87,677		32,328	
Short-Term Debt	195,135	6.6	223,409	7.4	28,273	12.7
Commercial Paper	73,000		37,000		36,000	
Bond Redeemable Within One Year	131,242		50,000		81,242	
Income Taxes Payable	6,672		10,303		3,631	
Advances from Contracts in Progress	20,062		17,607		2,454	
Allowance for Completed Project Indemnities	1,489		1,384		105	
Allowance for Possible Guarantee Losses	263		282		19	
Deferred Income Taxes	-		13		13	
Other Current Liabilities	166,881		227,218		60,337	
<b>. Long-Term Liabilities:</b>	1,674,478	56.8	1,744,343	57.6	69,865	4.0
Corporate Bonds	215,000		216,242		1,242	
Long-Term Debt	881,071	29.9	933,875	30.8	52,803	5.7
Deposits from Tenants	313,473		327,359		13,886	
Allowance for Employees' Retirement Benefits	20,350		18,360		1,989	
Allowance for Directors' Retirement Benefits	1,883		1,888		4	
Deferred Income Taxes	15,641		15,042		599	
Deferred Income Taxes – Revaluation	160,925		160,925		-	
Other Fixed Liabilities	66,132		70,650		4,518	
<b>TOTAL LIABILITIES</b>	<b>2,324,572</b>	<b>78.8</b>	<b>2,399,240</b>	<b>79.2</b>	<b>74,667</b>	<b>3.1</b>
<b>MINORITY INTEREST</b>						
<b>. Minority Interests in Consolidated Subsidiaries</b>	18,649	0.6	20,192	0.7	1,543	7.6
<b>SHAREHOLDERS' EQUITY</b>						
<b>. Common Stock</b>	134,433	4.6	134,433	4.4	-	
<b>. Additional Paid-in Capital</b>	204,693	6.9	204,693	6.8	-	
<b>. Surplus from Land Revaluation</b>	156,871		156,404		466	
<b>. Retained Earnings</b>	139,863	4.7	137,026	4.5	2,836	
<b>. Unrealized Gains/Losses on Securities</b>	1,618		2,905		1,286	
<b>. Foreign Currency Translation Adjustment</b>	25,830		20,013		5,817	
<b>. Treasury Stock</b>	608,412	20.6	609,639	20.1		
	250		102		148	
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>608,161</b>	<b>20.6</b>	<b>609,536</b>	<b>20.1</b>	<b>1,375</b>	
<b>TOTAL LIABILITIES, MINORITY INTEREST AND SHAREHOLDERS' EQUITY</b>	<b>2,951,383</b>	<b>100.0</b>	<b>3,028,969</b>	<b>100.0</b>	<b>77,586</b>	<b>2.6</b>

**CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)**

(¥ million)

	Six Months Ended September 30				Change	
	2002	% of Total Revenue	2001	% of Total Revenue	Amount	Percentage
<b>. Revenue from Operations</b>	491,113	100.0	554,087	100.0	62,973	11.4
<b>. Cost of Revenue from Operations</b>	395,679	80.6	440,653	79.5	44,974	10.2
<b>Gross Operating Profit</b>	95,434	19.4	113,433	20.5	17,998	15.9
<b>. Selling, General and Administrative Expenses</b>	57,450	11.7	66,295	12.0	8,845	13.3
<b>Operating Income</b>	37,984	7.7	47,137	8.5	9,152	19.4
<b>. Non-Operating Income:</b>	4,909	1.0	3,200	0.6	1,708	53.4
Interest Income	635		991		356	
Dividend Income	1,250		1,045		204	
Equity in Net Income of Affiliated Companies	1,599		119		1,480	
Other Non-Operating Income	1,423		1,043		380	
<b>. Non-Operating Expenses:</b>	19,350	3.9	21,162	3.8	1,811	8.6
Interest Expenses	13,854		15,981		2,127	
Other Non-Operating Expenses	5,496		5,180		315	
<b>Ordinary Income</b>	23,543	4.8	29,175	5.3	5,632	19.3
<b>. Extraordinary Gains:</b>	1,705	0.4	16,109	2.9	14,404	89.4
Gain on Sales of Fixed Assets	1,065		15,432		14,367	
Gain on Sales of Investment Securities	535		-		535	
Other Extraordinary Gains	104		677		572	
<b>. Extraordinary Losses:</b>	14,097	2.9	4,747	0.9	9,349	196.9
Loss on Evaluation of Investment Securities	5,862		3,087		2,775	
Loss on Demolition of Fixed Assets	2,529		180		2,348	
Losses Associated with Housing Sales Business	2,332		-		2,322	
Loss on Demolition of Real Property for Sale	1,495		-		1,495	
Provision to Allowance for Doubtful Accounts	831		996		165	
Loss on Restructuring Subsidiaries	493		-		493	
Other Extraordinary Losses	552		360		192	
<b>Income before Income Taxes</b>	11,151	2.3	40,537	7.3	29,386	72.5
<b>Income Taxes</b>	5,995		11,026		5,031	
<b>Deferred Income Taxes</b>	190		8,379		8,570	
<b>Minority Interests</b>	843		958		114	
<b>Net Income</b>	6,189	1.3	22,089	4.0	15,899	72.0

## CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(¥ million)

	Six Months Ended	September 30	Year Ended
	2002	2001	March 31, 2002
<b>I. CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Income before Income Taxes	11,151	40,537	43,369
Depreciation and Amortization	19,400	20,938	47,540
Gain/Loss on Equity in Net Income of Affiliated Companies	1,599	119	3,300
One-Time Depreciation	-	-	18,477
Loss on Evaluation of Investment Securities	5,862	3,087	21,296
Gain/Loss on Sales of Investment Securities	535	-	1,715
Loss on Restructuring of Subsidiaries	493	-	-
Loss on Demolition of Real Property for Sale	1,495	-	913
Loss on Evaluation of Real Property for Sale	-	-	443
Gain/Loss on Sales of Fixed Assets	1,065	15,309	19,535
Loss on Demolition of Fixed Assets	2,529	180	418
Losses Associated with Housing Sales Business	2,332	-	-
Compensation Received	-	-	3,015
Provision to Allowance for Doubtful Accounts	831	996	6,490
Interest and Dividend Income	1,885	2,037	3,829
Interest Expense	13,854	15,981	31,760
Increase/Decrease in Accounts Receivable	10,334	23,801	4,776
Increase/Decrease in Accounts Payable	11,934	35,135	14,179
Purchase of Real Property for Sale*	95,173	150,635	257,606
Sale of Real Property for Sale*	104,598	132,878	260,593
Bonuses Paid to Directors	110	415	192
Other	58,591	23,761	46,182
Subtotal	1,987	10,987	178,888
Cash Receipts of Interest and Dividend Income	2,440	2,949	4,783
Cash Payments of Interest Expense	13,974	16,580	32,155
Income Taxes Paid	10,470	6,129	9,394
<b>Net Cash Provided by Operating Activities</b>	<b>20,016</b>	<b>8,772</b>	<b>142,121</b>
<b>II. CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchase of Marketable and Investment Securities	7,299	4,827	38,242
Sales of Marketable and Investment Securities	607	336	4,642
Purchase of Tangible and Intangible Fixed Assets	29,959	34,396	57,124
Sales of Tangible and Intangible Fixed Assets	8,419	28,221	39,310
Increase in Loans	10,016	9,503	19,998
Decrease in Loans	7,304	699	14,947
Decrease in Deposits from Tenants	32,208	21,803	45,688
Increase in Deposits from Tenants	19,988	11,978	27,251
Increase in Lease Deposits	3,744	1,366	4,360
Decrease in Lease Deposits	5,853	10,208	18,958
Purchase of Securities with Change in Scope of Consolidation	356	-	49
Sales of Securities with Change in Scope of Consolidation	117	-	1,566
Other	21	11,063	19,836
<b>Net Cash Used in Investing Activities</b>	<b>40,604</b>	<b>31,515</b>	<b>81,658</b>
<b>III. CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Decrease in Short-Term Debt	29,717	21,908	188,907
Proceeds from Long-Term Debt	37,500	47,502	299,392
Repayment of Long-Term Debt	105,884	72,982	187,981
Proceeds from Issuance of Corporate Bonds	80,000	-	80,000
Redemption of Bonds	-	-	20,000
Cash Dividends Paid	2,842	2,843	5,690
Cash Dividends Paid to Minority Interests	338	198	396
<b>Net Cash Used in Financing Activities</b>	<b>38,151</b>	<b>6,329</b>	<b>103,298</b>
<b>IV. Effect of Exchange Rate Changes on Cash and Cash Equivalents</b>	<b>770</b>	<b>1,112</b>	<b>1,958</b>
<b>V. Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>23,239</b>	<b>45,505</b>	<b>40,876</b>
<b>VI. Cash and Cash Equivalents at Beginning of Year</b>	<b>117,558</b>	<b>158,435</b>	<b>158,435</b>
<b>VII. Cash and Cash Equivalents at End of Year</b>	<b>94,319</b>	<b>112,930</b>	<b>117,558</b>

\*“Purchase of Real Property for Sale” and “Sale of Property for Sale” show cash flows from changes of Property for Sale and Advances Paid for Purchases on consolidated balance sheets.

## Nonconsolidated Financial Statements

### NONCONSOLIDATED BALANCE SHEETS (UNAUDITED)

(¥million)

	September 30, 2002		March 31, 2002		Change	
		% of Total Assets		% of Total Assets	Amount	Percentage
<b>ASSETS:</b>						
<b>Current Assets:</b>	588,813	23.0	582,858	22.8	5,954	1.0
Cash and Time Deposits	40,724		31,866		8,858	
Accounts Receivable	6,610		12,324		5,713	
Real Property for Sale	174,919	6.8	199,202	7.8	24,282	12.2
Real Estate in Process	145,463	5.7	144,160	5.6	1,303	0.9
Land for Development	52,097	2.0	57,229	2.2	5,132	9.0
Expenditure on Contracts in Progress	571		772		201	
Advances Paid for Purchases	6,311		12,008		5,697	
Prepaid Expenses	3,541		2,946		595	
Short-Term Loans	78,780		46,265		32,515	
Other Receivables	4,476		11,350		6,873	
Deferred Income Taxes	32,945		32,945		-	
Other Current Assets	42,983		32,168		10,814	
Allowance for Doubtful Accounts	612		380		232	
<b>Fixed Assets:</b>	1,968,615	77.0	1,970,918	77.2	2,303	0.1
<b>Tangible Fixed Assets:</b>	1,200,844	47.0	1,191,659	46.7	9,185	0.8
Buildings	283,325	11.1	265,658	10.4	17,666	6.7
Structures	9,351		9,464		112	
Machinery	1,719		1,608		110	
Transportation Equipment	78		86		7	
Tools, Furniture and Fixtures	3,556		3,326		229	
Land	871,186	34.1	871,349	34.1	163	0.0
Construction in Progress	26,822		35,367		8,544	
Other Tangible Assets	4,805		4,798		6	
<b>Intangible Fixed Assets:</b>	21,227	0.8	20,749	0.8	478	2.3
Leasehold Rights	17,928		17,806		121	
Software	3,086		2,725		360	
Other Intangible Fixed Assets	212		216		3	
<b>Investment and Other Assets:</b>	746,542	29.2	758,509	29.7	11,966	1.6
Investment Securities	136,227		134,386		1,841	
Investments in Consolidated Subsidiaries and Affiliated Companies	184,962		184,789		173	
Investments	24,868		24,923		55	
Long-Term Loans	15,367		15,266		101	
Long-Term Loans to Affiliates	149,608		159,919		10,310	
Lease Deposits	216,712	8.5	220,426	8.6	3,714	1.7
Other Investments	29,116		27,123		1,993	
Allowance for Doubtful Accounts	10,320		8,324		1,996	
<b>TOTAL ASSETS</b>	<b>2,557,428</b>	<b>100.0</b>	<b>2,553,776</b>	<b>100.0</b>	<b>3,651</b>	<b>0.1</b>

## NONCONSOLIDATED BALANCE SHEETS (UNAUDITED)

(¥ million)

	September 30, 2002		March 31, 2002		Change	
		% of Total Assets	2001	% of Total Assets	Amount	Percentage
<b>LIABILITIES:</b>						
<b>Current Liabilities:</b>	482,111	18.9	441,048	17.3	41,063	9.3
Accounts Payable	18,650		42,556		23,905	
Short-Term Debt	132,055		162,794	6.4	30,738	18.9
Commercial Paper	73,000		37,000		36,000	
Bond Redeemable Within One Year	131,242		50,000		81,242	
Other Payables	20,162		13,368		6,794	
Income Taxes Payable	2,401		6,512		4,110	
Accrued Expenses	7,999		8,380		381	
Advances Received	40,823		43,133		2,309	
Advances from Contracts in Progress	3		206		203	
Deposits	44,888		66,814		21,925	
Other Current Liabilities	10,884		10,284		600	
<b>Long-Term Liabilities:</b>	1,443,289	56.4	1,483,125	58.1	39,835	2.7
Corporate Bonds	215,000	8.4	216,242	8.5	1,242	0.6
Long-Term Debt	727,545	28.4	754,024	29.5	26,478	3.5
Deposits from Tenants	292,210	11.4	304,385	11.9	12,174	4.0
Deferred Income Taxes	3,970		3,054		916	
Deferred Income Taxes - Revaluation	153,448		153,448		-	
Allowance for Employees' Retirement Benefits	7,725		6,271		1,453	
Allowance for Directors' Retirement Benefits	1,296		1,310		14	
Other Fixed Liabilities	42,093		44,388		2,295	
<b>TOTAL LIABILITIES</b>	1,925,401	75.3	1,924,173	75.3	1,227	0.1
<b>SHAREHOLDERS' EQUITY:</b>						
<b>Common Stock</b>	134,433	5.3	134,433	5.3	-	
<b>Statutory Reserve</b>			218,381	8.6		
Additional Paid-in Capital	204,693		204,693			
Legal Reserve	13,688		13,688		-	
<b>Surplus from Land Revaluation</b>	212,180		211,731		854	
<b>Retained Earnings</b>			68,046	2.7		
Reserve for Substitute Assets	43,364		46,553			
Other Reserve	16,790		11,790			
Unappropriated Earnings	8,745		9,702			
Net Income	4,246		8,549			
<b>Unrealized Gain/Loss on Securities</b>	1,628		2,887		1,258	
<b>Treasury Stock</b>	241		102		138	
<b>TOTAL SHAREHOLDERS' EQUITY</b>	632,026	24.7	629,602	24.7	2,423	
<b>TOTAL LIABILITIES, MINORITY INTEREST AND SHAREHOLDERS' EQUITY</b>	2,557,428	100.0	2,553,776	100.0	3,651	0.1

## NONCONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

(¥ million)

	Six Months Ended September 30				Change	
	2002	% of Total Revenue	2001	% of Total Revenue	Amount	Percentage
<b>Revenue from Operations</b>	267,180	100.0	301,566	100.0	34,386	11.4
Leasing	120,851	45.2	122,373	40.6	1,522	1.2
Sales of Housing, Office Buildings and Land	126,258	47.3	162,167	53.8	35,908	22.1
Other	20,070	7.5	17,026	5.6	3,043	17.9
<b>Cost of Revenue from Operations</b>	222,199		246,066		23,867	
Leasing	95,988		94,425		1,563	
Sales of Housing, Office Buildings and Land	107,596		136,071		28,475	
Other	18,614		15,570		3,043	
<b>Gross Margin (%)</b>	16.8		18.4		1.6	
Leasing	20.6		22.8		2.3	
Sales of Housing, Office Buildings and Land	14.8		16.1		1.3	
Sales of Housing	16.1		17.1		0.9	
Other	7.3		8.6		1.3	
<b>Selling, General and Administrative Expenses</b>	18,005		21,535		3,530	
<b>Operating Income</b>	26,975	10.1*	33,964	11.3*	6,988	20.6
<b>Non-Operating Income/Expense</b>	9,668		8,822		846	
Non-Operating Income:	4,596		2,647		1,949	
Interest Income	1,706		521		1,184	
Dividend Income	2,180		1,762		417	
Other Non-Operating Income	710		363		347	
Non-Operating Expenses:	14,265		11,469		2,795	
Interest Expenses	10,212		9,465		747	
Other Non-Operating Expenses	4,052		2,004		2,047	
<b>Ordinary Income</b>	17,307	6.5*	25,142	8.3*	7,834	31.2
<b>Extraordinary Gains/Losses</b>	9,667		3,077		6,590	
Extraordinary Gains:	2,246		-		2,246	
Gain on Sales of Fixed Assets	1,727		-		1,727	
Gain on Sales of Investment Securities	519		-		519	
Extraordinary Losses:	11,914		3,077		8,837	
Loss on Evaluation of Investment Securities	5,690		3,077		2,612	
Loss on Demolition of Fixed Assets	2,396		-		2,396	
Losses Associated with Housing Sales Business	2,332		-		2,322	
Loss on Demolition of Real Property for Sale	1,495		-		1,495	
<b>Income before Income Taxes</b>	7,639	2.9*	22,064	7.3*	14,424	65.4
<b>Income Taxes</b>	3,393		9,263		5,870	
<b>Deferred Income Taxes</b>	-		-		-	
<b>Net Income</b>	4,246	1.6*	12,801	4.2*	8,554	66.8
<b>Earning Brought Forward from Previous Period</b>	4,948		3,997		950	
<b>Reversal of Revaluation Difference for Land</b>	449		-		449	
<b>Unappropriated Earnings</b>	8,745		16,799		8,053	

\*Income Margin to Revenues