

October 31, 2003

# FACT BOOK

For the Six months ended September 30, 2003



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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

#### **Share Capital:**

¥134,433 million

#### **Number of Issued and Outstanding Shares:**

823,390,384

#### **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 Company'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, 2003

#### CONSOLIDATED INTERIM RESULTS

| (¥ millions)            | Six months<br>to 9/03 | Six months<br>to 9/02 | YoY change |          |
|-------------------------|-----------------------|-----------------------|------------|----------|
|                         |                       |                       | Amount     | % change |
| Revenue from Operations | ¥486,098              | ¥491,113              | (¥5,015)   | (1.0)    |
| Operating Income        | 45,184                | 37,984                | 7,200      | 19.0     |
| Ordinary Income         | 33,448                | 23,543                | 9,905      | 42.1     |
| Net Income              | 20,111                | 6,189                 | 13,921     | 224.9    |

- ◆ In the interim period under review, consolidated revenue from operations amounted to ¥486.0 billion, down ¥5.0 billion from the previous corresponding period. However, operating income rose ¥7.2 billion, to ¥45.1 billion, and ordinary income increased ¥9.9 billion, to ¥33.4 billion. Interim net income jumped ¥13.9 billion, to ¥20.1 billion.
- ◆ Operating income, ordinary income and net income all surpassed the Company's initial forecasts of ¥41.0 billion, ¥27.0 billion and ¥16.5 billion, respectively.
- ◆ **Leasing:** This segment benefited from the full-term contribution of buildings completed in the previous fiscal year, including the Celestine Shiba Mitsui Building and the Nakanoshima Mitsui Building. However, negative factors related to existing buildings included demolition to make way for reconstruction, as well as large turnover and declining rent. For the overall segment, therefore, revenues grew ¥0.6 billion, but operating income declined ¥0.3 billion. As of September 30, 2003, the vacancy rate of Tokyo Metropolitan Area office buildings leased by the Company was 5.8%. This figure partly reflected the fact that some secured tenants of Roppongi T- Cube had not yet moved in when the vacancy rate was calculated. The vacancy rate of existing buildings, excluding two major buildings completed at the end of September 2003 (Roppongi T- Cube and Shibuya Garden Front), was 4.6%.
- ◆ **Sales of housing, office buildings and land:** Sales of housing were higher than usual because the Company completed construction of a large-scale, tower-style condominium building in central Tokyo in the interim period under review. Revenues in this segment increased ¥3.1 billion, and operating income climbed ¥2.8 billion.
- ◆ **Construction:** Segment revenues declined ¥4.1 billion due to lower revenues posted by the Mitsui Home Group. On a positive note, the Mitsui Home Group made good progress in reforming its cost structure. As a result, the segment's operating loss was ¥0.6 billion lower than the previous corresponding period.
- ◆ **Brokerage, consignment sales and consulting; Property management:** Both of these fee business segments posted gains in revenues and operating income.
- ◆ The Company declared an interim term-end cash dividend of ¥3.50 per share.
- ◆ In light of its results in the interim period under review, the Mitsui Fudosan Group has revised its forecasts for the fiscal year to March 2004, as summarized below. (Please refer to page 16 of this report for segment-specific forecasts.)

| (¥ millions)            | Forecasts for the Year to 3/04 |                            | Difference |
|-------------------------|--------------------------------|----------------------------|------------|
|                         | Latest (As of Oct. 2003)       | Previous (As of Apr. 2003) | Amount     |
| Revenue from Operations | ¥1,105,000                     | ¥1,120,000                 | (¥15,000)  |
| Operating Income        | 104,000                        | 104,000                    |            |
| Ordinary Income         | 78,000                         | 78,000                     |            |
| Net Income              | 45,000                         | 45,000                     |            |

## CONSOLIDATED FINANCIAL SUMMARY

(¥ million)

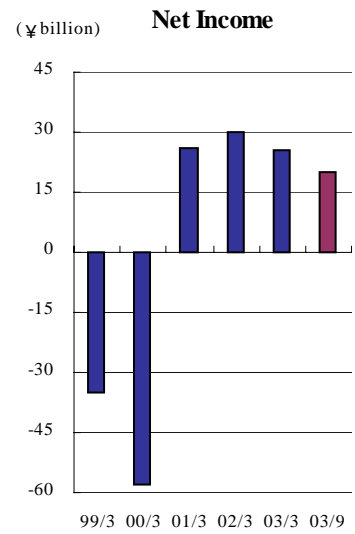
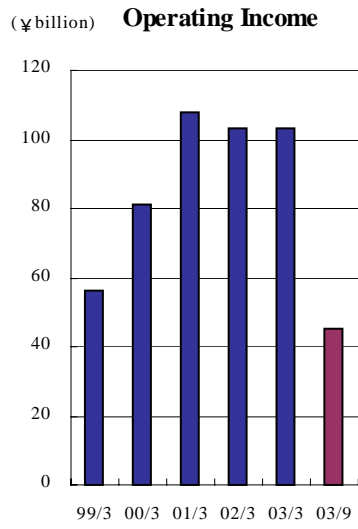
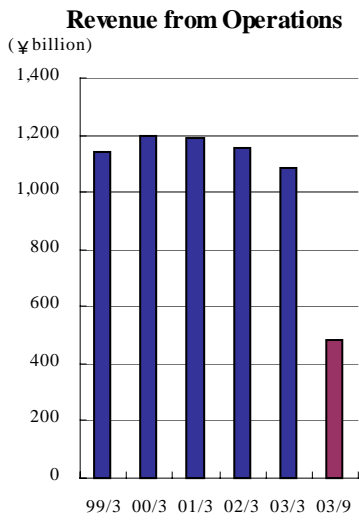
| <b>Operating Results:</b>                  | Six Months Ended<br>Sep. 30, 2003 | Six Months Ended<br>Sep. 30, 2002 | Change   | Year Ended<br>March 31, 2003 |
|--|-----------------------------------|-----------------------------------|----------|------------------------------|
| Revenue from Operations                    | ¥486,098                          | ¥491,113                          | (¥5,015) | ¥1,082,397                   |
| Operating Income                           | 45,184                            | 37,984                            | 7,200    | 103,295                      |
| Ordinary Income                            | 33,448                            | 23,543                            | 9,905    | 76,514                       |
| Net Income                                 | 20,111                            | 6,189                             | 13,921   | 25,553                       |
| <b>Financial Position:</b>                 | Sep. 30, 2003                     | March 31, 2003                    | Change   | Sep. 30, 2002                |
| Total Assets                               | ¥2,934,839                        | ¥2,929,069                        | ¥5,770   | ¥2,951,383                   |
| Interest-Bearing Debt                      | 1,400,657                         | 1,397,211                         | 3,446    | 1,495,449                    |
| Shareholders' Equity                       | 664,252                           | 628,434                           | 35,818   | 608,161                      |
| <b>Cash Flows:</b>                         | Six Months Ended<br>Sep. 30, 2003 | Six Months Ended<br>Sep. 30, 2002 | Change   | Year Ended<br>March 31, 2003 |
| Cash Flows from Operating Activities       | ¥12,999                           | (¥20,016)                         | ¥33,015  | ¥118,484                     |
| Cash Flows from Investing Activities       | (36,826)                          | (40,604)                          | 3,777    | (60,751)                     |
| Cash Flows from Financing Activities       | 1,295                             | 38,151                            | (36,856) | (59,897)                     |
| Cash and Cash Equivalents at End of Period | 92,547                            | 94,319                            | (1,771)  | 114,831                      |

## SEGMENT INFORMATION

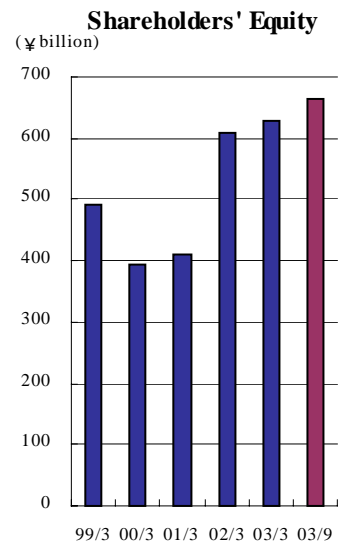
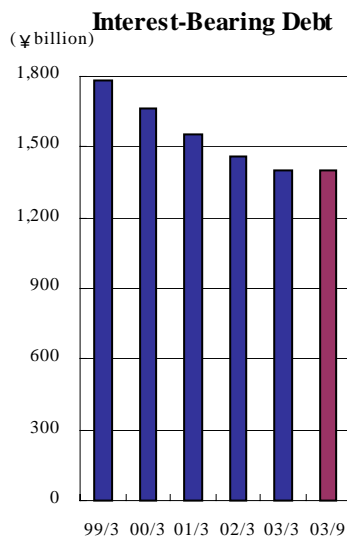
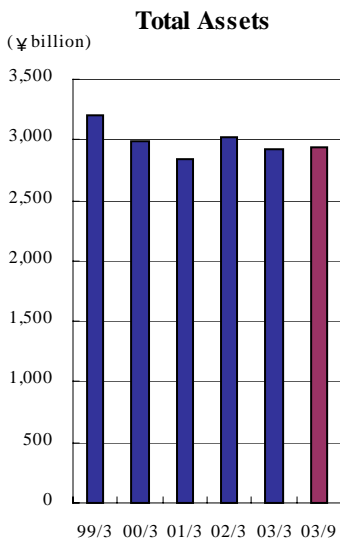
(¥ million)

|  | Six Months Ended<br>Sep. 30, 2003 | Six Months Ended<br>Sep. 30, 2002 | Change  | Year Ended<br>March 31, 2003 |
|--|-----------------------------------|-----------------------------------|---------|------------------------------|
| <b>Leasing</b>                                     |                                   |                                   |         |                              |
| Revenue from Operations                            | ¥166,159                          | ¥165,529                          | ¥630    | ¥329,671                     |
| Operating Income                                   | 33,901                            | 34,297                            | (396)   | 66,563                       |
| <b>Sales of Housing, Office Buildings and Land</b> |                                   |                                   |         |                              |
| Revenue from Operations                            | 132,153                           | 129,030                           | 3,123   | 335,341                      |
| Operating Income                                   | 12,547                            | 9,677                             | 2,869   | 32,589                       |
| <b>Construction</b>                                |                                   |                                   |         |                              |
| Revenue from Operations                            | 74,826                            | 79,013                            | (4,186) | 183,090                      |
| Operating Income                                   | (3,217)                           | (3,818)                           | 600     | 326                          |
| <b>Brokerage, Consignment Sales and Consulting</b> |                                   |                                   |         |                              |
| Revenue from Operations                            | 24,204                            | 18,392                            | 5,811   | 46,503                       |
| Operating Income                                   | 3,716                             | 2,124                             | 1,592   | 10,997                       |
| <b>Property Management</b>                         |                                   |                                   |         |                              |
| Revenue from Operations                            | 35,304                            | 33,859                            | 1,445   | 69,589                       |
| Operating Income                                   | 5,201                             | 3,935                             | 1,266   | 7,713                        |
| <b>Sales of Housing Materials and Merchandise</b>  |                                   |                                   |         |                              |
| Revenue from Operations                            | 30,554                            | 35,216                            | (4,662) | 65,682                       |
| Operating Income                                   | 282                               | 464                               | (181)   | 104                          |
| <b>Facility Operations</b>                         |                                   |                                   |         |                              |
| Revenue from Operations                            | 18,375                            | 21,598                            | (3,222) | 40,880                       |
| Operating Income                                   | (779)                             | (2,698)                           | 1,918   | (3,356)                      |
| <b>Other</b>                                       |                                   |                                   |         |                              |
| Revenue from Operations                            | 4,519                             | 8,473                             | (3,953) | 11,639                       |
| Operating Income                                   | 1,207                             | 1,314                             | (107)   | 2,534                        |

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 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.



Note: "03/9" indicates interim results for the six months ended September 30, 2003.



Note: "03/9" indicates figures as of September 30, 2003.

# Consolidated Business Overview

## RESULTS OF OPERATIONS

(¥ million)

|   | Six Months Ended September 30 |          | Change   |
|---|-------------------------------|----------|----------|
|   | 2003                          | 2002     | Amount   |
| <b>Revenue from Operations</b>                    | ¥486,098                      | ¥491,113 | (¥5,015) |
| Leasing   | 166,159                       | 165,529  | 630      |
| Sales of Housing, Office Buildings and Land       | 132,153                       | 129,030  | 3,123    |
| Construction                                      | 74,826                        | 79,013   | (4,186)  |
| Brokerage, Consignment Sales and Consulting       | 24,204                        | 18,392   | 5,811    |
| Property Management                               | 35,304                        | 33,859   | 1,445    |
| Sales of Housing Materials and Merchandise        | 30,554                        | 35,216   | (4,662)  |
| Facility Operations                               | 18,375                        | 21,598   | (3,222)  |
| Other   | 4,519                         | 8,473    | (3,953)  |
| <b>Operating Income</b>                           | 45,184                        | 37,984   | 7,200    |
| Leasing   | 33,901                        | 34,297   | (396)    |
| Sales of Housing, Office Buildings and Land       | 12,547                        | 9,677    | 2,869    |
| Construction                                      | (3,217)                       | (3,818)  | 600      |
| Brokerage, Consignment Sales and Consulting       | 3,716                         | 2,124    | 1,592    |
| Property Management                               | 5,201                         | 3,935    | 1,266    |
| Sales of Housing Materials and Merchandise        | 282                           | 464      | (181)    |
| Facility Operations                               | (779)                         | (2,698)  | 1,918    |
| Other   | 1,207                         | 1,314    | (107)    |
| Elimination                                       | (7,674)                       | (7,312)  | (362)    |
| <b>Non-Operating Income/Expenses</b>              | (11,736)                      | (14,441) | 2,705    |
| Equity in Net Income/Loss of Affiliated Companies | 1,749                         | 1,599    | 149      |
| Interest Expense, in Net                          | (11,399)                      | (13,219) | 1,820    |
| Other   | (2,086)                       | (2,821)  | 735      |
| <b>Ordinary Income</b>                            | 33,448                        | 23,543   | 9,905    |
| <b>Extraordinary Gains/Losses</b>                 | (922)                         | (12,391) | 11,468   |
| Extraordinary Gains                               | 697                           | 1,705    | (1,007)  |
| Extraordinary Losses                              | 1,620                         | 14,097   | (12,476) |
| <b>Income before Income Taxes</b>                 | 32,525                        | 11,151   | 21,374   |
| Income Taxes                                      | 11,517                        | 5,995    | 5,521    |
| Deferred Income Taxes                             | 1,469                         | (190)    | 1,659    |
| Minority Interests                                | (572)                         | (843)    | 271      |
| <b>Net Income</b>                                 | ¥20,111                       | ¥6,189   | ¥13,921  |

### [Revenue from Operations and Operating Income]

- In the interim period under review, consolidated revenue from operations amounted to ¥486.0 billion, down ¥5.0 billion from the previous corresponding period. This decline stemmed from a number of factors. For instance, in the previous fiscal year the Company generated strong first-half sales to investors of properties. In the current fiscal year, however, the bulk of such sales to investors will be recorded in the second half. Other factors included a decrease in orders reported by the Mitsui Home Group, the sale of the supermarket operations (part of the “Sales of housing materials and merchandise” segment) in the latter half of the previous fiscal year, and the closure of skidome “SSAWS.”

### [Operating Income]

- Interim operating income totaled ¥45.1 billion, up 19%, or ¥7.2 billion, from the previous corresponding period. This owed largely to increased revenue from sales of housing developed by the Company, as well as the gains from sales of office buildings and others by the U.S. subsidiary of Mitsui Real Estate Sales. Other factors included improved profitability of the “Brokerage, consignment sales and consulting” and “Property management” segments, in addition to the closure of the unprofitable skidome “SSAWS.”

### [Ordinary Income]

- Ordinary income in the interim period under review jumped 42%, or ¥9.9 billion, to ¥33.4 billion, thanks largely to lower interest payments stemming from ongoing reductions in the Group's interest-bearing debt.

### [Net Income]

- Interim net income rose significantly, growing ¥13.9 billion year-on-year, to ¥20.1 billion. In the previous interim period, the Group posted significant extraordinary losses due to devaluation of investment securities and loss on disposal of buildings to make way for reconstruction. In the interim period under review, by contrast, extraordinary losses were limited to ¥1.6 billion, including provision of allowance for doubtful accounts. The Group also enjoyed extraordinary income of ¥0.6 billion in the period under review, due largely to a gain on sales of fixed assets by subsidiaries.

### [Segment Results]

#### [1] LEASING

Revenue from operations: ¥166,159 million (up ¥630 million, or 0.4%)  
Operating income: ¥33,901 million (down ¥396 million, or 1.2%)

- In this segment, both revenue and operating income remained largely unchanged compared with the previous corresponding period. Factors positively affecting segment results included the full-term operation of office buildings owned by the Company, as well as increased revenue and income from the residential leasing business of Mitsui Fudosan Housing Lease and the car-park leasing business of Mitsui Real Estate Sales. However, revenue and income were affected by the demolition of two major buildings in the previous interim period to make way for reconstruction. Other factors included slightly higher vacancy rates and a decline in rent for existing buildings.
- Despite ongoing difficulties in the office building market in city centers, the Company has secured tenants to fully occupy two major buildings completed at the end of the interim period (Roppongi T-Cube and Shibuya Garden Front), reflecting the continued favorable performance of new office buildings developed by the Company.

#### <MAJOR PROJECTS>

##### (NEWLY ON-STREAM)

|  |   |
|--|---|
| Roppongi T-Cube (Minato-ku, Tokyo)       | Office building completed in September 2003               |
| Shibuya Garden Front (Shibuya-ku, Tokyo) | Office building completed in September 2003               |
| Treage Shirahata (Fujisawa, Kanagawa)    | Commercial facility that became operational in April 2003 |

##### (FULL-YEAR CONTRIBUTION)

|  |  |
|--|--|
| Celestine Shiba Mitsui Building (Minato-ku, Tokyo) | Office building completed in April 2002    |
| Nakanoshima Mitsui Building (Kita-ku, Osaka)       | Office building completed in August 2002   |
| Shiodome City Center (Minato-ku, Tokyo)            | Office building completed in January 2003  |
| Garden Air Tower (Chiyoda-ku, Tokyo)               | Office building completed in February 2003 |
| Jimbocho Mitsui Building (Chiyoda-ku, Tokyo)       | Office building completed in March 2003    |

##### (TO BE RECONSTRUCTED)

|   |  |
|---|--|
| Mitsui East No. 3 Wing (Chuo-ku, Tokyo)                     | Demolished (new building under construction) |
| Ginza Mitsui Building (Chuo-ku, Tokyo)                      | Demolished (new building under construction) |
| Nagoya Mitsui Building East and South (Nakamura-ku, Nagoya) | Tenants currently moving out                 |

**(a) Leasing**

|   |                                       | Six Months Ended September 30 |                | Year Ended March<br>31, 2003 |
|---|---------------------------------------|-------------------------------|----------------|------------------------------|
|   |                                       | 2003                          | 2002           |                              |
| <b>Office Buildings and<br/>Commercial Facilities</b> | Revenue (¥ million)                   | 129,803                       | 130,954        | 259,029                      |
|   | Leased Floor space (m <sup>2</sup> ): |                               |                |                              |
|   | Owned                                 | 1,840,226                     | 1,881,261      | 1,839,819                    |
|   | Managed                               | 1,379,845                     | 1,312,437      | 1,404,963                    |
|   | Total                                 | 3,220,071                     | 3,193,698      | 3,244,782                    |
| <b>Residentials</b>                                   | Revenue (¥ million)                   | 24,682                        | 23,508         | 46,730                       |
|   | Units:                                |                               |                |                              |
|   | Owned                                 | 386                           | 377            | 373                          |
|   | Managed*                              | 42,485                        | 38,671         | 42,169                       |
|   | Total*                                | 42,871                        | 39,048         | 42,542                       |
| <b>Other</b>  | Revenue (¥ million)                   | 11,673                        | 11,066         | 23,911                       |
| <b>Revenue Total</b>                                  |                                       | <b>166,159</b>                | <b>165,529</b> | <b>329,671</b>               |

Note: Due to the merger of the leased housing businesses of Mitsui Real Estate Sales and Mitsui Fudosan Housing Lease, housing units rented under consignment are included in managed units from the fiscal year under review. The previous year's figure has been adjusted retroactively to reflect the change.

**(b) Total Floor Space (Nonconsolidated)**

|              | September 30, 2003 |   |                                   | September 30, 2002 |                                       |                                   |
|--------------|--------------------|---|-----------------------------------|--------------------|---------------------------------------|-----------------------------------|
|              | No. of Units       | Total Floor Space<br>(1,000m <sup>2</sup> ) | Share of Total<br>Floor Space (%) | No. of Units       | Floor Space<br>(1,000m <sup>2</sup> ) | Share of Total<br>Floor Space (%) |
| Owned        | 123                | 2,315                                       | 47.5                              | 126                | 2,333                                 | 49.8                              |
| Managed      | 198                | 2,559                                       | 52.5                              | 193                | 2,348                                 | 50.2                              |
| <b>Total</b> | <b>321</b>         | <b>4,874</b>                                | <b>100.0</b>                      | <b>319</b>         | <b>4,682</b>                          | <b>100.0</b>                      |

**(c) Vacancy Rate**

|  | 9/03 | 6/03 | 3/03 | 9/02 | 3/02 | 9/01 |
|--|------|------|------|------|------|------|
| <b>Consolidated</b>  |      |      |      |      |      |      |
| Vacancy Rate of Office Buildings and<br>Commercial Facilities (including overseas) at<br>End of Term (%) | 6.0  | 5.8  | 6.0  | 5.2  | 4.1  | 2.5  |
| <b>Nonconsolidated</b>   |      |      |      |      |      |      |
| Vacancy Rate of Tokyo Metropolitan Area<br>Office Buildings at End of Term (%)                           | 5.8* | 5.1  | 5.4  | 3.6  | 2.4  | 1.7  |

Note: At interim term-end, the nonconsolidated vacancy rate of office in the Tokyo Metropolitan Area, excluding two buildings completed in September 2003 (Roppongi T-Cube and Shibuya Garden Front), was 4.6%.



#### (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 |       |
|                       |   | 2003                     | 2002   | 2003                     | 2002   | 2003                     | 2002  |
| Office Buildings      | Number of Buildings                       | 275                      | 274    | 234                      | 230    | 41                       | 44    |
|                       | Leased Floor Space (1,000m <sup>2</sup> ) | 2,133                    | 2,048  | 1,843                    | 1,741  | 290                      | 306   |
|                       | Leasing Revenue (¥ million)               | 98,859                   | 99,894 | 88,630                   | 90,016 | 10,228                   | 9,877 |
|                       | Vacancy Rate (%) *1                       | 6.2                      | 5.0    | 5.8                      | 3.6    | 8.8                      | 12.1  |
| Commercial Facilities | Number of Buildings                       | 44                       | 43     | 30                       | 29     | 14                       | 14    |
|                       | Leased Floor Space (1,000m <sup>2</sup> ) | 716                      | 770    | 465                      | 499    | 251                      | 271   |
|                       | Leasing Revenue (¥ million)               | 18,772                   | 18,475 | 11,317                   | 11,429 | 7,455                    | 7,046 |
|                       | Vacancy Rate (%) *2                       | 7.1                      | 6.6    | 1.3                      | 1.2    | 16.2                     | 15.2  |

\*1: Excluding two buildings completed in September 2003 (Roppongi T-Cube and Shibuya Garden Front), Tokyo Metropolitan area vacancy rate was 4.6%, and the total was 5.2% at September 30, 2003.

\*2: Excluding AMsquare (shopping center, Mie Prefecture), which is temporarily closed, the regional vacancy rate was 0.3%, and the total was 1.0% at September 30, 2003.

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

Revenue from operations: ¥132,153 million (up ¥3,123 million, or 2.4%)  
 Operating income: ¥12,547 million (up ¥2,869 million, or 29.7%)

- Although the number of condominium units sold fell below that of the previous interim period, revenue from sales of housing increased significantly owing to the completion of a large-scale, tower-style condominium building in central Tokyo. Overall segment revenue increased as a result. The Company had 505 units in completed inventories at September 30, 2003 (475 condominiums and 30 detached housing), down from 605 at March 31, 2003.
- Operating income in this segment increased. In addition to higher revenue from sales of housing, profit was boosted by gains from sales of office buildings and others by the U.S. subsidiary of Mitsui Real Estate Sales. Results for the interim term of the previous fiscal year included sales of two rental condominium buildings to investors. In the current fiscal year, however, sales of such buildings are not scheduled until the second half of the year. As a result, the "Other" category of this segment reported a year-on-year decline in revenue.

#### (a) Housing Sales

|                            | Six Months Ended September 30 |                     |                           |              |                     |                           | Year Ended March 31, 2003 |                     |                           |
|----------------------------|-------------------------------|---------------------|---------------------------|--------------|---------------------|---------------------------|---------------------------|---------------------|---------------------------|
|                            | 2003                          |                     |                           | 2002         |                     |                           | 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    | 293                           | 15,600              | 5,324                     | 250          | 14,310              | 5,724                     | 709                       | 39,871              | 5,623                     |
| Other                      | 46                            | 1,438               | 3,127                     | 84           | 2,842               | 3,384                     | 212                       | 7,112               | 3,354                     |
| <b>Total</b>               | <b>339</b>                    | <b>17,038</b>       | <b>5,026</b>              | <b>334</b>   | <b>17,152</b>       | <b>5,135</b>              | <b>921</b>                | <b>46,983</b>       | <b>5,101</b>              |
| <b>Condominiums</b>        |                               |                     |                           |              |                     |                           |                           |                     |                           |
| Tokyo Metropolitan Area    | 1,333                         | 83,607              | 6,272                     | 1,475        | 70,437              | 4,775                     | 3,514                     | 177,225             | 5,043                     |
| Other                      | 426                           | 12,537              | 2,943                     | 512          | 17,739              | 3,465                     | 1,604                     | 51,416              | 3,205                     |
| <b>Total</b>               | <b>1,759</b>                  | <b>96,145</b>       | <b>5,466</b>              | <b>1,987</b> | <b>88,176</b>       | <b>4,437</b>              | <b>5,118</b>              | <b>228,641</b>      | <b>4,467</b>              |
| <b>Total Housing Sales</b> |                               |                     |                           |              |                     |                           |                           |                     |                           |
| Tokyo Metropolitan Area    | 1,626                         | 99,207              | 6,101                     | 1,725        | 84,747              | 4,913                     | 4,223                     | 217,097             | 5,140                     |
| Other                      | 472                           | 13,975              | 2,961                     | 596          | 20,581              | 3,453                     | 1,816                     | 58,528              | 3,222                     |
| <b>Total</b>               | <b>2,098</b>                  | <b>113,183</b>      | <b>5,395</b>              | <b>2,321</b> | <b>105,329</b>      | <b>4,538</b>              | <b>6,039</b>              | <b>275,625</b>      | <b>4,564</b>              |

**(b) Other Sales Revenue**

(¥ million)

|              | Six Months Ended September 30 |               | Year Ended March 31, 2003 |
|--------------|-------------------------------|---------------|---------------------------|
|              | 2003                          | 2002          |                           |
|              | Revenue                       | Revenue       | Revenue                   |
| Land         | 9,858                         | 13,936        | 28,582                    |
| Buildings    | 9,110                         | 9,764         | 31,132                    |
| <b>Total</b> | <b>18,969</b>                 | <b>23,701</b> | <b>59,715</b>             |

**(c) Completed Housing Inventories (Nonconsolidated)**

(Units)

|                  | 9/03       | 6/03       | 3/03       | 9/02       | 3/02       | 9/01       |
|------------------|------------|------------|------------|------------|------------|------------|
| Detached Housing | 30         | 100        | 120        | 90         | 45         | 55         |
| Condominiums     | 475        | 420        | 485        | 130        | 175        | 190        |
| <b>Total</b>     | <b>505</b> | <b>520</b> | <b>605</b> | <b>220</b> | <b>220</b> | <b>245</b> |

**(d) Housing Contracts for Sale (Nonconsolidated)**

(Units)

|                  | Contracts at Beginning of Term | Contracts during Term | Total        | Reported No. of Units | Contracts at End of Term | Newly Launched during Term |
|------------------|--------------------------------|-----------------------|--------------|-----------------------|--------------------------|----------------------------|
| Detached Housing | 98                             | 390                   | 488          | 334                   | 154                      | 372                        |
| Condominiums     | 2,757                          | 2,555                 | 5,312        | 1,759                 | 3,553                    | 2,449                      |
| <b>Total</b>     | <b>2,855</b>                   | <b>2,945</b>          | <b>5,800</b> | <b>2,093</b>          | <b>3,707</b>             | <b>2,821</b>               |

**[3] CONSTRUCTION**

Revenue from operations: ¥74,826 million (down ¥4,186 million, or 5.3%)

Operating loss: ¥3,217 million (improvement of ¥600 million)

- Segment revenue was down ¥4.1 billion due to a decline in revenue of Mitsui Home. Due to the nature of the housing construction and subcontracting industry, revenue and earnings in this segment tend to be concentrated in the second half of each fiscal year. Nevertheless, the Group made good progress in cutting costs in the interim period under its structural reform program. As a result, the segment's operating loss was ¥600 million lower than the previous corresponding period.

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

(¥ million)

|                                      | Six Months Ended September 30 |                | Year Ended March 31, 2003 |
|--------------------------------------|-------------------------------|----------------|---------------------------|
|                                      | 2003                          | 2002           |                           |
| <b>Orders:</b>                       |                               |                |                           |
| Work-on-Hand at Beginning of Period  | 90,943                        | 90,701         | 90,701                    |
| Orders during Period                 | 69,035                        | 77,767         | 149,041                   |
| <b>Total</b>                         | <b>159,979</b>                | <b>168,468</b> | <b>239,742</b>            |
| <b>Project Completions</b>           | <b>57,519</b>                 | <b>62,580</b>  | <b>148,798</b>            |
| <b>Work-on-Hand at End of Period</b> | <b>102,460</b>                | <b>105,887</b> | <b>90,943</b>             |

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

## b) Projects

(¥ million)

|  | Six Months Ended September 30 |                | Year Ended<br>March 31, 2003 |
|--|-------------------------------|----------------|------------------------------|
|  | 2003                          | 2002           |                              |
| <b>Project Completions:</b>                      | 57,519                        | 62,580         | 148,798                      |
| <b>Work-on-Hand at End of Period</b>             |                               |                |                              |
| <b>Total</b>                                     | <b>102,460</b>                | <b>105,887</b> | <b>90,943</b>                |
| Work in progress                                 | 23,476                        | 19,737         | 12,993                       |
| As a percentage of Work-on-Hand at End of Period | 22.9%                         | 18.6%          | 14.3%                        |
| <b>Projects during Period</b>                    | <b>68,002</b>                 | <b>67,934</b>  | <b>147,407</b>               |

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

## [4] BROKERAGE, CONSIGNMENT SALES AND CONSULTING

Revenue from operations: ¥24,204 million (up ¥5,811 million, or 31.6%)

Operating income: ¥3,716 million (up ¥1,592 million, or 74.9%)

- This segment posted improvements in both revenue and operating income owing to an increase in the number of brokerage and consignment sales transactions of Mitsui Real Estate Sales, as well as of the various consulting businesses of the Company.

(¥ million)

|                   | Six Months Ended September 30, 2003 |               |        |               | Year Ended March 31, 2003 |               |
|-------------------|-------------------------------------|---------------|--------|---------------|---------------------------|---------------|
|                   | 2003                                |               | 2002   |               | Units                     | Revenue       |
|                   | Units                               | Revenue       | Units  | Revenue       |                           |               |
| Brokerage         | 13,941                              | 17,443        | 12,209 | 14,165        | 24,885                    | 29,405        |
| Consignment Sales | 2,532                               | 4,020         | 2,231  | 2,267         | 7,682                     | 10,577        |
| Consulting        | -                                   | 2,739         | -      | 1,960         | -                         | 6,520         |
| <b>Total</b>      | -                                   | <b>24,204</b> | -      | <b>18,392</b> | -                         | <b>46,503</b> |

## [5] PROPERTY MANAGEMENT

Revenue from operations: ¥35,304 million (up ¥1,445 million, or 4.3%)

Operating income: ¥5,201 million (up ¥1,266 million, or 32.2%)

- Despite a slight decline in the “Tenant improvement” category of this segment, overall segment revenue and operating income increased owing to higher revenue from the “Property management” category. The latter category benefited from Shiodome City Center and several other office buildings coming on stream that had been developed by the Company on behalf of investors.

(¥ million)

|                     | Six Months Ended September 30, 2003 |               | Year Ended March 31, 2003 |
|---------------------|-------------------------------------|---------------|---------------------------|
|                     | 2003                                | 2002          |                           |
|                     | Revenue                             | Revenue       | Revenue                   |
| Property Management | 24,757                              | 22,616        | 47,241                    |
| Tenant Improvement  | 10,546                              | 11,242        | 22,347                    |
| <b>Total</b>        | <b>35,304</b>                       | <b>33,859</b> | <b>69,589</b>             |

## [6] SALES OF HOUSING MATERIALS AND MERCHANDISE

Revenue from operations: ¥30,554 million (down ¥4,662 million, or 13.2%)  
Operating income: ¥282 million (down ¥181 million, or 39.1%)

- Both revenue and operating income declined as sluggish personal consumption led to a fall in retail sales. The segment's performance was also affected by the Group's withdrawal from, and sale of, businesses involved in sales of other merchandise.

(¥ million)

|                   | Six Months Ended September 30 |               | Year Ended March 31, 2003 |
|-------------------|-------------------------------|---------------|---------------------------|
|                   | 2003                          | 2002          |                           |
|                   | Revenue                       | Revenue       | Revenue                   |
| Housing Materials | 9,217                         | 10,067        | 21,335                    |
| Merchandise       | 21,337                        | 25,149        | 44,346                    |
| <b>Total</b>      | <b>30,554</b>                 | <b>35,216</b> | <b>65,682</b>             |

## [7] FACILITY OPERATIONS

Revenue from operations: ¥18,375 million (down ¥3,222 million, or 14.9%)  
Operating loss: ¥779 million (improvement of ¥1,918 million)

- This segment reported a significant decline in revenue, due to the closure of skidome "SSAWS" at the end of the previous interim period, as well as to lower revenue from the "Hotels" category in the wake of the SARS outbreak. On a positive note, segment profitability improved dramatically due to the absence of the loss-making "SSAWS" operation.

(¥ million)

|              | Six Months Ended September 30 |               | Year Ended March 31, 2003 |
|--------------|-------------------------------|---------------|---------------------------|
|              | 2003                          | 2002          |                           |
|              | Revenue                       | Revenue       | Revenue                   |
| Hotels       | 11,771                        | 12,752        | 25,664                    |
| Other        | 6,604                         | 8,846         | 15,215                    |
| <b>Total</b> | <b>18,375</b>                 | <b>21,598</b> | <b>40,880</b>             |

## [8] OTHER

Revenue from operations: ¥4,519 million (down ¥3,953 million, or 46.7%)  
Operating income: ¥1,207 million (down ¥107 million, or 8.2%)

(¥ million)

|                   | Six Months Ended September 30 |              | Year Ended March 31, 2003 |
|-------------------|-------------------------------|--------------|---------------------------|
|                   | 2003                          | 2002         |                           |
|                   | Revenue                       | Revenue      | Revenue                   |
| Finance and Lease | 773                           | 1,140        | 2,028                     |
| Other             | 3,745                         | 7,332        | 9,610                     |
| <b>Total</b>      | <b>4,519</b>                  | <b>8,473</b> | <b>11,639</b>             |

## ASSETS, LIABILITIES AND SHAREHOLDERS' EQUITY

(¥ million)

| Assets                              | September 30, 2003 | March 31, 2003   | Change       |
|-------------------------------------|--------------------|------------------|--------------|
| Cash and Time Deposits              | 92,894             | 115,157          | (22,262)     |
| Marketable Securities               | 49                 | 189              | (139)        |
| Real Property for Sale*             | 421,958            | 408,994          | 12,963       |
| Tangible & Intangible Fixed Assets  | 1,681,327          | 1,687,115        | (5,788)      |
| Investment Securities               | 234,425            | 202,234          | 32,191       |
| Short-Term & Long-Term Loans        | 35,235             | 43,159           | (7,924)      |
| Lease Deposits                      | 217,155            | 216,490          | 664          |
| Deferred Income Taxes               | 55,617             | 52,388           | 3,229        |
| Deferred Income Taxes - Revaluation | 33,163             | 35,958           | (2,795)      |
| Other Assets                        | 163,012            | 167,380          | (4,368)      |
| <b>Total Assets</b>                 | <b>2,934,839</b>   | <b>2,929,069</b> | <b>5,770</b> |

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

(¥ million)

| Liabilities, Minority Interest and Shareholders' Equity              | September 30, 2003 | March 31, 2003   | Change          |
|--|--------------------|------------------|-----------------|
| Interest-Bearing Debt  | 1,400,657          | 1,397,211        | 3,446           |
| Deposits from Tenants  | 300,033            | 307,785          | (7,751)         |
| Deferred Income Taxes  | 42,409             | 22,603           | 19,805          |
| Deferred Income Taxes - Revaluation                                  | 149,190            | 156,437          | (7,247)         |
| Other Liabilities  | 361,942            | 399,411          | (37,469)        |
| <b>Total Liabilities</b>   | <b>2,254,232</b>   | <b>2,283,450</b> | <b>(29,217)</b> |
| <b>Minority Interest</b>   | <b>16,354</b>      | <b>17,185</b>    | <b>(831)</b>    |
| <b>Shareholders' Equity</b>  |                    |                  |                 |
| Common Stock   | 134,433            | 134,433          | -               |
| Additional Paid-in Capital   | 205,823            | 205,823          | -               |
| Retained Earnings  | 177,298            | 155,390          | 21,907          |
| Surplus from Land Revaluation  | 157,603            | 162,289          | (4,685)         |
| Unrealized Gains/Losses on Securities                                | 14,738             | (3,452)          | 18,191          |
| Foreign Currency Translation Adjustment                              | (24,797)           | (25,010)         | 212             |
| Treasury Stock   | (847)              | (1,039)          | 192             |
| <b>Total Shareholders' Equity</b>                                    | <b>664,252</b>     | <b>628,434</b>   | <b>35,818</b>   |
| <b>Total Liabilities, Minority Interest and Shareholders' Equity</b> | <b>2,934,839</b>   | <b>2,929,069</b> | <b>5,770</b>    |

### [Real Property for Sale]

On a consolidated basis, the balance of real property for sale increased ¥12.9 billion during the period under review. This was the net result of a ¥5.9 billion rise in real property held by the Company, whose acquisitions exceeded properties sold to recover costs; a ¥3.1 billion decline as the U.S. subsidiary of Mitsui Real Estate Sales continued selling its property holdings; and a ¥10.1 billion rise in real property held by other subsidiaries, partly reflecting property purchases associated with corporate acquisitions.

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

(¥ million)

|                                    | September 30, 2003 | March 31, 2003 | Change        |
|------------------------------------|--------------------|----------------|---------------|
| Mitsui Fudosan                     | 373,666            | 367,700        | 5,965         |
| Mitsui Real Estate Sales           | 4,198              | 7,314          | (3,115)       |
| Other Subsidiaries and Elimination | 44,092             | 33,979         | 10,113        |
| <b>Consolidated Total</b>          | <b>421,958</b>     | <b>408,994</b> | <b>12,963</b> |

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

(¥ million)

| March 31, 2003 | New Investments | Cost Recovery | Others  | September 30, 2003 |
|----------------|-----------------|---------------|---------|--------------------|
| 367,700        | 102,044         | (94,461)      | (1,617) | 373,666            |

Note: The above figures refer to the sum of the real estate in progress account, land for development and advances related to real property for sale of the Company.

**New investments in land for development**

September 30, 2003 ¥43.7 billion

September 30, 2002 ¥29.1 billion

September 30, 2001 ¥62.6 billion

September 30, 2000 ¥36.8 billion

**[Tangible and Intangible Assets]**

Total consolidated tangible and intangible assets at September 30, 2003, were ¥5.7 billion lower than at March 31, 2003. Although the Company made significant capital investments in the Muromachi Mitsui Shinkan Building, and the Mitsui Home Group invested in building model houses, the Company and other subsidiaries reported major depreciation expenses, hence the net overall decline.

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

(¥ million)

|                                    | September 30, 2003 | March 31, 2003   | Change         |
|------------------------------------|--------------------|------------------|----------------|
| Mitsui Fudosan                     | 1,213,697          | 1,216,479        | (2,782)        |
| Mitsui Fudosan America             | 99,133             | 100,068          | (934)          |
| Mitsui Real Estate Sales           | 43,473             | 45,925           | (2,451)        |
| Mitsui Home                        | 37,451             | 37,781           | (329)          |
| Other Subsidiaries and Elimination | 287,571            | 286,861          | 709            |
| <b>Consolidated Total</b>          | <b>1,681,327</b>   | <b>1,687,115</b> | <b>(5,788)</b> |

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

(¥ million)

| March 31, 2003 | New Investments | Depreciation | Demolition/Sale | Others | September 30, 2003 |
|----------------|-----------------|--------------|-----------------|--------|--------------------|
| 1,216,479      | 10,603          | (11,046)     | (1,890)         | (449)  | 1,213,697          |

**Major new investments:**

Muromachi Mitsui Shinkan Building ¥5.2 billion

Treage Shirahata ¥0.6 billion

**[Interest-Bearing Debt]**

Consolidated interest-bearing debt at interim term-end was ¥1,400.6 billion, up a slight ¥3.4 billion from six months earlier. The Company's interest-bearing debt was up ¥14.5 billion, but would have declined ¥19.6 billion if loans to subsidiaries (which grew ¥34.1 billion) were excluded. Interest-bearing debt held by Mitsui Real Estate Sales increased as that company repaid advances for consignment sales, while debt from corporate acquisitions also increased. Debt held by other subsidiaries, however, declined.

**(a) Interest-Bearing Debt**

(¥ million)

|                                    | September 30, 2003 | March 31, 2003   | Change       |
|------------------------------------|--------------------|------------------|--------------|
| Mitsui Fudosan                     | 1,273,228          | 1,258,685        | 14,542       |
| Mitsui Real Estate Sales           | 66,599             | 50,037           | 16,561       |
| Mitsui Fudosan America             | 72,938             | 76,808           | (3,870)      |
| Mitsui Home                        | 8,120              | 9,568            | 1,448        |
| Loans to Subsidiaries              | (296,160)          | (261,968)        | (34,191)     |
| Other Subsidiaries and Elimination | 275,931            | 264,080          | 11,851       |
| <b>Consolidated Total</b>          | <b>1,400,657</b>   | <b>1,397,211</b> | <b>3,446</b> |

**(b) Interest-Bearing Debt (Nonconsolidated)**

(¥ million)

|   | September 30, 2003 | March 31, 2003   | Change        |
|---|--------------------|------------------|---------------|
| Interest-Bearing Debt (excluding loans to subsidiaries) | 977,067            | 996,716          | (19,649)      |
| Loans to Subsidiaries                                   | 296,160            | 261,968          | 34,191        |
| <b>Total</b>  | <b>1,273,228</b>   | <b>1,258,685</b> | <b>14,542</b> |

**[Retained Earnings]**

Consolidated retained earnings at interim term-end stood at ¥177.2 billion, ¥21.9 billion higher than six months earlier. Factors boosting retained earnings included ¥20.1 billion in interim net income and ¥4.6 billion obtained through the reversal of land revaluation differential associated with business reorganization among subsidiaries and land sales. Factors pushing down retained earnings included ¥2.8 billion in cash dividends paid.

**[Contingent Liabilities]**

Contingent liabilities at interim term-end stood at ¥174.2 billion. Of this amount, ¥173.1 billion was related to consumer loans guarantees extended by Mitsui Fudosan Loan Guarantee, and wholly owned subsidiary (this figure is decreasing every year). At present, that company does not extend new loan guarantees.

(¥ million)

|                  | September 30, 2003 | March 31, 2003 | Change   |
|------------------|--------------------|----------------|----------|
| Loans Guaranteed | 174,284            | 188,370        | (14,086) |

## CASH FLOWS

(¥ million)

|   | Six Months Ended September 30 |                 | Change          |
|---|-------------------------------|-----------------|-----------------|
|   | 2003                          | 2002            |                 |
| <b>Cash Flows From Operating Activities:</b>                        |                               |                 |                 |
| Cash Profit*  | 47,910                        | 39,721          | 8,189           |
| Purchase/Sale of Real Property for Sale                             | (10,757)                      | 9,424           | (20,182)        |
| Other Changes in Assets and Liabilities                             | (24,153)                      | (69,162)        | 45,008          |
| <b>Net Cash Provided by Operating Activities (1)</b>                | <b>12,999</b>                 | <b>(20,016)</b> | <b>33,015</b>   |
| <b>Cash Flows From Investing Activities:</b>                        |                               |                 |                 |
| Purchase/Sale of Marketable and Investment Securities               | 1,803                         | (5,511)         | 7,315           |
| Purchase/Sale of Tangible and Intangible Fixed Assets               | (30,251)                      | (21,539)        | (8,711)         |
| Increase/Decrease in Lease Deposits                                 | (9,762)                       | (10,111)        | 349             |
| Other   | 1,383                         | (3,441)         | 4,825           |
| <b>Net Cash Used in Investing Activities (2)</b>                    | <b>(36,826)</b>               | <b>(40,604)</b> | <b>3,777</b>    |
| <b>Cash Flows From Financing Activities:</b>                        |                               |                 |                 |
| Increase/Decrease in Short-Term Debt                                | 103,298                       | 29,717          | 73,580          |
| Proceeds from/Repayment of Long-Term Debt                           | (27,956)                      | (68,384)        | 40,427          |
| Proceeds from Issuance of Corporate Bonds                           | (71,242)                      | 80,000          | (151,242)       |
| Cash Dividends Paid   | (3,238)                       | (3,181)         | (57)            |
| Other   | 434                           | -               | 434             |
| <b>Net Cash Used in Financing Activities</b>                        | <b>1,295</b>                  | <b>38,151</b>   | <b>(36,856)</b> |
| <b>Effect of Exchange Rate Changes on Cash and Cash Equivalents</b> | <b>247</b>                    | <b>(770)</b>    | <b>1,018</b>    |
| <b>Net Decrease in Cash and Cash Equivalents</b>                    | <b>(22,284)</b>               | <b>(23,239)</b> | <b>955</b>      |
| <b>Cash and Cash Equivalents at Beginning of Year</b>               | <b>114,831</b>                | <b>117,558</b>  | <b>(2,727)</b>  |
| <b>Cash and Cash Equivalents at End of Year</b>                     | <b>92,547</b>                 | <b>94,319</b>   | <b>(1,771)</b>  |
| <b>Free Cash Flows (1) +(2)</b>                                     | <b>(23,827)</b>               | <b>(60,620)</b> | <b>36,793</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.



## Consolidated Earning Forecast For the Year Ending March 31, 2004

(¥ million)

|   | Year Ending March 31      |                             |          | Year Ended March 31, 2003 (Actual) |
|---|---------------------------|-----------------------------|----------|------------------------------------|
|   | 2004<br>(Latest Forecast) | 2004<br>(Previous Forecast) | Change   |                                    |
| <b>Revenue from Operations</b>              | 1,105,000                 | 1,120,000                   | (15,000) | 1,082,397                          |
| Consolidated/Nonconsolidated Ratio (Times)  | 1.79                      | 1.79                        | -        | 1.79                               |
| Leasing                                     | 331,000                   | 331,000                     | -        | 329,671                            |
| Sales of Housing, Office Buildings and Land | 363,000                   | 366,000                     | (3,000)  | 335,341                            |
| Construction                                | 175,000                   | 183,000                     | (8,000)  | 183,090                            |
| Brokerage, Consignment Sales and Consulting | 51,000                    | 51,000                      | -        | 46,503                             |
| Property Management                         | 74,000                    | 74,000                      | -        | 69,589                             |
| Sales of Housing Materials and Merchandise  | 63,000                    | 65,000                      | (2,000)  | 65,682                             |
| Facility Operations                         | 38,000                    | 40,000                      | (2,000)  | 40,880                             |
| Other                                       | 10,000                    | 10,000                      | -        | 11,639                             |
| <b>Operating Income</b>                     | 104,000                   | 104,000                     | -        | 103,295                            |
| Consolidated/Nonconsolidated Ratio (Times)  | 1.65                      | 1.65                        | -        | 1.52                               |
| Leasing                                     | 62,000                    | 64,000                      | (2,000)  | 66,563                             |
| Sales of Housing, Office Buildings and Land | 31,500                    | 28,500                      | 3,000    | 32,589                             |
| Construction                                | 1,000                     | 1,000                       | -        | 326                                |
| Brokerage, Consignment Sales and Consulting | 14,000                    | 14,000                      | -        | 10,997                             |
| Property Management                         | 9,500                     | 8,500                       | 1,000    | 7,713                              |
| Sales of Housing Materials and Merchandise  | 500                       | 1,000                       | (500)    | 104                                |
| Facility Operations                         | (500)                     | 0                           | (500)    | (3,356)                            |
| Other                                       | 1,500                     | 1,500                       | -        | 2,534                              |
| Elimination                                 | (15,500)                  | (14,500)                    | (1,000)  | (14,178)                           |
| <b>Non-Operating Income</b>                 | (26,000)                  | (26,000)                    | -        | (26,780)                           |
| Interest Expense, in Net                    | (22,500)                  | (24,500)                    | 2,000    | (25,241)                           |
| Other                                       | (3,500)                   | (1,500)                     | (2,000)  | (1,539)                            |
| <b>Ordinary Income</b>                      | 78,000                    | 78,000                      | -        | 76,514                             |
| Consolidated/Nonconsolidated Ratio (Times)  | 1.77                      | 1.77                        | -        | 1.62                               |
| <b>Extraordinary Gains/Losses</b>           | (3,500)                   | (3,500)                     | -        | (32,302)                           |
| <b>Income Before Income Taxes</b>           | 74,500                    | 74,500                      | -        | 44,212                             |
| Income Taxes                                | 29,000                    | 29,000                      | -        | 18,335                             |
| Minority Interests                          | 500                       | 500                         | -        | 323                                |
| <b>Net Income</b>                           | 45,000                    | 45,000                      | -        | 25,553                             |
| Consolidated/Nonconsolidated Ratio (Times)  | 1.80                      | 1.80                        | -        | 1.93                               |

### 【Revenue and Income from Operations】

- For the fiscal year to March 2004, the Company projects consolidated revenue from operations of ¥1,105.0 billion, or ¥15.0 billion below its initial forecast. Compared with the initial forecast, the Company revenue is projected to decline ¥5.0 billion, while the Mitsui Home's revenue is expected to fall ¥8.0 billion. Consolidated operating income is projected at ¥104.0 billion, unchanged from the initial forecast.

**Leasing:**

- In this segment, the Company forecasts revenue of ¥331.0 billion, reflecting its initial forecast. Despite a decline in revenue due to yen-U.S. dollar exchange-rate fluctuations, the segment should benefit from increased revenue from its housing lease business.
- The Company predicts consolidated segment operating income of ¥62.0 billion, or ¥2.0 billion below its initial forecast. The downward revision results from a lower gross margin of the Company in the latter half of the year (0.5 point down for the entire year), as well as the negative effects of U.S. dollar exchange rates.

**Sales of housing, office buildings and land:**

- Revenue in this segment is predicted to slip ¥3.0 billion below the initial forecast, for a total of ¥363.0 billion. Housing sales revenue of the Company is expected to fall ¥8.0 billion below the initial forecast as the completion schedule for some condominium buildings is delayed until the following fiscal year. By contrast, the Company and the U.S. subsidiary of Mitsui Real Estate Sales are expecting growth in revenue from areas other than housing sales.
- On a more positive note, the Group expects segment operating income of ¥31.5 billion, up ¥3.0 billion compared with the initial forecast. The Company anticipates a 0.5-point improvement in segment gross margin as the sales increase in the “Other” category of this segment exceeds the decline in sales of housing. Segment profits should also benefit from solid earnings of the U.S. subsidiary of Mitsui Real Estate Sales.

**Construction:**

- Segment revenue is expected to fall ¥8.0 billion below the initial forecast, for a total of ¥175.0 billion, due to declining orders secured by the Mitsui Home Group throughout the year. Owing to the effects of cost-cutting, however, segment operating income is expected to total ¥1.0 billion, reflecting the initial forecast.

**Brokerage, consignment sales and consulting:**

- The Group has not revised its segment revenue and operating income forecasts of ¥51.0 billion and ¥14.0 billion, respectively. Both the Company and Mitsui Real Estate Sales look forward to solid results, reflecting their original predictions.

**Property management:**

- In this segment, the Group has not revised its revenue forecast of ¥74.0 billion, but has made a ¥1.0 billion upward revision of its operating income forecast, to ¥9.5 billion. A healthy performance by the “Property management” category is expected to compensate for declining revenue from the “Tenant improvement” category.

**Sales of housing materials and merchandise:**

- The Group has revised its segment revenue forecast downward by ¥2.0 billion, to ¥63.0 billion, due to lower-than-expected sales of merchandise in the wake of depressed personal consumption. The segment operating income forecast has also been revised downward to ¥0.5 billion.

**Facility operations:**

- Due to the effects of the SARS outbreak on its hotel business in Hawaii, as well as exchange-rate fluctuations and a depressed domestic hotel market, the Group has revised its segment revenue forecast downward to ¥38.0 billion. Also, the group initially forecast segment operating income of zero, but now expects an operating loss of ¥0.5 billion.

**【 Ordinary Income and Extraordinary Income/Loss 】**

- The Group has not changed its initial ordinary income forecasts of ¥44.0 billion for the Company and ¥78.0 billion for the consolidated group. The net income predictions (nonconsolidated: ¥25.0 billion; consolidated: ¥45.0 billion) also reflect initial forecasts.

**【Capital Expenditures】**

(¥ million)

|                     | Year Ending March 31      |                             | Change | Year Ended March 31, 2003 (Actual) |
|---------------------|---------------------------|-----------------------------|--------|------------------------------------|
|                     | 2004<br>(Latest Forecast) | 2004<br>(Previous Forecast) |        |                                    |
| Capital Expenditure | 38,000                    | 38,000                      | -      | 61,159                             |
| Depreciation        | 42,000                    | 42,000                      | -      | 39,781                             |

**【Interest-Bearing Debt】**

(¥ million)

|                       | March 31                  |                             | Change | March 31, 2003<br>(Actual) |
|-----------------------|---------------------------|-----------------------------|--------|----------------------------|
|                       | 2004<br>(Latest Forecast) | 2004<br>(Previous Forecast) |        |                            |
| Interest-Bearing Debt | 1,340,000                 | 1,340,000                   | -      | 1,397,211                  |

**[NONCONSOLIDATED EARNING FORECAST]**  
**For the Year Ending March 31, 2004**

(¥ million)

|  | Year Ending March 31      |                             |         | Year Ended March 31, 2003 (Actual) |
|--|---------------------------|-----------------------------|---------|------------------------------------|
|  | 2004<br>(Latest Forecast) | 2004<br>(Previous Forecast) | Change  |                                    |
| <b>Revenue from Operations</b>               | 619,000                   | 624,000                     | (5,000) | 606,222                            |
| Leasing                                      | 238,000                   | 238,000                     | -       | 240,423                            |
| Sales of Housing, Office Building and Land   | 343,000                   | 348,000                     | (5,000) | 327,044                            |
| Sale of Housing                              | 303,000                   | 311,000                     | (8,000) | 274,669                            |
| Detached Housing                             | 42,000                    | 43,000                      | (1,000) | 46,027                             |
| Condominiums                                 | 261,000                   | 268,000                     | (7,000) | 228,641                            |
| Sale of Office Building and Land             | 40,000                    | 37,000                      | 3,000   | 52,374                             |
| Other  | 38,000                    | 38,000                      | -       | 38,755                             |
| <b>Gross Margin (%)</b>                      | 18.5                      | 18.2                        | 0.3     | 18.5                               |
| Leasing                                      | 18.5                      | 19.0                        | (0.5)   | 19.9                               |
| Sales of Housing, Office Building and Land   | 17.5                      | 17.0                        | 0.5     | 17.8                               |
| Sale of Housing                              | 17.5                      | 18.0                        | (0.5)   | 18.0                               |
| Other  | 28.0                      | 24.5                        | 3.5     | 15.1                               |
| Selling, General and Administrative Expenses | 51,500                    | 50,500                      | 1,000   | 44,049                             |
| <b>Operating Income</b>                      | 63,000                    | 63,000                      | -       | 67,821                             |
| <b>Non-Operating Income/Expense</b>          | (19,000)                  | (19,000)                    | -       | (20,682)                           |
| Interest Expense, in Net                     | (14,000)                  | (15,500)                    | 1,500   | (16,234)                           |
| <b>Ordinary Income</b>                       | 44,000                    | 44,000                      | -       | 47,138                             |
| <b>Extraordinary Gains/Losses</b>            | 0                         | 0                           | -       | (23,533)                           |
| <b>Income before Income Taxes</b>            | 44,000                    | 44,000                      | -       | 23,605                             |
| Income Taxes                                 | 19,000                    | 19,000                      | -       | 10,395                             |
| <b>Net Income</b>                            | 25,000                    | 25,000                      | -       | 13,209                             |

**(a) Housing Units for Sale (Nonconsolidated)**

(unit)

|                  | Year Ending March 31      |                             |        | Year Ended March 31, 2003 (Actual) |
|------------------|---------------------------|-----------------------------|--------|------------------------------------|
|                  | 2004<br>(Latest Forecast) | 2004<br>(Previous Forecast) | Change |                                    |
| Detached Housing | 800                       | 800                         | -      | 894                                |
| Condominiums     | 5,600                     | 5,700                       | (100)  | 5,118                              |
| Total            | 6,400                     | 6,500                       | (100)  | 6,012                              |

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

(¥ million)

| March 31, 2003 | New Investments | Cost Recovery | March 31, 2004 (Forecast) |
|----------------|-----------------|---------------|---------------------------|
| 367,700        | 300,000         | (275,000)     | 392,700                   |

**(c) Tangible and Intangible Fixed Assets (Nonconsolidated)**

(¥ million)

| March 31, 2003 | New Investments | Depreciation | Disposal/Sale | March 31, 2004 (Forecast) |
|----------------|-----------------|--------------|---------------|---------------------------|
| 1,216,479      | 25,000          | (23,000)     | (5,000)       | 1,213,479                 |

**[FORECAST FOR Mitsui Home Co., Ltd. FOR THE YEAR ENDING MARCH 31, 2004]**

(¥ million)

|                         | Year Ending March 31      |                             |         | Year Ended March 31, 2003 (Actual) |
|-------------------------|---------------------------|-----------------------------|---------|------------------------------------|
|                         | 2004<br>(Latest Forecast) | 2004<br>(Previous Forecast) | Change  |                                    |
| Revenue from Operations | 217,000                   | 225,000                     | (8,000) | 223,792                            |
| Operating Income        | 2,000                     | 2,000                       | -       | 1,066                              |
| Ordinary Income         | 2,100                     | 2,100                       | -       | 1,117                              |
| Net Income              | 700                       | 700                         | -       | (439)                              |

**SEGMENT INFORMATION**  
**Six Months Ended September 30, 2003**

(¥ million)

|   | Revenue from Operations |               |                | Costs and Expenses | Operating Income(Loss) | Assets           | Depreciation  | Capital Expenditures |
|---|-------------------------|---------------|----------------|--------------------|------------------------|------------------|---------------|----------------------|
|   | Outside Customers       | Intersegment  | Total          |                    |                        |                  |               |                      |
| (1) Leasing                                     | 166,159                 | 2,889         | 169,049        | 135,148            | 33,901                 | 1,955,676        | 13,738        | 10,306               |
| (2) Sales of Housing, Office Buildings and Land | 132,153                 | -             | 132,153        | 119,606            | 12,547                 | 449,133          | 248           | 795                  |
| (3) Construction                                | 74,826                  | 3,243         | 78,069         | 81,287             | (3,217)                | 60,592           | 1,049         | 1,512                |
| (4) Brokerage, Consignment Sales and Consulting | 24,204                  | 4,007         | 28,211         | 24,494             | 3,716                  | 27,474           | 394           | 1,130                |
| (5) Property Management                         | 35,304                  | 10,365        | 45,669         | 40,468             | 5,201                  | 41,155           | 446           | 467                  |
| (6) Sales of Housing Materials and Merchandise  | 30,554                  | 15,370        | 45,924         | 45,641             | 282                    | 46,112           | 540           | 521                  |
| (7) Facility Operations                         | 18,375                  | 237           | 18,612         | 19,392             | (779)                  | 118,124          | 1,779         | 990                  |
| (8) Other                                       | 4,519                   | 5,436         | 9,956          | 8,748              | 1,207                  | 30,857           | 1,582         | 1,038                |
| <b>Total</b>                                    | <b>486,098</b>          | <b>41,549</b> | <b>527,647</b> | <b>474,788</b>     | <b>52,859</b>          | <b>2,729,127</b> | <b>19,779</b> | <b>16,762</b>        |
| Elimination or Corporate                        | -                       | (41,549)      | (41,549)       | (33,874)           | (7,674)                | 205,712          | 327           | 315                  |
| <b>Consolidated</b>                             | <b>486,098</b>          | <b>-</b>      | <b>486,098</b> | <b>440,913</b>     | <b>45,184</b>          | <b>2,934,839</b> | <b>20,106</b> | <b>17,077</b>        |

**Six Months Ended September 30, 2002**

(¥ million)

|   | Revenue from Operations |               |                | Costs and Expenses | Operating Income(Loss) | Assets           | Depreciation  | Capital Expenditures |
|---|-------------------------|---------------|----------------|--------------------|------------------------|------------------|---------------|----------------------|
|   | Outside Customers       | Intersegment  | 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>        |

**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 brokerage, 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. The Company has since found buyers for SSAWS site and is currently demolishing the building on the site.

**Other**

Financing operations for housing loans and leasing business, etc.

## Consolidated Financial Summary (FY1999-2003)

(¥ million)

|                                      |  | Year Ended March 31    |           |           |           | Six Months<br>Ended Sep. 30 |           |
|--------------------------------------|--|------------------------|-----------|-----------|-----------|-----------------------------|-----------|
|                                      |  | 2000                   | 2001      | 2002      | 2003      | 2003                        |           |
| P/L                                  | Revenue from Operations                        | 1,194,837              | 1,193,080 | 1,152,483 | 1,082,397 | 486,098                     |           |
|                                      | Operating Income                               | 81,923                 | 108,334   | 102,950   | 103,295   | 45,184                      |           |
|                                      | Ordinary Income                                | 52,259                 | 73,420    | 72,800    | 76,514    | 33,448                      |           |
|                                      | Net Income (Loss)                              | (58,417)               | 26,112    | 29,806    | 25,553    | 20,111                      |           |
| Segment*                             | Leasing  | Revenue of Operations  | 325,643   | 329,834   | 331,501   | 329,671                     | 166,159   |
|                                      |  | Operating Income       | 61,147    | 68,550    | 71,718    | 66,563                      | 33,901    |
|                                      | Sales of Housing, Office Buildings<br>and Land | Revenue of Operations  | 359,326   | 328,281   | 336,641   | 335,341                     | 132,153   |
|                                      |  | Operating Income       | 8,881     | 20,606    | 26,668    | 32,589                      | 12,547    |
|                                      | Construction                                   | Revenue of Operations  | 273,141   | 283,806   | 237,243   | 183,090                     | 74,826    |
|                                      |  | Operating Income       | 6,031     | 6,718     | (5,228)   | 326                         | (3,217)   |
|                                      | Brokerage, Consignment Sales and<br>Consulting | Revenue of Operations  | 40,240    | 41,547    | 45,742    | 46,503                      | 24,204    |
|                                      |  | Operating Income       | 13,353    | 13,607    | 17,541    | 10,997                      | 3,716     |
|                                      | Property Management                            | Revenue of Operations  | 60,220    | 70,872    | 67,916    | 69,589                      | 35,304    |
|                                      |  | Operating Income       | 5,871     | 7,298     | 7,665     | 7,713                       | 5,201     |
|                                      | Sales of Housing Materials and<br>Merchandise  | Revenue of Operations  | 69,936    | 70,583    | 71,577    | 65,682                      | 30,554    |
|                                      |  | Operating Income       | 301       | 834       | 1,342     | 104                         | 282       |
|                                      | Facility Operations                            | Revenue of Operations  | 46,234    | 47,387    | 44,967    | 40,880                      | 18,375    |
|                                      |  | Operating Income       | (25)      | (55)      | (4,271)   | (3,356)                     | (779)     |
|                                      | Other  | Revenue of Operations  | 20,093    | 20,766    | 16,893    | 11,639                      | 4,519     |
|                                      |  | Operating Income       | 2,831     | 3,807     | 858       | 2,534                       | 1,207     |
|                                      | B/S  | Total Assets           | 2,991,203 | 2,846,467 | 3,028,969 | 2,929,069                   | 2,934,839 |
|                                      |  | Real Property for Sale | 482,182   | 453,053   | 459,840   | 408,994                     | 421,958   |
| Tangible and Intangible Fixed Assets |  | 1,467,055              | 1,456,692 | 1,698,841 | 1,687,115 | 1,681,327                   |           |
| Capital Expenditures                 |  | 83,945                 | 67,478    | 62,101    | 61,159    | 17,077                      |           |
| Depreciation                         |  | 45,776                 | 44,418    | 66,017    | 39,781    | 20,106                      |           |
| Interest-Bearing Debt                |  | 1,660,127              | 1,554,360 | 1,460,526 | 1,397,211 | 1,400,657                   |           |
| Retained Earnings                    |  | 89,168                 | 98,643    | 137,026   | 155,390   | 177,298                     |           |
| Shareholders' Equity                 |  | 395,132                | 411,097   | 609,536   | 628,434   | 664,252                     |           |
| C/F                                  | Cash Flows from Operating Activities (1)       | 134,200                | 173,664   | 142,121   | 118,484   | 12,999                      |           |
|                                      | Cash Flows from Investing Activities (2)       | (32,449)               | (32,088)  | (81,658)  | (60,751)  | (36,826)                    |           |
|                                      | Cash Flows from Financing Activities           | (96,576)               | (150,001) | (103,298) | (59,897)  | 1,295                       |           |
|                                      | Free Cash Flows (1)+(2)                        | 101,750                | 141,575   | 60,463    | 57,733    | (23,827)                    |           |
| Key Data                             | ROA (%)  | 3.10%                  | 3.98%     | 3.86%     | 3.78%     | 1.73%                       |           |
|                                      | Debt/Equity Ratio (Times)                      | 4.2                    | 3.8       | 2.4       | 2.2       | 2.1                         |           |
|                                      | Equity Ratio (%)                               | 13.2%                  | 14.5%     | 20.1%     | 21.5%     | 22.6%                       |           |
|                                      | No. of Consolidated Subsidiaries               | 160                    | 150       | 143       | 131       | 132                         |           |
|                                      | No. of Affiliates in Equity Method             | 72                     | 65        | 60        | 57        | 54                          |           |

\*Revenue figures for all segments refer to sales to outside customers only.

- 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
- ROA: (Operating income + Non-operating income)/Average total assets
- Debt-Equity Ratio: Interest-bearing debt/Shareholders' equity

## Consolidated Financial Statements

### CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(¥ million)

|   | September 30, 2003 |                   | March 31, 2003 |                   | Change    |            |
|---|--------------------|-------------------|----------------|-------------------|-----------|------------|
|   |                    | % of Total Assets |                | % of Total Assets | Amount    | Percentage |
| <b>ASSETS:</b>  |                    |                   |                |                   |           |            |
| <b>. Current Assets:</b>                              | ¥669,951           | 22.8              | ¥687,912       | 23.5              | (¥17,960) | (2.6)      |
| Cash and Time Deposits                                | 92,894             |                   | 115,157        |                   | (22,262)  |            |
| Accounts Receivable—Trade                             | 28,040             |                   | 32,349         |                   | (4,309)   |            |
| Marketable Securities                                 | 49                 |                   | 189            |                   | (139)     |            |
| Real Property for Sale                                | 407,274            | 13.9              | 397,547        | 13.6              | 9,727     | 2.4        |
| Expenditure on Contracts in Progress                  | 16,434             |                   | 10,232         |                   | 6,202     |            |
| Other Inventories                                     | 8,554              |                   | 9,191          |                   | (636)     |            |
| Advances Paid for Purchases                           | 14,683             |                   | 11,447         |                   | 3,236     |            |
| Short-Term Loans                                      | 18,870             |                   | 26,722         |                   | (7,851)   |            |
| Deferred Income Taxes                                 | 39,460             |                   | 38,783         |                   | 676       |            |
| Other Current Assets                                  | 47,001             |                   | 49,854         |                   | (2,853)   |            |
| Allowance for Doubtful Accounts                       | (3,313)            |                   | (3,563)        |                   | 250       |            |
| <b>. Fixed Assets:</b>                                | 2,264,887          | 77.2              | 2,241,156      | 76.5              | 23,730    | 1.1        |
| 1. Tangible Fixed Assets:                             | 1,646,431          | 56.1              | 1,652,338      | 56.4              | (5,907)   | (0.4)      |
| Buildings and Structures                              | 497,923            | 17.0              | 507,870        | 17.3              | (9,947)   | (2.0)      |
| Machinery, Equipment and Materials Handling Equipment | 5,684              |                   | 5,582          |                   | 102       |            |
| Land  | 1,093,121          | 37.2              | 1,092,902      | 37.3              | 218       | 0.0        |
| Construction in Progress                              | 16,388             |                   | 13,161         |                   | 3,227     |            |
| Other Tangible Assets                                 | 33,312             |                   | 32,821         |                   | 491       |            |
| 2. Intangible Fixed Assets:                           | 34,896             | 1.2               | 34,777         | 1.2               | 118       | 0.3        |
| Leasehold Rights                                      | 25,965             |                   | 25,968         |                   | (2)       |            |
| Other Intangible Fixed Assets                         | 8,930              |                   | 8,808          |                   | 121       |            |
| 3. Investment and Other Assets:                       | 583,560            | 19.9              | 554,040        | 18.9              | 29,519    | 5.3        |
| Investment Securities                                 | 234,425            |                   | 202,234        |                   | 32,191    |            |
| Long-Term Loans                                       | 16,364             |                   | 16,437         |                   | (72)      |            |
| Lease Deposits  | 217,155            |                   | 216,490        |                   | 664       |            |
| Deferred Income Taxes                                 | 16,157             |                   | 13,604         |                   | 2,552     |            |
| Deferred Income Taxes- Revaluation                    | 33,163             |                   | 35,958         |                   | (2,795)   |            |
| Other   | 91,121             |                   | 96,657         |                   | (5,535)   |            |
| Allowance for Doubtful Accounts                       | (24,827)           |                   | (27,342)       |                   | 2,515     |            |
| <b>. Deferred Assets</b>                              | 0                  |                   | 1              |                   | (0)       |            |
| <b>Total Assets</b>                                   | ¥2,934,839         | 100.0             | ¥2,929,069     | 100.0             | (¥5,770)  | 0.2        |

## CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(¥ million)

|  | September 30, 2003 |              | March 31, 2003    |              | Change          |              |
|--|--------------------|--------------|-------------------|--------------|-----------------|--------------|
| <b>LIABILITIES:</b>  | % of Total Assets  |              | % of Total Assets |              | Amount          | Percentage   |
| <b>. Current Liabilities:</b>  | ¥641,963           | 21.9         | ¥601,128          | 20.5         | ¥40,835         | 6.8          |
| Accounts Payable—Trade   | 75,987             |              | 91,822            |              | (15,835)        |              |
| Short-Term Debt  | 245,900            | 8.4          | 194,454           | 6.6          | 51,445          | 26.5         |
| Commercial Paper   | 117,000            |              | 18,000            |              | 99,000          |              |
| Bond Redeemable Within One Year                                      | 10,000             |              | 81,242            |              | (71,242)        |              |
| Income Taxes Payable   | 13,170             |              | 3,397             |              | 9,772           |              |
| Advances from Contracts in Progress                                  | 21,481             |              | 17,911            |              | 3,570           |              |
| Allowance for Completed Project Indemnities                          | 1,886              |              | 1,597             |              | 289             |              |
| Allowance for Possible Guarantee Losses                              | 221                |              | 290               |              | (68)            |              |
| Deferred Income Taxes  | 239                |              | -                 |              | 239             |              |
| Other Current Liabilities  | 156,075            |              | 192,411           |              | (36,336)        |              |
| <b>. Long-Term Liabilities:</b>                                      | 1,612,269          | 54.9         | 1,682,321         | 57.4         | (70,052)        | (4.2)        |
| Corporate Bonds  | 215,000            |              | 215,000           |              | -               |              |
| Long-Term Debt   | 812,756            | 27.7         | 888,514           | 30.3         | (75,757)        | (8.5)        |
| Deposits from Tenants  | 300,033            |              | 307,785           |              | (7,751)         |              |
| Allowance for Employees' Retirement Benefits                         | 23,118             |              | 20,530            |              | 2,588           |              |
| Allowance for Directors' Retirement Benefits                         | 1,552              |              | 2,083             |              | (530)           |              |
| Deferred Income Taxes  | 42,169             |              | 22,603            |              | 19,565          |              |
| Deferred Income Taxes – Revaluation                                  | 149,190            |              | 156,437           |              | (7,247)         |              |
| Other Fixed Liabilities  | 68,447             |              | 69,366            |              | (919)           |              |
| <b>Total Liabilities</b>   | <b>2,254,232</b>   | <b>76.8</b>  | <b>2,283,450</b>  | <b>77.9</b>  | <b>(29,217)</b> | <b>(1.3)</b> |
| <b>MINORITY INTEREST:</b>  |                    |              |                   |              |                 |              |
| <b>Minority Interests in Consolidated Subsidiaries</b>               | <b>16,354</b>      | <b>0.6</b>   | <b>17,185</b>     | <b>0.6</b>   | <b>(831)</b>    | <b>(4.8)</b> |
| <b>SHAREHOLDERS' EQUITY:</b>   |                    |              |                   |              |                 |              |
| <b>. Common Stock</b>  | <b>134,433</b>     | <b>4.6</b>   | <b>134,433</b>    | <b>4.6</b>   | <b>-</b>        | <b>-</b>     |
| <b>. Additional Paid-in Capital</b>                                  | <b>205,823</b>     | <b>7.0</b>   | <b>205,823</b>    | <b>7.0</b>   | <b>-</b>        | <b>-</b>     |
| <b>. Retained Earnings</b>   | <b>177,298</b>     | <b>6.0</b>   | <b>155,390</b>    | <b>5.3</b>   | <b>21,907</b>   | <b>14.1</b>  |
| <b>. Surplus from Land Revaluation</b>                               | <b>157,603</b>     |              | <b>162,289</b>    |              | <b>(4,685)</b>  |              |
| <b>. Unrealized Gains/Losses on Securities</b>                       | <b>14,738</b>      |              | <b>(3,452)</b>    |              | <b>18,191</b>   |              |
| <b>. Foreign Currency Translation Adjustment</b>                     | <b>(24,797)</b>    |              | <b>(25,010)</b>   |              | <b>212</b>      |              |
| <b>. Treasury Stock</b>  | <b>665,099</b>     | <b>22.7</b>  | <b>629,473</b>    | <b>21.5</b>  | <b>35,625</b>   | <b>5.7</b>   |
| <b>Total Shareholders' Equity</b>                                    | <b>664,252</b>     | <b>22.6</b>  | <b>628,434</b>    | <b>21.5</b>  | <b>35,818</b>   | <b>5.7</b>   |
| <b>Total Liabilities, Minority Interest and Shareholders' Equity</b> | <b>¥2,934,839</b>  | <b>100.0</b> | <b>¥2,929,069</b> | <b>100.0</b> | <b>¥5,770</b>   | <b>0.2</b>   |



## CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

(¥ million)

|   | Six Months Ended September 30 |                          |          |                          | Change   |            |
|---|-------------------------------|--------------------------|----------|--------------------------|----------|------------|
|   | 2003                          | % of<br>Total<br>Revenue | 2002     | % of<br>Total<br>Revenue | Amount   | Percentage |
| <b>. Revenue from Operations</b>                      | ¥486,098                      | 100.0                    | ¥491,113 | 100.0                    | (¥5,015) | (1.0)      |
| <b>. Cost of Revenue from Operations</b>              | 381,763                       | 78.5                     | 395,679  | 80.6                     | (13,915) | (3.5)      |
| <b>Gross Operating Profit</b>                         | 104,335                       | 21.5                     | 95,434   | 19.4                     | 8,900    | 9.3        |
| <b>. Selling, General and Administrative Expenses</b> | 59,150                        | 12.2                     | 57,450   | 11.7                     | 1,700    | 3.0        |
| <b>Operating Income</b>                               | 45,184                        | 9.3                      | 37,984   | 7.7                      | 7,200    | 19.0       |
| <b>. Non-Operating Income:</b>                        | 5,534                         | 1.1                      | 4,909    | 1.0                      | 625      | 12.7       |
| Interest Income                                       | 527                           |                          | 635      |                          | (107)    |            |
| Dividend Income                                       | 1,198                         |                          | 1,250    |                          | (51)     |            |
| Equity in Net Income of Affiliated Companies          | 1,749                         |                          | 1,599    |                          | 149      |            |
| Other Non-Operating Income                            | 2,058                         |                          | 1,423    |                          | 634      |            |
| <b>. Non-Operating Expenses:</b>                      | 17,270                        | 3.5                      | 19,350   | 3.9                      | (2,079)  | (10.7)     |
| Interest Expenses                                     | 11,926                        |                          | 13,854   |                          | (1,927)  |            |
| Other Non-Operating Expenses                          | 5,343                         |                          | 5,496    |                          | (152)    |            |
| <b>Ordinary Income</b>                                | 33,448                        | 6.9                      | 23,543   | 4.8                      | 9,905    | 42.1       |
| <b>. Extraordinary Gains:</b>                         | 697                           | 0.1                      | 1,705    | 0.4                      | (1,007)  | (59.1)     |
| Gain on Sales of Fixed Assets                         | 354                           |                          | 1,065    |                          | (711)    |            |
| Gain on Sales of Investment Securities                | -                             |                          | 535      |                          | (535)    |            |
| Transfer from Allowance for Doubtful Accounts         | 238                           |                          | -        |                          | 238      |            |
| Gain on Sales of Shares of Affiliated Companies       | -                             |                          | -        |                          | -        |            |
| Other Extraordinary Gains                             | 104                           |                          | 104      |                          | 0        |            |
| <b>. Extraordinary Losses:</b>                        | 1,620                         | 0.3                      | 14,097   | 2.9                      | (12,476) | (88.5)     |
| Loss on Evaluation of Investment Securities           | -                             |                          | 5,862    |                          | (5,862)  |            |
| Loss on Disposal of Fixed Assets                      | 340                           |                          | 2,529    |                          | (2,188)  |            |
| Loss Associated with Housing Sales Business           | -                             |                          | 2,332    |                          | (2,332)  |            |
| Loss on Demolition of Real Property for Sale          | -                             |                          | 1,495    |                          | (1,495)  |            |
| Provision to Allowance for Doubtful Accounts          | 693                           |                          | 831      |                          | (137)    |            |
| Loss on Liquidation of Affiliated Company             | -                             |                          | 493      |                          | (493)    |            |
| Loss on Sales of Fixed Assets                         | -                             |                          | -        |                          | -        |            |
| Other Extraordinary Losses                            | 586                           |                          | 552      |                          | 33       |            |
| <b>Income before Income Taxes</b>                     | 32,525                        | 6.7                      | 11,151   | 2.3                      | 21,374   | 191.7      |
| <b>Income Taxes</b>                                   | 11,517                        |                          | 5,995    |                          | 5,521    |            |
| <b>Deferred Income Taxes</b>                          | 1,469                         |                          | (190)    |                          | 1,659    |            |
| <b>Minority Interests</b>                             | (572)                         |                          | (843)    |                          | 271      |            |
| <b>Net Income</b>                                     | ¥20,111                       | 4.1                      | ¥6,189   | 1.3                      | ¥13,921  | 224.9      |

## CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(¥ million)

|   | Six Months Ended September 30 |                 | Year ended March |
|---|-------------------------------|-----------------|------------------|
|   | 2003                          | 2002            | 31,2003          |
| <b>I. Cash Flows From Operating Activities:</b>                         |                               |                 |                  |
| Income before Income Taxes  | ¥32,525                       | ¥11,151         | ¥44,212          |
| Depreciation and Amortization   | 20,106                        | 19,400          | 39,781           |
| Gain/Loss on Equity in Net Income of Affiliated Companies               | (1,749)                       | (1,599)         | (2,904)          |
| Loss on Evaluation of Investment Securities                             | -                             | 5,862           | 20,266           |
| Gain/Loss on Sales of Investment Securities                             | -                             | (535)           | (671)            |
| Gain/Loss on Sales of Tangible and Intangible Fixed Assets              | (354)                         | (1,065)         | (2,192)          |
| Loss on Disposal of Tangible and Intangible Fixed Assets                | 340                           | 2,529           | 5,490            |
| Loss on Demolition of Real Property for Sale                            | -                             | 1,495           | 1,575            |
| Loss on Liquidation of Affiliated Companies                             | -                             | 493             | 492              |
| Provision to Allowance for Doubtful Accounts                            | 455                           | 831             | 1,962            |
| Loss Associated with Housing Sales Business                             | -                             | 2,332           | 2,332            |
| Interest and Dividend Income  | (1,726)                       | (1,885)         | (3,369)          |
| Interest Expense  | 12,072                        | 13,854          | 26,617           |
| Increase/Decrease in Accounts Receivable                                | 4,510                         | 10,334          | 76               |
| Increase/Decrease in Accounts Payable                                   | (8,292)                       | (11,934)        | (2,142)          |
| Purchase of Real Property for Sale*                                     | (109,991)                     | (95,173)        | (211,183)        |
| Sales of Real Property for Sale*  | 99,233                        | 104,598         | 261,099          |
| Bonuses Paid to Directors   | (117)                         | (110)           | (104)            |
| Other   | (23,666)                      | (58,591)        | (23,830)         |
| Subtotal  | 23,346                        | 1,987           | 157,507          |
| Cash Receipts of Interest and Dividend Income                           | 2,172                         | 2,440           | 4,070            |
| Cash Payments of Interest Expense                                       | (12,448)                      | (13,974)        | (26,657)         |
| Income Taxes Paid   | (71)                          | (10,470)        | (16,435)         |
| <b>Net Cash Provided by Operating Activities</b>                        | <b>12,999</b>                 | <b>(20,016)</b> | <b>118,484</b>   |
| <b>II. Cash Flows From Investing Activities:</b>                        |                               |                 |                  |
| Purchase of Marketable and Investment Securities                        | (1,024)                       | (7,299)         | (20,265)         |
| Sales of Marketable and Investment Securities                           | 2,628                         | 607             | 3,769            |
| Purchase of Tangible and Intangible Fixed Assets                        | (32,877)                      | (29,959)        | (55,071)         |
| Sales of Tangible and Intangible Fixed Assets                           | 2,626                         | 8,419           | 16,191           |
| Increase in Loans   | (3,523)                       | (10,016)        | (22,243)         |
| Decrease in Loans   | 10,145                        | 7,304           | 24,456           |
| Decrease in Deposits from Tenants                                       | (30,531)                      | (32,208)        | (57,027)         |
| Increase in Deposits from Tenants                                       | 22,169                        | 19,988          | 39,447           |
| Increase in Lease Deposits  | (9,384)                       | (3,744)         | (10,861)         |
| Decrease in Lease Deposits  | 7,985                         | 5,853           | 18,483           |
| Purchase of Securities with Change in Scope of Consolidation            | -                             | 356             | 354              |
| Sales of Securities with Change in Scope of Consolidation               | 221                           | 117             | 239              |
| Other   | (5,259)                       | (21)            | 1,774            |
| <b>Net Cash Used in Investing Activities</b>                            | <b>(36,826)</b>               | <b>(40,604)</b> | <b>(60,751)</b>  |
| <b>III. Cash Flows From Financing Activities:</b>                       |                               |                 |                  |
| Increase/Decrease in Short-Term Debt                                    | 103,298                       | 29,717          | (26,552)         |
| Proceeds from Long-Term Debt  | 66,084                        | 37,500          | 232,349          |
| Repayment of Long-Term Debt   | (94,041)                      | (105,884)       | (289,503)        |
| Proceeds from Issuance of Bonds   | 10,000                        | 80,000          | 80,000           |
| Redemption of Bonds   | (81,242)                      | -               | (50,000)         |
| Income from Issuance of Shares to Minority Interests                    | -                             | -               | 14               |
| Cash Dividends Paid   | (2,880)                       | (2,842)         | (5,697)          |
| Cash Dividends Paid to Minority Interests                               | (358)                         | (338)           | (524)            |
| Sales of Treasury Stock   | 434                           | -               | 16               |
| <b>Net Cash Used in Financing Activities</b>                            | <b>1,295</b>                  | <b>38,151</b>   | <b>(59,897)</b>  |
| <b>IV. Effect of Exchange Rate Changes on Cash and Cash Equivalents</b> | <b>247</b>                    | <b>(770)</b>    | <b>(562)</b>     |
| <b>V. Net Increase (Decrease) in Cash and Cash Equivalents</b>          | <b>(22,284)</b>               | <b>(23,239)</b> | <b>(2,727)</b>   |
| <b>VI. Cash and Cash Equivalents at Beginning of Year</b>               | <b>114,831</b>                | <b>117,558</b>  | <b>117,558</b>   |
| <b>VII. Cash and Cash Equivalents at End of Term (Year)</b>             | <b>¥92,547</b>                | <b>¥94,319</b>  | <b>¥114,831</b>  |

\*“Purchase of Real Property for Sale” and “Sales 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, 2003 |                   | March 31, 2003    |                   | Change         |            |
|---|--------------------|-------------------|-------------------|-------------------|----------------|------------|
|   |                    | % of Total Assets |                   | % of Total Assets | Amount         | Percentage |
| <b>ASSETS:</b>  |                    |                   |                   |                   |                |            |
| <b>Current Assets:</b>  | ¥625,118           | 23.9              | ¥617,631          | 23.9              | ¥7,487         | 1.2        |
| Cash and Time Deposits  | 32,613             |                   | 57,581            |                   | (24,967)       |            |
| Accounts Receivable   | 13,293             |                   | 14,897            |                   | (1,604)        |            |
| Real Property for Sale  | 178,255            | 6.8               | 173,305           | 6.7               | 4,950          | 2.9        |
| Real Property in Progress   | 152,813            | 5.8               | 128,607           | 5.0               | 24,206         | 18.8       |
| Land for Development  | 28,733             | 1.1               | 55,099            | 2.1               | (26,366)       | (47.9)     |
| Expenditure on Contracts in Progress                              | 571                |                   | 571               |                   | -              |            |
| Advances Paid for Purchases                                       | 13,864             |                   | 10,688            |                   | 3,175          |            |
| Prepaid Expenses  | 4,456              |                   | 2,733             |                   | 1,722          |            |
| Short-Term Loans  | 129,928            |                   | 88,410            |                   | 41,517         |            |
| Other Receivables   | 11,001             |                   | 29,098            |                   | (18,097)       |            |
| Deferred Income Taxes   | 29,791             |                   | 29,791            |                   | -              |            |
| Other Current Assets  | 30,750             |                   | 28,153            |                   | 2,596          |            |
| Allowance for Doubtful Accounts                                   | (953)              |                   | (1,306)           |                   | 353            |            |
| <b>Fixed Assets:</b>  | 1,987,871          | 76.1              | 1,971,611         | 76.1              | 16,260         | 0.8        |
| <b>Tangible Fixed Assets:</b>                                     | 1,192,165          | 45.7              | 1,194,689         | 46.1              | (2,524)        | (0.2)      |
| Buildings   | 293,236            | 11.2              | 299,674           | 11.6              | (6,438)        | (2.1)      |
| Structures  | 8,837              |                   | 9,122             |                   | (285)          |            |
| Machinery   | 1,566              |                   | 1,630             |                   | (63)           |            |
| Transportation Equipment  | 52                 |                   | 61                |                   | (9)            |            |
| Tools, Furniture and Fixtures                                     | 3,485              |                   | 3,653             |                   | (167)          |            |
| Land  | 869,264            | 33.3              | 868,922           | 33.6              | 341            | 0.0        |
| Construction in Progress  | 10,916             |                   | 6,818             |                   | 4,097          |            |
| Other Tangible Assets   | 4,806              |                   | 4,805             |                   | 0              |            |
| <b>Intangible Fixed Assets:</b>                                   | 21,531             | 0.8               | 21,789            | 0.8               | (258)          | (1.2)      |
| Leasehold Rights  | 17,928             |                   | 17,928            |                   | -              |            |
| Software  | 3,414              |                   | 3,665             |                   | (251)          |            |
| Other Intangible Fixed Assets                                     | 188                |                   | 196               |                   | (7)            |            |
| <b>Investments and Other Assets:</b>                              | 774,174            | 29.6              | 755,131           | 29.2              | 19,042         | 2.5        |
| Investment Securities   | 160,420            |                   | 129,461           |                   | 30,958         |            |
| Investments in Consolidated Subsidiaries and Affiliated Companies | 182,429            |                   | 184,064           |                   | (1,634)        |            |
| Investments   | 23,250             |                   | 23,486            |                   | (236)          |            |
| Long-Term Loans   | 15,079             |                   | 15,109            |                   | (29)           |            |
| Long-Term Loans to Affiliates                                     | 166,296            |                   | 173,669           |                   | (7,373)        |            |
| Lease Deposits  | 211,292            | 8.1               | 210,640           | 8.1               | 651            | 0.3        |
| Other Investments   | 24,972             |                   | 30,286            |                   | (5,313)        |            |
| Allowance for Doubtful Accounts                                   | (9,566)            |                   | (11,586)          |                   | 2,020          |            |
| <b>Total Assets</b>   | <b>¥2,612,989</b>  | <b>100.0</b>      | <b>¥2,589,242</b> | <b>100.0</b>      | <b>¥23,747</b> | <b>0.9</b> |

**NONCONSOLIDATED BALANCE SHEETS (UNAUDITED)**

(¥ million)

|   | September 30, 2003 |                   | March 31, 2003    |                   | Change         |              |
|---|--------------------|-------------------|-------------------|-------------------|----------------|--------------|
|   |                    | % of Total Assets |                   | % of Total Assets | Amount         | Percentage   |
| <b>LIABILITIES:</b>                               |                    |                   |                   |                   |                |              |
| <b>Current Liabilities:</b>                       | ¥515,765           | 19.7              | ¥457,896          | 17.7              | ¥57,868        | 12.6         |
| Accounts Payable                                  | 39,340             |                   | 49,105            |                   | (9,764)        |              |
| Short-Term Debt                                   | 218,146            | 8.3               | 167,863           | 6.5               | 50,282         | 30.0         |
| Commercial Paper                                  | 117,000            |                   | 18,000            |                   | 99,000         |              |
| Bond Redeemable Within One Year                   | 10,000             |                   | 81,242            |                   | (71,242)       |              |
| Other Payables                                    | 3,876              |                   | 18,276            |                   | (14,399)       |              |
| Income Taxes Payable                              | 8,720              |                   | -                 |                   | 8,720          |              |
| Accrued Expenses                                  | 7,964              |                   | 8,274             |                   | (310)          |              |
| Advances Received                                 | 42,756             |                   | 38,672            |                   | 4,083          |              |
| Advances from Contracts in Progress               | -                  |                   | -                 |                   | -              |              |
| Deposits  | 56,228             |                   | 66,854            |                   | (10,625)       |              |
| Other Current Liabilities                         | 11,731             |                   | 9,607             |                   | 2,124          |              |
| <b>Long-Term Liabilities:</b>                     | 1,428,808          | 54.7              | 1,489,299         | 57.5              | (60,491)       | (4.1)        |
| Corporate Bonds                                   | 215,000            | 8.2               | 215,000           | 8.3               | -              |              |
| Long-Term Debt                                    | 713,081            | 27.3              | 776,579           | 30.0              | (63,498)       | (8.2)        |
| Deposits from Tenants                             | 276,852            | 10.6              | 286,166           | 11.1              | (9,314)        | (3.3)        |
| Deferred Income Taxes                             | 21,481             |                   | 9,236             |                   | 12,245         |              |
| Deferred Income Taxes - Revaluation               | 149,190            |                   | 149,190           |                   | -              |              |
| Allowance for Employees' Retirement Benefits      | 9,572              |                   | 7,538             |                   | 2,033          |              |
| Allowance for Directors' Retirement Benefits      | 1,045              |                   | 1,381             |                   | (336)          |              |
| Other Fixed Liabilities                           | 42,586             |                   | 44,207            |                   | (1,620)        |              |
| <b>Total Liabilities</b>                          | <b>1,944,573</b>   | <b>74.4</b>       | <b>1,947,196</b>  | <b>75.2</b>       | <b>(2,622)</b> | <b>(0.1)</b> |
| <b>SHAREHOLDERS' EQUITY:</b>                      |                    |                   |                   |                   |                |              |
| Common Stock                                      | 134,433            | 5.1               | 134,433           | 5.2               | -              |              |
| Additional Paid-in Capital                        | 205,823            | 7.9               | 205,823           | 7.9               | -              |              |
| Legal Reserve                                     | 13,688             |                   | 13,688            |                   | -              |              |
| Other Reserve                                     | 16,790             |                   | 16,790            |                   | -              |              |
| Reserve for Substitute Assets                     | 49,292             |                   | 43,364            |                   | 5,927          |              |
| Unappropriated Earnings                           | 14,819             |                   | 14,214            |                   | 604            |              |
| Net Income  | 11,553             |                   | 13,209            |                   | (1,655)        |              |
| Surplus from Land Revaluation                     | 219,918            | 8.4               | 217,885           | 8.4               | 2,032          | 0.9          |
| Unrealized Gain/Loss on Securities                | 14,485             | 0.6               | (3,383)           | (0.1)             | 17,868         | 528.2        |
| Treasury Stock                                    | (835)              | (0.0)             | (771)             | (0.0)             | (64)           | 8.3          |
| <b>Total Shareholders' Equity</b>                 | <b>668,416</b>     | <b>25.6</b>       | <b>642,046</b>    | <b>24.8</b>       | <b>26,370</b>  | <b>4.1</b>   |
| <b>Total Liabilities and Shareholders' Equity</b> | <b>¥2,612,989</b>  | <b>100.0</b>      | <b>¥2,589,242</b> | <b>100.0</b>      | <b>¥23,747</b> | <b>0.9</b>   |

**NONCONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)**

(¥ million)

|   | Six Months Ended September 30 |                    |          |                    | Change   |            |
|---|-------------------------------|--------------------|----------|--------------------|----------|------------|
|   | 2003                          | % of Total Revenue | 2002     | % of Total Revenue | Amount   | Percentage |
| <b>Revenue from Operations</b>                      | ¥262,277                      | 100.0              | ¥267,180 | 100.0              | (¥4,902) | (1.8)      |
| Leasing   | 119,683                       | 45.6               | 120,851  | 45.2               | (1,167)  | (1.0)      |
| Sales of Housing, Office Buildings and Land         | 123,556                       | 47.1               | 126,258  | 47.3               | (2,702)  | (2.1)      |
| Other   | 19,037                        | 7.3                | 20,070   | 7.5                | (1,032)  | (5.1)      |
| <b>Cost of Revenue from Operations</b>              | 212,143                       |                    | 222,199  |                    | (10,056) |            |
| Leasing   | 95,976                        |                    | 95,988   |                    | (12)     |            |
| Sales of Housing, Office Buildings and Land         | 101,917                       |                    | 107,596  |                    | (5,679)  |            |
| Other   | 14,249                        |                    | 18,614   |                    | (4,364)  |            |
| <b>Selling, General and Administrative Expenses</b> | 21,106                        |                    | 18,005   |                    | 3,101    |            |
| <b>Operating Income</b>                             | 29,027                        | 11.1*              | 26,975   | 10.1*              | 2,051    | 7.6        |
| <b>Non-Operating Income/Expenses</b>                | (8,753)                       |                    | (9,668)  |                    | 914      |            |
| Non-Operating Income:                               | 5,915                         |                    | 4,596    |                    | 1,318    |            |
| Interest Income                                     | 2,082                         |                    | 1,706    |                    | 375      |            |
| Dividend Income                                     | 2,261                         |                    | 2,180    |                    | 81       |            |
| Other Non-Operating Income                          | 1,571                         |                    | 710      |                    | 860      |            |
| Non-Operating Expenses:                             | 14,669                        |                    | 14,265   |                    | 403      |            |
| Interest Expense                                    | 9,317                         |                    | 10,212   |                    | (895)    |            |
| Other Non-Operating Expenses                        | 5,351                         |                    | 4,052    |                    | 1,298    |            |
| <b>Ordinary Income</b>                              | 20,273                        | 7.7*               | 17,307   | 6.5*               | 2,966    | 17.1       |
| <b>Extraordinary Gains/Losses</b>                   | -                             |                    | (9,667)  |                    | 9,667    |            |
| 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   |                    | (11,914) |            |
| Loss on Evaluation of Investment Securities         | -                             |                    | 5,690    |                    | (5,690)  |            |
| Loss on Disposal of Fixed Assets                    | -                             |                    | 2,396    |                    | (2,396)  |            |
| Loss on Sales of Fixed Assets                       | -                             |                    | -        |                    | -        |            |
| Loss Associated with Housing Sales Business         | -                             |                    | 2,332    |                    | (2,332)  |            |
| Loss on Demolition of Real Property for Sale        | -                             |                    | 1,495    |                    | (1,495)  |            |
| <b>Income before Income Taxes</b>                   | 20,273                        | 7.7*               | 7,639    | 2.9*               | 12,633   | 165.4      |
| <b>Income Taxes</b>                                 | 8,720                         |                    | 3,393    |                    | 5,327    |            |
| <b>Deferred Income Taxes</b>                        | -                             |                    | -        |                    | -        |            |
| <b>Net Income</b>                                   | 11,553                        | 4.4*               | 4,246    | 1.6*               | 7,306    | 172.0      |
| <b>Earning Brought Forward from Previous Period</b> | 5,298                         |                    | 4,948    |                    | 350      |            |
| <b>Interim Dividends</b>                            | -                             |                    | -        |                    | -        |            |
| <b>Reversal of Revaluation Difference for Land</b>  | (2,032)                       |                    | (449)    |                    | (1,583)  |            |
| <b>Unappropriated Earnings</b>                      | ¥14,819                       |                    | ¥8,745   |                    | ¥6,073   |            |

\* Income Margin to Revenues