

**The Sumitomo Warehouse Co., Ltd.**  
**Consolidated Balance Sheets (Unaudited)**  
**30 September 2003 and 2004**

ASSETS	Millions of yen		<i>Thousands of U.S.dollars (Note 1)</i>
	2003	2004	2004
<b>Current assets:</b>			
Cash and cash equivalents	¥ 15,419	¥ 16,891	\$ 152,103
Short-term investments (Note 4)	959	591	5,322
Marketable securities (Note 3)	18	13	117
Receivables			
Trade notes and accounts	12,598	13,502	121,585
Other	1,525	1,835	16,524
Allowance for doubtful receivables	( 403 )	( 309 )	( 2,783 )
	13,720	15,028	135,326
Deferred tax assets	545	515	4,638
Other	1,578	1,410	12,697
<b>Total current assets</b>	<b>32,239</b>	<b>34,448</b>	<b>310,203</b>
<b>Investments and other non-current assets:</b>			
Investment securities (Notes 3 and 4)	39,122	47,420	427,015
Long-term loans receivable	423	404	3,638
Other (Notes 3 and 4)	4,840	4,899	44,115
Allowance for doubtful receivables	( 290 )	( 245 )	( 2,206 )
	44,095	52,478	472,562
<b>Property and equipment (Note 4) :</b>			
Land	26,033	28,837	259,676
Buildings and structures	128,639	132,911	1,196,857
Machinery and equipment	19,756	19,847	178,721
Construction in progress	47	1,210	10,896
	174,475	182,805	1,646,150
Less accumulated depreciation	( 86,651 )	( 90,499 )	( 814,939 )
	87,824	92,306	831,211
<b>Intangibles:</b>			
Leasehold (Note 4)	3,264	3,267	29,419
Software	180	180	1,621
Other	199	162	1,459
	3,643	3,609	32,499
<b>Deferred tax assets</b>	<b>58</b>	<b>22</b>	<b>198</b>
	<b>¥ 167,859</b>	<b>¥ 182,863</b>	<b>\$ 1,646,673</b>

See accompanying notes.

**The Sumitomo Warehouse Co., Ltd.**  
**Consolidated Balance Sheets (Unaudited)**  
**30 September 2003 and 2004**

<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>	Millions of yen		<i>Thousands of U.S.dollars (Note 1)</i>
	2003	2004	2004
<b>Current liabilities:</b>			
Bank loans (Note 4) . . . . .	¥ 5,980	¥ 5,577	\$ 50,221
Long-term debt due within one year (Note 4) . . . . .	6,186	15,602	140,495
Payables :			
Trade notes and accounts . . . . .	6,992	7,826	70,473
Other . . . . .	4,266	3,543	31,904
	11,258	11,369	102,377
Income taxes payable . . . . .	1,325	1,588	14,300
Accrued employees' bonuses . . . . .	1,440	1,428	12,859
Deferred tax liabilities . . . . .	4	3	27
Other . . . . .	1,365	1,451	13,066
Total current liabilities . . . . .	27,558	37,018	333,345
<b>Long-term debt due after one year</b> (Note 4) . . . . .	20,444	17,871	160,927
<b>Deferred tax liabilities</b> . . . . .	16,648	19,019	171,265
<b>Employees' retirement benefits</b> . . . . .	6,535	6,488	58,424
<b>Directors' and corporate auditors' retirement benefits</b> . . . . .	825	739	6,655
<b>Deposits on contracts</b> . . . . .	16,963	15,688	141,270
<b>Other non-current liabilities</b> . . . . .	378	414	3,728
<b>Minority interest in consolidated subsidiaries</b> . . . . .	467	556	5,007
<b>Contingent liabilities</b> (Note 7)			
<b>Shareholders' equity:</b>			
Common stock			
Authorized - 395,872,000 shares			
Issued - 138,611,208 shares at 30 September 2003			
- 138,613,701 shares at 30 September 2004 . . . . .	9,452	9,453	85,124
Capital surplus . . . . .	6,323	6,324	56,947
Retained earnings . . . . .	47,945	50,820	457,632
Unrealized gains on investment securities . . . . .	16,469	20,963	188,771
Foreign currency translation adjustments . . . . .	( 322 )	( 652 )	( 5,871 )
Treasury stock, at cost			
- 6,167,977 shares at 30 September 2003			
- 6,195,173 shares at 30 September 2004 . . . . .	( 1,826 )	( 1,838 )	( 16,551 )
Total shareholders' equity . . . . .	78,041	85,070	766,052
	¥ 167,859	¥ 182,863	\$ 1,646,673

**The Sumitomo Warehouse Co., Ltd.**  
**Consolidated Statements of Income (Unaudited)**  
**Six months ended 30 September 2003 and 2004**

	Millions of yen		<i>Thousands of U.S.dollars (Note 1)</i>
	2003	2004	2004
<b>Net sales</b> .....	¥ 46,762	¥ 49,338	\$ 444,286
<b>Cost of sales</b> .....	40,758	43,242	389,392
<b>Selling, general and administrative expenses</b> .....	3,087	3,034	27,321
<b>Operating income</b> .....	2,917	3,062	27,573
<b>Other income (expenses):</b>			
Interest and dividend income.....	291	380	3,422
Interest expense.....	( 232 )	( 155 )	( 1,396 )
Equity in earnings of affiliates.....	67	62	558
Reversal of allowance of doubtful receivables.....	-	177	1,594
Loss on disposal of property and equipment.....	( 124 )	( 56 )	( 504 )
Loss on write-down of investment securities.....	( 9 )	( 0 )	( 0 )
Cost of renovation of rental properties.....	( 298 )	-	-
Other, net.....	138	14	126
<b>Income before income taxes and minority interests</b> .....	2,750	3,484	31,373
<b>Income taxes</b>			
Current.....	1,194	1,419	12,778
Deferred.....	( 112 )	( 126 )	( 1,135 )
	1,082	1,293	11,643
<b>Minority interests</b> .....	9	30	270
<b>Net income</b> .....	¥ 1,659	¥ 2,161	\$ 19,460
		Yen	<i>U.S.dollars (Note 1)</i>
<b>Basic net income per share</b> .....	¥ 12.41	¥ 16.32	\$ 0.15
<b>Dilutive net income per share</b> .....	¥ 9.91	¥ 11.20	\$ 0.10

See accompanying notes.

**The Sumitomo Warehouse Co., Ltd.**  
**Consolidated Statements of Shareholders' Equity (Unaudited)**  
Six months ended 30 September 2003 and 2004

	Millions of yen						
	Shares of common stock (Thousands)	Common stock	Capital surplus	Retained earnings	Unrealized gains on investment securities	Foreign currency translation adjustments	Treasury stock
<b>Balance at 31 March 2003</b> .....	138,611	¥ 9,452	¥ 6,323	¥ 46,730	¥ 8,240	¥ ( 375 )	¥ ( 1,230 )
Net income.....				1,659			
Cash dividends at ¥3.0 per share.....				( 404 )			
Bonuses to directors and corporate auditors.....				( 40 )			
Loss on disposal of treasury stock.....				( 0 )			
Net increase in unrealized gains on investment securities, net of tax.....					8,229		
Foreign currency translation adjustments.....						53	
Net increase in treasury stock.....							( 596 )
<b>Balance at 30 September 2003</b> .....	138,611	¥ 9,452	¥ 6,323	¥ 47,945	¥ 16,469	¥ ( 322 )	¥ ( 1,826 )
<b>Balance at 31 March 2004</b> .....	138,611	¥ 9,452	¥ 6,323	¥ 49,097	¥ 23,876	¥ ( 640 )	¥ ( 1,830 )
Conversion of convertible bonds.....	3	1	1				
Gain on disposal of treasury stock.....			0				
Net income.....				2,161			
Cash dividends at ¥3.0 per share.....				( 398 )			
Bonuses to directors and corporate auditors.....				( 40 )			
Net decrease in unrealized gains on investment securities, net of tax.....					( 2,913 )		
Foreign currency translation adjustments.....						( 12 )	
Net increase in treasury stock.....							( 8 )
<b>Balance at 30 September 2004</b> .....	138,614	¥ 9,453	¥ 6,324	¥ 50,820	¥ 20,963	¥ ( 652 )	¥ ( 1,838 )

	Thousands of U.S.dollars (Note 1)					
	Common stock	Capital surplus	Retained earnings	Unrealized gains on investment securities	Foreign currency translation adjustments	Treasury stock
<b>Balance at 31 March 2004</b> .....	\$ 85,115	\$ 56,938	\$ 442,116	\$ 215,002	\$ ( 5,763 )	\$ ( 16,479 )
Conversion of convertible bonds.....	9	9				
Gain on disposal of treasury stock.....		0				
Net income.....			19,460			
Cash dividends at ¥3.0 (U.S.\$0.03) per share.....			( 3,584 )			
Bonuses to directors and corporate auditors.....			( 360 )			
Net decrease in unrealized gains on investment securities, net of tax.....				( 26,231 )		
Foreign currency translation adjustments.....					( 108 )	
Net increase in treasury stock.....						( 72 )
<b>Balance at 30 September 2004</b> .....	\$ 85,124	\$ 56,947	\$ 457,632	\$ 188,771	\$ ( 5,871 )	\$ ( 16,551 )

See accompanying notes.

**The Sumitomo Warehouse Co., Ltd.**  
**Consolidated Statements of Cash Flows (Unaudited)**  
**Six months ended 30 September 2003 and 2004**

	Millions of yen		Thousands of U.S.dollars (Note 1)
	2003	2004	2004
<b>Cash flows from operating activities:</b>			
Income before income taxes and minority interests	¥ 2,750	¥ 3,484	\$ 31,373
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:			
Depreciation and amortization	2,561	2,582	23,251
Equity in earnings of affiliates	(67)	(62)	(558)
Interest and dividend income	(291)	(380)	(3,422)
Interest expense	232	155	1,396
Loss on write-down of investment securities	9	0	0
Loss on disposal of property and equipment	14	14	126
Increase in notes and accounts receivable	(86)	(670)	(6,033)
Increase ( decrease ) in notes and accounts payable	(195)	253	2,278
Net (decrease) increase of allowance for doubtful receivables	74	(176)	(1,585)
Decrease in employees' retirement benefits	(139)	(37)	(333)
(Decrease) increase in directors' and corporate auditors' retirement benefits	50	(146)	(1,315)
Other, net	(1,413)	(812)	(7,312)
Sub-total	3,499	4,205	37,866
Interest and dividends received	294	386	3,476
Interest paid	(230)	(155)	(1,396)
Income taxes paid	(1,717)	(1,015)	(9,140)
Net cash provided by operating activities	1,846	3,421	30,806
<b>Cash flows from investing activities:</b>			
Acquisition of securities	(304)	(96)	(864)
Proceeds from sale of securities	2	0	0
Acquisition of property and equipment	(1,671)	(2,126)	(19,145)
Proceeds from sale of property and equipment	8	5	45
Advance of loans receivable	(13)	(33)	(297)
Collection of loans receivable	30	27	243
Time deposits, maturing after three months and other, net	(24)	41	369
Net cash used in investing activities	(1,972)	(2,182)	(19,649)
<b>Cash flows from financing activities:</b>			
Dividends paid	(406)	(400)	(3,602)
Proceeds from short-term debt	1,250	1,808	16,281
Repayments of short-term debt	(1,979)	(2,509)	(22,593)
Proceeds from long-term debt	1,600	60	540
Repayments of long-term debt	(5)	-	-
Capital contributions from minority shareholders	72	-	-
Purchase of treasury stock	(596)	(7)	(63)
Net cash used in financing activities	(64)	(1,048)	(9,437)
Effect of exchange rate changes on cash and cash equivalents	48	(4)	(36)
Net increase (decrease) in cash and cash equivalents	(142)	187	1,684
Cash and cash equivalents at beginning of period	15,561	16,704	150,419
Cash and cash equivalents at end of period	¥ 15,419	¥ 16,891	\$ 152,103

See accompanying notes.

**The Sumitomo Warehouse Co., Ltd.**  
**Notes to Consolidated Interim Financial Statements (Unaudited)**  
**30 September 2003 and 2004**

**1. Basis of Presenting Consolidated Financial Statements**

- (a) The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Securities and Exchange Law and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

The accounts of overseas subsidiaries are based on their accounting records maintained in conformity with generally accepted accounting principles prevailing in the respective countries of domicile. The accompanying consolidated financial statements have been restructured and translated into English (with some expanded descriptions and the inclusion of consolidated statements of shareholders' equity) from the consolidated financial statements of the Company prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Securities and Exchange Law. Some supplementary information included in the statutory Japanese language consolidated financial statements, but not required for fair presentation, is not presented in the accompanying consolidated financial statements.

- (b) The translation of the Japanese yen amounts into U.S. dollars is included solely for the convenience of readers outside Japan, using the prevailing exchange rate at 30 September 2004, which was ¥111.05 to U.S. \$1. The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

**2. Significant Accounting Policies**

(a) Consolidation

The consolidated financial statements include the accounts of the Company and 22 and 23 significant subsidiaries for the six months ended 30 September 2003 and 2004, respectively. All significant intercompany transactions and accounts have been eliminated. The fiscal six months end of all the consolidated foreign subsidiaries is 30 June and is different from the Company's. Significant transactions between 30 June and 30 September are reflected in the consolidated financial statements.

In the elimination of investments in subsidiaries, the assets and liabilities of the subsidiaries, including the portion attributable to minority shareholders, are evaluated using the fair value at the time the Company acquired control of the respective subsidiaries. Excess of cost over equity in net assets acquired is amortized within five years.

The equity method is applied to two subsidiaries and four affiliates. Other unconsolidated subsidiaries and affiliates are not accounted for by the equity method because they are immaterial.

(b) Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into Japanese yen at the rate at the end of each six month period and resulting gains and losses are recognized in the statements of income.

The financial statements of consolidated foreign subsidiaries and affiliates are translated into Japanese yen at the rate at the end of each six month period, except that shareholders' equity accounts are translated at historical rates.

(c) Allowance for doubtful receivables

The Company and its consolidated subsidiaries (the "Companies") provide for doubtful accounts principally at an amount computed based on the actual ratio of bad debts in the past plus the estimated uncollectible amounts based on the analysis of certain individual receivables.

(d) Securities

The Companies classify securities as 1) securities held for trading purposes (hereafter, "trading securities"), 2) debt securities intended to be held to maturity (hereafter, "held-to-maturity debt securities"), 3) equity securities issued by subsidiaries and affiliates, and 4) all other securities that are not classified in any of the above categories (hereafter, "available-for-sale securities").

The Companies have no trading securities.

Held-to maturity debt securities are stated at amortized cost.

Equity securities issued by subsidiaries and affiliates which are not consolidated or accounted for using the equity method are stated at moving average cost.

Available-for-sale securities with available fair market values are stated at fair market value. Unrealized gains and losses on these securities are reported, net of applicable income taxes, as a separate component of shareholders' equity. Realized gains or losses on sales of such securities are computed using moving-average cost. Other securities with no available fair market value are stated at moving average cost.

If the market value of held-to-maturity debt securities and available-for-sale securities, declines significantly, such securities are stated at fair market value and the difference between fair market value and the carrying amount is recognized as loss in the period of the decline. If the fair market value of equity securities issued by unconsolidated subsidiaries and affiliated companies not on the equity method is not readily available, such securities should be written down to net asset value with a corresponding charge in the income statement in the event net asset value declines significantly.

(e) Property and equipment

Property and equipment are carried at cost. The Company and its domestic subsidiaries provide depreciation on a declining balance method over estimated useful lives in accordance with Japanese tax laws. However, depreciation for buildings, except building fixtures, acquired after 31 March 1998 is stated on the straight-line method.

Consolidated foreign subsidiaries compute depreciation on the straight-line method over estimated useful lives.

In the six months ended 30 September 2004, the Company did not adopt early the new accounting standard for impairment of fixed assets ("Opinion Concerning Establishment of Accounting Standard for Impairment of Fixed Assets" issued by the Business Accounting Deliberation Council on 9 August 2002) and the implementation guidance for the accounting standard for impairment of fixed assets (the Financial Accounting Standard Implementation Guidance No.6 issued by the Accounting Standards Board of Japan on 31 October 2003). The new accounting standard is required to be adopted by the period beginning on 1 April 2005, but the standard does not prohibit earlier adoption.

The Company has not yet completed its analysis of the effect of adoption of the new standard.

(f) Finance leases

Finance leases of the Company and certain consolidated subsidiaries which do not transfer ownership are accounted for in the same manner as operating leases in accordance with Japanese GAAP. Under Japanese accounting policies for leases, finance leases that deem to transfer ownership of the leased property to the lessee are to be capitalized, while other finance leases are permitted to be accounted for as operating lease transactions if certain information is disclosed in the notes to the lessee's financial statements.

(g) Software costs

The Company and its consolidated domestic subsidiaries depreciate software using the straight-line method over the estimated useful life of five years.

(h) Income taxes

The Companies recognize tax effects of temporary differences between the carrying amounts of assets and liabilities for tax and financial reporting. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

(i) Bonuses

The Company and its consolidated domestic subsidiaries follow the general Japanese practice of paying bonuses mainly in June and December. Accrued bonus liabilities at the balance sheet date are calculated based upon management's estimate of annual amounts thereof.

Bonuses to directors and corporate auditors, which are subject to approval at the shareholders' meeting, are accounted for as an appropriation of retained earnings.

(j) Retirement benefits

i Employees:

The Company and its consolidated domestic subsidiaries provide two types of post-employment benefit plans, unfunded lump-sum payment plans and funded non-contributory pension plans, under which all eligible employees are entitled to benefits based on the level of wages and salaries at the time of retirement or termination, length of service and certain other factors.

The liabilities and expenses for retirement benefits are determined based on the amounts actuarially calculated using certain assumptions.

The Company and its consolidated domestic subsidiaries provide the liability for employees' retirement benefits at the balance sheet date based on the estimated amount of projected benefit obligation and the plan assets at that date.

Actuarial gains and losses are recognized in expenses using the straight-line method within the average of the estimated remaining service lives commencing with the following period.

ii Directors and corporate auditors:

The Company and certain subsidiaries accrue the liability for directors' and corporate auditors' retirement benefits equal to the amount of their retirement payment required if they retired their positions at the balance sheet dates.

(k) Net income per share

The computations of basic net income per share of common stock shown in the consolidated statements of income are based on the weighted average number of shares outstanding during the period and net income available to common shareholders. The computation of dilutive net income per share of common stock is based on the weighted average number of shares of common stock outstanding increased by the number of shares which would have been outstanding assuming the conversion of outstanding dilutive bonds at the beginning of the period. The related interest expense, net of income taxes, has been eliminated for the purposes of this calculation.

(l) Cash and cash equivalents

Cash and cash equivalents include cash on hand, readily-available deposits and short-term investments, which are easily convertible into cash and present insignificant risk of changes in value, with original maturities of three months or less.



### 3. Securities

The following tables summarize acquisition costs, book values and fair value of securities with available fair values as of 30 September 2003:

Held-to-maturity debt securities:

	Millions of yen	
Book value	¥	868
Fair value		846
Difference	¥	( 22)

These debt securities are pledged as deposits on lease contracts of land.

Available-for-sale securities:

	Millions of yen		
	Acquisition cost	Book value	Difference
Equity securities	¥ 8,816	¥ 36,907	¥ 28,091
Bonds	23	31	8
Other	4	3	( 1)
Total	¥ 8,843	¥ 36,941	¥ 28,098

The following table summarizes book values of securities with no available fair values as of 30 September 2003:

	Millions of yen	
Available-for-sale securities:		
Non-listed equity securities	¥	1,038
Equity securities issued by subsidiaries and affiliates		1,160
Total	¥	2,198

The following tables summarize acquisition costs, book values and fair value of securities with available fair values as of 30 September 2004:

Held-to-maturity debt securities:

	Millions of yen	Thousands of U.S. dollars
Book value	¥ 870	\$ 7,834
Fair value		7,708
Difference	¥ ( 14)	\$ ( 126)

These debt securities are pledged as deposits on lease contracts of land.

Available-for-sale securities

	Millions of yen		
	Acquisition cost	Book value	Difference
Equity securities	¥ 8,852	¥ 44,293	¥ 35,441
Bonds	9	13	4
Other	4	4	( 0)
Total	¥ 8,865	¥ 44,310	¥ 35,445

	Thousands of U. S. dollars		
	Acquisition cost	Book value	Difference
Equity securities	\$ 79,712	\$ 398,856	\$ 319,144
Bonds	81	117	36
Other	36	36	( 0)
Total	\$ 79,829	\$ 399,009	\$ 319,180

The following table summarizes book values of securities with no available fair values as of 30 September 2004:

	Millions of yen	<i>Thousands of U.S. dollars</i>
Available-for-sale securities:		
Non-listed equity securities	¥ 2,048	\$ 18,442
Equity securities issued by subsidiaries and affiliates	1,075	9,680
<b>Total</b>	<b>¥ 3,123</b>	<b>\$ 28,122</b>

#### 4. Bank Loans and Long-term Debt

Bank loans at 30 September 2003 and 2004 bore interest ranging from 0.46% to 2.88% and from 0.46% to 2.20%, respectively.

Long-term debt at 30 September 2003 and 2004 consisted of the following:

	Millions of yen		<i>Thousands of U. S. dollars</i>
	2003	2004	2004
Secured			
Loans principally from banks 0.91%- 6.60% maturing though 2019	¥ 3,311	¥ 2,770	\$ 24,944
Unsecured			
2.3% convertible bonds due 2004, convertible into shares of the Company's common stock at a price of ¥1,068 per share	5,206		
1.0% convertible bonds due 2005, convertible into shares of the Company's common stock at a price of ¥401 (US\$3.61) per share	14,658	14,657	131,985
Zero Coupon convertible bonds due 2009, convertible into shares of the Company's common stock at a price of ¥466 (US\$4.20) per share		13,000	117,064
Loans principally from banks 0.53%-2.13% maturing though 2010	3,455	3,046	27,429
	26,630	33,473	301,422
Less amounts due within one year	( 6,186)	(15,602)	(140,495)
	<b>¥ 20,444</b>	<b>¥ 17,871</b>	<b>\$ 160,927</b>

The aggregate annual maturities of long-term debt at 30 September 2004, were as follows:

	Millions of yen	<i>Thousands of U. S. dollars</i>
2005	¥ 15,602	\$ 140,495
2006	1,050	9,455
2007	1,033	9,302
2008	796	7,168
2009	13,804	124,304
2010 and thereafter	1,188	10,698
	<b>¥ 33,473</b>	<b>\$ 301,422</b>

At 30 September 2004, assets pledged as collateral for short-term bank loans of ¥3,997 million (US\$35,993 thousand) and secured long-term debt were as follows:

	Millions of yen	<i>Thousands of U. S. dollars</i>
Deposits placed with banks with maturities of over three months (short-term investments)	¥ 225	\$ 2,026
Investments securities	4,864	43,800
Property and equipment, net of accumulated depreciation	5,374	48,393
Leasehold and other	368	3,314
	<b>¥ 10,831</b>	<b>\$ 97,533</b>

## 5. Leases

### (a) Finance leases as lessee

At 30 September 2003 and 2004, non-capitalized finance leases for machinery and equipment were as follows:

	Millions of yen		Thousands of U. S. dollars
	2003	2004	2004
Original lease obligations	¥ 1,945	¥ 1,856	\$ 16,713
Lease payments	( 1,040)	( 993)	( 8,942)
Remaining lease obligations	¥ 905	¥ 863	\$ 7,771

Total lease payments under non-capitalized finance lease arrangements were ¥188 million and ¥185 million (*US\$1,666 thousand*) for the six months ended 30 September 2003 and 2004, respectively.

Lease obligations under non-capitalized finance leases, including finance charges, at 30 September 2003 and 2004, were as follows:

	Millions of yen		Thousands of U. S. dollars
	2003	2004	2004
Due within one year	¥ 326	¥ 329	\$ 2,962
Due after one year	579	534	4,809
Total	¥ 905	¥ 863	\$ 7,771

### (b) Finance leases as lessor

At 30 September 2003 and 2004, buildings and structures leased by a consolidated subsidiary under finance leases were as follows:

	Millions of yen		Thousands of U. S. dollars
	2003	2004	2004
Acquisition cost	¥ 6	¥ 6	\$ 54
Less accumulated depreciation	( 4)	( 4)	( 36)
Total	¥ 2	¥ 2	\$ 18

### (c) Operating leases as lessor

Lease receipts under operating leases, at 30 September 2003 and 2004, were as follows:

	Millions of yen		Thousands of U. S. dollars
	2003	2004	2004
Due within one year	-	¥ 544	\$ 4,899
Due after one year	-	4,765	42,908
Total	-	¥ 5,309	\$ 47,807

## 6. Shareholders' Equity

Under the Commercial Code of Japan, the entire amount of the issue price of shares is required to be accounted for as capital, although a company may, by resolution of its Board of Directors, account for an amount not exceeding one-half of the issue price of the new shares as additional paid-in capital, which is included in capital surplus.

The Commercial Code of Japan provides that an amount equal to at least 10% of cash dividends and other cash appropriations shall be appropriated and set aside as a legal reserve until the total amount of legal reserve and additional paid-in capital equals 25% of common stock. The legal reserve and additional paid-in capital may be used to eliminate or reduce a deficit by resolution of the shareholders' meeting or may be capitalized by resolution of the Board of Directors. On condition that the total amount of legal reserve and additional paid-in capital remains being equal to or exceeding 25% of common stock, they are available for distribution by the resolution of shareholders' meeting. Legal reserve is included in retained earnings in the accompanying financial statements.

The maximum amount that the Company can distribute as dividends is calculated based on the non-consolidated financial statements of the Company in accordance with the Commercial Code.

## 7. Contingent Liabilities

At 30 September 2003 and 2004, the Companies were contingently liable as follows:

	Millions of yen		Thousands of U. S. dollars
	2003	2004	2004
As endorser of notes discounted or endorsed	¥ 623	¥ 548	\$ 4,935
As guarantor of indebtedness	5,583	4,587	41,306

## 8. Segment Information

Information by operational segment

Segment	Main operations
Logistics	Warehousing (stock operations, bonded cargo handling) Harbor transportation, Customs clearance International multimodal transportation, Air cargo agent Land transportation
Real estate	Office space leasing, warehouse and logistics facilities leasing

Six months ended 30 September 2003	Millions of yen			
	Logistics	Real estate	Corporate & Elimination	Consolidated
Sales to outside customers	¥ 39,839	¥ 6,923	¥ -	¥ 46,762
Inter-segment transfers	19	212	( 231)	-
Total sales	39,858	7,135	( 231)	46,762
Operating cost	38,956	3,507	1,382	43,845
Operating income	¥ 902	¥ 3,628	¥ (1,613)	¥ 2,917

Six months ended 30 September 2004	Millions of yen			
	Logistics	Real estate	Corporate & Elimination	Consolidated
Sales to outside customers	¥ 42,588	¥ 6,750	¥ -	¥ 49,338
Inter-segment transfers	18	186	( 204)	-
Total sales	42,606	6,936	( 204)	49,338
Operating cost	41,188	3,611	1,477	46,276
Operating income	¥ 1,418	¥ 3,325	¥ (1,681)	¥ 3,062

Six months ended 30 September 2004	Thousands of U. S. dollars			
	Logistics	Real estate	Corporate & Elimination	Consolidated
Sales to outside customers	\$ 383,503	\$ 60,783	\$ -	\$ 444,286
Inter-segment transfers	162	1,675	(1,837)	-
Total sales	383,665	62,458	(1,837)	444,286
Operating cost	370,896	32,517	13,300	416,713
Operating income	\$ 12,769	\$ 29,941	\$ (15,137)	\$ 27,573

Corporate costs and expenses of ¥1,613 million and ¥ 1,681 million (*US\$ 15,137 thousand*) for six months ended 30 September 2003 and 2004, respectively, mainly consisted of expenses of administrative departments of the Company.

Sales of the consolidated foreign subsidiaries were immaterial. Accordingly, information by geographic segment is not disclosed.

Overseas sales, which represent sales to customers outside Japan, of the Companies were immaterial. Accordingly, overseas sales are not disclosed.

**9. Subsequent Event**

At the Board of Directors' meeting of the Company held on 16 November 2004, the appropriation of retained earnings at 30 September 2004 was duly approved as follows:

	Millions of yen	<i>Thousands of U. S. dollars</i>
Cash dividends at ¥ 3.0 ( <i>U. S. \$0.03</i> ) per share .....	¥ 398	\$ 3,584