INDEPENDENT AUDITORS' REPORT

To the Shareholders and Board of Directors of
Mitsubishi Estate Co., Ltd.:

We have audited the consolidated balance sheets of Mitsubishi Estate Co., Ltd. and consolidated subsidiaries as of March 31, 2002 and 2001 and the related consolidated statements of operations, shareholders' equity and cash flows for the years then ended, all expressed in Japanese yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion. As more fully described in Notes 2 and 16 to the consolidated financial statements, effective in the year ended March 31, 2002, the Company has changed its method of accounting for revenue recognition policy concerning certain long-term projects from the completion method to the percentage of completion method. Furthermore, as more fully described in Note 16 to the consolidated financial statements, effective in the year ended March 31, 2002, the Company has changed its classification of certain personnel expenses in the segment information.

In our opinion, the accompanying consolidated financial statements referred to above present fairly, in all material respects, the financial position of Mitsubishi Estate Co., Ltd. and consolidated subsidiaries as of March 31, 2002 and 2001, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles and practices generally accepted in Japan consistently applied during the period except for the changes , with which we concur, as described in the preceding paragraphs.

As described in Note 1 to the consolidated financial statements, Mitsubishi Estate Co., Ltd. and consolidated subsidiaries have adopted new accounting standards for financial instruments including derivatives and retirement benefits in the preparation of their consolidated financial statements for the year ended March 31, 2001.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2002 are presented solely for convenience. Our audits also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 3 to the consolidated financial statements.

Toyo & Co.

Toyo & Co.
Tokyo, Japan
June 27, 2002

See Note 1 to the consolidated financial statements which explains the basis of preparation of the consolidated financial statements of Mitsubishi Estate Co., Ltd. and consolidated subsidiaries under Japanese accounting principles and practices.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

on the Consolidated Financial Statements

To The Board of Directors and Shareholders of
Mitsubishi Estate Co., Ltd.

We have audited the consolidated balance sheets of Mitsubishi Estate Co., Ltd. and consolidated subsidiaries as of March 31, 2000 and 1999, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended March 31, 2000, all expressed in yen. Our audits were made in accordance with auditing standards, procedures and practices generally accepted and applied in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated financial statements, expressed in yen, present fairly the consolidated financial position of Mitsubishi Estate Co., Ltd. and consolidated subsidiaries at March 31, 2000 and 1999, and the consolidated results of their operations and their cash flows for each of the three years in the period ended March 31, 2000, in conformity with accounting principles and practices generally accepted in Japan consistently applied during the period except for the changes, with which we concur, in the method of accounting for prior service cost of the pension plan and in the classification of certain expenses related to the hotel business in the statement of income as described in Note 2 to the consolidated financial statements, and in the grouping of business segments separately presenting brokerage segment from sales segment as described in Notes to segment information in Note 16 to the consolidated financial statements.

As described in Note 1 to the consolidated financial statements, Mitsubishi Estate Co., Ltd. adopted new accounting standards for tax-effect accounting in the preparation of its consolidated financial statements for the year ended March 31, 2000.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2000, are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 3 to the consolidated financial statements.

Century Ota Showa & Co.

Century Ota Showa & Co.

Tokyo, Japan
June 29, 2000

See Note 1 to the consolidated financial statements which explains the basis of preparation of the consolidated financial statements of Mitsubishi Estate Co., Ltd. and consolidated subsidiaries under Japanese accounting principles and practices.

CONSOLIDATED BALANCE SHEETS

Mitsubishi Estate Co., Ltd. and Consolidated Subsidiaries
March 31, 2002 and 2001

	Millions of yen		Thousands of U.S. dollars (Note 3)
Assets	**2002**	2001	**2002**
Current assets:			
Cash (Note 14)	**¥ 131,738**	¥ 171,805	**$ 988,653**
Marketable securities (Note 4)	**28,862**	17,294	**216,600**
Notes and accounts receivable—trade	**49,793**	56,088	**373,681**
Allowance for doubtful receivables	**(5,008)**	(5,248)	**(37,583)**
Inventories (Note 5)	**242,405**	251,113	**1,819,174**
Deferred income taxes (Note 9)	**50,440**	64,008	**378,537**
Other current assets	**32,147**	23,636	**241,253**
Total current assets	**530,377**	578,696	**3,980,315**
Investments:			
Investments in and advances to unconsolidated subsidiaries and affiliates	**23,206**	21,011	**174,154**
Investment securities (Note 4)	**164,458**	193,117	**1,234,206**
Other investments (Notes 6 and 7)	**161,633**	148,781	**1,213,006**
Total investments	**349,297**	362,909	**2,621,366**
Property and equipment (Note 7):			
Land	**1,341,163**	660,136	**10,065,013**
Buildings and structures	**1,443,094**	1,403,110	**10,829,973**
Machinery and equipment	**94,000**	88,290	**705,441**
Construction in progress	**57,601**	39,413	**432,278**
	2,935,858	2,190,949	**22,032,705**
Less accumulated depreciation	**(858,384)**	(655,617)	**(6,441,906)**
Property and equipment, net	**2,077,474**	1,535,332	**15,590,799**
Intangible and other assets (Note 9)	**78,647**	58,326	**590,222**
Total assets	**¥3,035,795**	¥2,535,263	**$22,782,702**

See accompanying notes to consolidated financial statements.

Liabilities, minority interests and shareholders' equity	Millions of yen 2002	2001	Thousands of U.S. dollars (Note 3) 2002
Current liabilities:			
Short-term borrowings and current portion of long-term debt (Note 7)	**¥ 300,432**	¥ 234,360	**$ 2,254,649**
Notes and accounts payable—trade	**52,401**	59,865	**393,253**
Accrued income taxes (Note 9)	**4,679**	4,092	**35,114**
Advances and deposits	**57,034**	56,844	**428,023**
Accrued expenses and other current liabilities (Note 9)	**43,798**	61,178	**328,691**
Total current liabilities	**458,344**	416,339	**3,439,730**
Long-term debt (Note 7)	**959,753**	1,037,144	**7,202,649**
Lease deposits	**323,869**	319,464	**2,430,537**
Employees' retirement allowances (Note 8)	**10,731**	10,198	**80,533**
Deferred income taxes (Note 9)	**349,977**	146,736	**2,626,469**
Other noncurrent liabilities	**57,612**	45,993	**432,360**
Total liabilities	**2,160,286**	1,975,874	**16,212,278**
Minority interests	**43,012**	40,623	**322,792**
Shareholders' equity (Note 10):			
Common stock, without par value:			
Authorized—1,980,000,000 shares;			
Issued and outstanding —1,299,185,054 shares	**86,534**	86,534	**649,411**
Capital surplus	**115,216**	115,216	**864,660**
Land revaluation reserve	**399,769**	—	**3,000,143**
Retained earnings	**182,529**	264,091	**1,369,824**
Unrealized gain on securities	**48,709**	63,156	**365,546**
Foreign currency translation adjustments	**(144)**	(10,224)	**(1,081)**
	832,613	518,773	**6,248,503**
Less treasury stock—113,913 shares in 2002; 6,533 shares in 2001	**(116)**	(7)	**(871)**
Total shareholders' equity	**832,497**	518,766	**6,247,632**
Contingent liabilities (Note 12)			
Total liabilities, minority interests and shareholders' equity	**¥3,035,795**	¥2,535,263	**$22,782,702**

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF OPERATIONS

Mitsubishi Estate Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2002, 2001 and 2000

	Millions of yen			Thousands of U.S. dollars (Note 3)
	2002	2001	2000	**2002**
Revenue from operations	**¥631,564**	¥630,990	¥574,396	**$4,739,692**
Cost of revenue from operations	**510,378**	507,447	463,708	**3,830,229**
Selling, general and administrative expenses	**44,265**	42,904	42,487	**332,195**
Operating income	**76,921**	80,639	68,201	**577,268**
Other income (expenses):				
Interest and dividend income	**2,622**	3,777	4,310	**19,677**
Interest expense	**(32,639)**	(36,436)	(40,318)	**(244,945)**
Loss on impairment of property and equipment	**(156,365)**	—	—	**(1,173,471)**
Other, net (Note 13)	**(17,387)**	(14,840)	4,355	**(130,484)**
	(203,769)	(47,499)	(31,653)	**(1,529,223)**
Income (loss) before income taxes and minority interests	**(126,848)**	33,140	36,548	**(951,955)**
Income taxes (Notes 1 and 9)**:**				
Current	**7,018**	8,383	8,887	**52,668**
Deferred	**(61,191)**	2,839	7,531	**(459,220)**
	(54,173)	11,222	16,418	**(406,552)**
Minority interests	**(1,617)**	2,086	1,709	**(12,135)**
Net income (loss)	**¥(71,058)**	¥ 19,832	¥ 18,421	**$ (533,268)**

	Yen			U.S. dollars (Note 3)
Net income (loss) per share:				
Basic	**¥(54.70)**	¥15.26	¥14.18	**$(0.41)**
Diluted	**—**	14.84	—	**—**
Cash dividends per share	**8.00**	8.00	8.00	**0.06**

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

Mitsubishi Estate Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2002, 2001 and 2000

	Common stock	Capital surplus	Land revaluation reserve	Retained earnings	Unrealized gain on securities	Foreign currency translation adjustments	Treasury stock	Total shareholders' equity
								Millions of yen
Balance at March 31, 1999	¥86,534	¥115,195	¥ —	¥257,854	¥ —	¥(7,871)	¥(9)	¥451,703
Net income	—	—	—	18,421	—	—	—	18,421
Foreign currency translation adjustments	—	—	—	—	—	(7,989)	—	(7,989)
Changes in consolidated subsidiaries and companies accounted for by the equity method	—	—	—	2	—	—	—	2
Cash dividends paid	—	—	—	(10,393)	—	—	—	(10,393)
Directors' and statutory auditors' bonuses	—	—	—	(183)	—	—	—	(183)
Cumulative effect of adopting tax-effect accounting (Note 1)	—	—	—	(10,830)	—	—	—	(10,830)
Balance at March 31, 2000	86,534	115,195	—	254,871	—	(15,860)	(9)	440,731
Net income	—	—	—	19,832	—	—	—	19,832
Foreign currency translation adjustments	—	—	—	—	—	5,636	—	5,636
Cumulative effect of adopting fair value accounting for securities (Note 1)	—	—	—	—	63,156	—	—	63,156
Changes in consolidated subsidiaries and companies accounted for by the equity method	—	21	—	(36)	—	—	—	(15)
Cash dividends paid	—	—	—	(10,393)	—	—	—	(10,393)
Directors' and statutory auditors' bonuses	—	—	—	(183)	—	—	—	(183)
Treasury stock	—	—	—	—	—	—	2	2
Balance at March 31, 2001	**86,534**	**115,216**	**—**	**264,091**	**63,156**	**(10,224)**	**(7)**	**518,766**
Net loss	**—**	**—**	**—**	**(71,058)**	**—**	**—**	**—**	**(71,058)**
Foreign currency translation adjustments	**—**	**—**	**—**	**—**	**—**	**10,080**	**—**	**10,080**
Net decrease in unrealized gain on securities	**—**	**—**	**—**	**—**	**(14,447)**	**—**	**—**	**(14,447)**
Land revaluation reserve (Note 1)	**—**	**—**	**399,769**	**—**	**—**	**—**	**—**	**399,769**
Changes in consolidated subsidiaries and companies accounted for by the equity method	**—**	**—**	**—**	**72**	**—**	**—**	**—**	**72**
Cash dividends paid	**—**	**—**	**—**	**(10,393)**	**—**	**—**	**—**	**(10,393)**
Directors' and statutory auditors' bonuses	**—**	**—**	**—**	**(183)**	**—**	**—**	**—**	**(183)**
Treasury stock	**—**	**—**	**—**	**—**	**—**	**—**	**(109)**	**(109)**
Balance at March 31, 2002	**¥86,534**	**¥115,216**	**¥399,769**	**¥182,529**	**¥48,709**	**¥(144)**	**¥(116)**	**¥832,497**
								Thousands of U.S. dollars (Note 3)
Balance at March 31, 2001	**$649,411**	**$864,660**	**$ —**	**$1,981,921**	**$473,966**	**$(76,728)**	**$ (53)**	**$3,893,177**
Net loss	**—**	**—**	**—**	**(533,268)**	**—**	**—**	**—**	**(533,268)**
Foreign currency translation adjustments	**—**	**—**	**—**	**—**	**—**	**75,647**	**—**	**75,647**
Net decrease in unrealized gain on securities	**—**	**—**	**—**	**—**	**(108,420)**	**—**	**—**	**(108,420)**
Land revaluation reserve (Note 1)	**—**	**—**	**3,000,143**	**—**	**—**	**—**	**—**	**3,000,143**
Changes in consolidated subsidiaries and companies accounted for by the equity method	**—**	**—**	**—**	**540**	**—**	**—**	**—**	**540**
Cash dividends paid	**—**	**—**	**—**	**(77,996)**	**—**	**—**	**—**	**(77,996)**
Directors' and statutory auditors' bonuses	**—**	**—**	**—**	**(1,373)**	**—**	**—**	**—**	**(1,373)**
Treasury stock	**—**	**—**	**—**	**—**	**—**	**—**	**(818)**	**(818)**
Balance at March 31, 2002	**$649,411**	**$864,660**	**$3,000,143**	**$1,369,824**	**$365,546**	**$(1,081)**	**$(871)**	**$6,247,632**

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Mitsubishi Estate Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2002, 2001 and 2000

	Millions of yen			Thousands of U.S. dollars (Note 3)
	2002	2001	2000	**2002**
Operating activities				
Income (loss) before income taxes and minority interests	**¥(126,848)**	¥33,140	¥36,548	**$(951,955)**
Depreciation and amortization	**63,638**	65,728	64,167	**477,583**
Net realized gain (loss) on sales of property and equipment	**7,575**	(43,440)	(37,407)	**56,848**
Net realized gain on sales of securities	**(616)**	(21,497)	(18,012)	**(4,623)**
Unrealized loss on securities	**4,048**	1,664	2,166	**30,379**
Valuation loss on inventories	**9,680**	94,239	32,614	**72,645**
Loss on impairment of property and equipment	**156,365**	—	—	**1,173,471**
Equity in net income of affiliates	**(1,667)**	(1,507)	(1,689)	**(12,510)**
Gain on contribution of securities to employees' retirement benefit trust	**—**	(23,280)	—	**—**
Net changes in allowances	**(1,234)**	10,899	(2,431)	**(9,261)**
Interest and dividend income	**(2,622)**	(3,777)	(4,310)	**(19,677)**
Interest expense	**32,639**	36,436	40,318	**244,946**
(Increase) decrease in notes and accounts receivable	**10,390**	(4,514)	(8,267)	**77,974**
(Increase) decrease in inventories	**10,856**	(6,106)	399	**81,471**
Increase (decrease) in notes and accounts payable	**(3,749)**	(1,129)	12,000	**(28,135)**
Increase (decrease) in lease deposits	**(796)**	22,003	(893)	**(5,974)**
Other	**(15,673)**	(10,023)	2,685	**(117,621)**
Subtotal	**141,986**	148,836	117,888	**1,065,561**
Interest and dividends received	**3,091**	3,962	3,948	**23,197**
Interest paid	**(34,229)**	(37,400)	(40,706)	**(256,878)**
Income taxes paid	**(6,742)**	(7,755)	(8,729)	**(50,597)**
Net cash provided by operating activities	**104,106**	107,643	72,401	**781,283**
Investing activities				
Proceeds from sales of marketable securities	**15,873**	2,417	24,183	**119,122**
Purchases of marketable securities	**(18,257)**	(13,593)	(2,938)	**(137,013)**
Proceeds from sales of property and equipment	**19,895**	56,749	68,866	**149,306**
Purchases of property and equipment	**(115,618)**	(105,644)	(102,160)	**(867,677)**
Proceeds from sales of investment securities	**4,472**	35,250	1,950	**33,561**
Purchases of investment securities	**(22,561)**	(20,160)	(1,529)	**(169,313)**
Purchases of land use rights	**(8,825)**	(4,235)	(2,581)	**(66,229)**
Other	**4,489**	47	2,598	**33,689**
Net cash used in investing activities	**(120,532)**	(49,169)	(11,611)	**(904,554)**
Financing activities				
Net increase in short-term borrowings	**16,951**	2,311	5,290	**127,212**
Net decrease in commercial paper	**—**	—	(17,000)	**—**
Increase in long-term borrowings	**82,270**	12,961	77,508	**617,411**
Repayment of long-term borrowings	**(89,013)**	(32,207)	(120,770)	**(668,015)**
Proceeds from issuance of corporate bonds	**43,431**	141,391	62,929	**325,936**
Repayment of corporate bonds	**(77,960)**	(81,440)	(55,619)	**(585,066)**
Cash dividends paid	**(10,393)**	(10,393)	(10,393)	**(77,996)**
Other	**(436)**	83	724	**(3,272)**
Net cash provided by (used in) financing activities	**(35,150)**	32,706	(57,331)	**(263,790)**
Effect of exchange rate changes on cash and cash equivalents	**2,771**	1,150	(3,744)	**20,795**
Net increase (decrease) in cash and cash equivalents	**(48,805)**	92,330	(285)	**(366,266)**
Cash and cash equivalents at beginning of year	**178,922**	86,457	86,695	**1,342,754**
Increase in cash and cash equivalents arising from mergers and acquisitions	**1,257**	135	47	**9,433**
Cash and cash equivalents at end of year (Note 14)	**¥131,374**	¥178,922	¥86,457	**$985,921**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Mitsubishi Estate Co., Ltd. and Consolidated Subsidiaries
March 31, 2002 and 2001

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

Mitsubishi Estate Co., Ltd. (the "Company") and its domestic subsidiaries maintain their accounting records and prepare their financial statements in accordance with accounting principles and practices generally accepted and applied in Japan, while its foreign subsidiaries do so in accordance with those of their countries of domicile. The accompanying consolidated financial statements have been compiled from the consolidated financial statements prepared by the Company as required by the Securities and Exchange Law of Japan and have been prepared in accordance with accounting principles and practices generally accepted in Japan, which may differ in certain material respects from accounting principles and practices generally accepted in countries and jurisdictions other than Japan. Certain reclassifications have been made to present the accompanying consolidated financial statements in a format which is familiar to readers outside Japan.

In addition, the notes to the consolidated financial statements include information which may not be required under accounting principles generally accepted in Japan but is presented herein as additional information..

Principles of consolidation

The accompanying consolidated financial statements include the accounts of the Company and the subsidiaries which it controls directly or indirectly. Companies over which the Company exercises significant influence in terms of their operating and financial policies have been included in the consolidated financial statements on an equity basis.

All significant intercompany balances and transactions have been eliminated in consolidation.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions which affect the amounts reported in the financial statements and accompanying notes. The actual results could differ from those estimates.

Foreign currency transactions and translation

Foreign currency transactions

Until the year ended March 31, 2000, short-term receivables and payables denominated in foreign currencies had been translated into Japanese yen at the exchange rates prevailing at the balance sheet date. Long-term receivables and payables denominated in foreign currencies had been translated at their historical exchange rates, except that long-term debt hedged by forward foreign exchange contracts was translated at the respective contracted forward rate.

Effective April 1, 2000, the Company adopted a new accounting standard for foreign currency translation, which requires that all receivables and payables denominated in foreign currencies be translated into Japanese yen at the exchange rates prevailing at the balance sheet date, with the resulting gain or loss included in earnings. The adoption of this new accounting standard had no effect on the consolidated financial position or results of operations.

Translation of foreign currency financial statements

The assets and liabilities of the foreign consolidated subsidiaries and affiliates are translated into Japanese yen at the rates of exchange prevailing at the balance sheet date, except for the components of shareholders' equity which are translated at their historical exchange rates. Revenue and expense accounts are translated at the average exchange rate for the year. Adjustments resulting from this translation process have been accumulated and are presented as foreign currency translation adjustments in shareholders' equity.

Cash equivalents

The Company considers all highly liquid investments which are readily convertible into cash and have an original maturity of three months or less to be cash equivalents. A reconciliation between cash in the balance sheet and cash equivalents at March 31, 2002, 2001 and 2000 is presented in Note 14.

Marketable securities and investment securities

Prior to the year ended March 31, 2001, marketable securities in the current and noncurrent portfolios had been valued principally at the lower of cost or market, cost being determined mainly by the moving average method, and other securities had been stated at cost determined by the moving average method.

In January 1999, the Business Accounting Deliberation Council of Japan issued a new accounting standard for financial instruments, which requires the Company to classify its investments in debt and equity securities into three categories: trading securities, held-to-maturity securities, or other securities. Under the new standard, trading securities are carried at fair value, with any unrecognized gains and losses included in earnings, and held-to-maturity securities are carried at amortized cost. Marketable securities classified as other securities are carried at fair value with unrealized holding gains and losses, net of the related income taxes, included directly in stockholders' equity. Non-marketable securities classified as other securities are carried at cost.

In applying the new accounting standard for financial instruments as of April 1, 2000, the Company and its consolidated subsidiaries assessed the appropriate classification of their investments in securities and made certain reclassifications.

Cost of securities sold is determined by the moving average method.

The adoption of a new accounting standard for financial instruments related to securities decreased income before income taxes by ¥329 million for the year ended March 31, 2001.

Inventories

Inventories are mainly stated at cost, determined by the identified cost method; however, when the fair value is substantially less than cost and the decline in fair value is considered to be permanent, inventories are revalued at fair value.

Property and equipment, depreciation and impairment

Property and equipment, except for land as discussed below, are stated at cost less accumulated depreciation. Depreciation is calculated principally by the declining-balance method, except for buildings acquired in Japan subsequent to March 31, 1998 and property and equipment of foreign subsidiaries on which depreciation is calculated by the straight-line method at rates determined based on the estimated useful lives of the respective assets. The Company has capitalized the costs incurred for significant renewals and additions; however, costs for maintenance and repairs are charged to income.

As of March 31, 2002, the Company revalued its land at fair value, pursuant to Article 2 of the "Enforcement Ordinance for the Law Concerning Revaluation Reserve for Land" and its amendments (the "Law"). The related unrealized gain, net of applicable deferred income taxes, has been recorded as "Land revaluation reserve" in shareholders' equity.

The Company reviews its property and equipment (including land) for impairment whenever events or changes in business circumstances indicate the carrying amount of the assets may not be fully recoverable. If an evaluation is required, the estimated future undiscounted cash flows associated with the asset would be compared to the asset's carrying amount to determine if a writedown is required. If this evaluation indicates that the assets will not be recoverable, the carrying value of the Company's assets would be reduced to their estimated fair value.

Leases

Noncancelable leases are primarily accounted for as operating leases (whether such leases are classified as operating or finance leases) except that leases which stipulate the transfer of ownership of the leased assets to the lessee are accounted for as finance leases.

Intangible and other assets

Intangible and other assets primarily consist of goodwill and land use rights. Goodwill is stated on the basis of cost and is being amortized over periods ranging from 5 to 25 years on a straight-line basis, except for any goodwill and any indefinite lived intangible assets of subsidiaries in the United States that was acquired in a business combination completed after June 30, 2001, which have not been amortized. Land use rights are stated on a cost basis.

Pension and severance plans

The Company and most consolidated subsidiaries have noncontributory funded and unfunded defined benefit plans covering most of their employees. Employees of the Company and its consolidated subsidiaries are entitled under most employment termination circumstances to annuity payments or lump-sum payments, the amounts of which are determined principally by reference to their basic rates of pay, length of service, and the conditions under which the termination occurs.

Prior to the year ended March 31, 2001, employees' retirement allowances were stated at the amount which would be required to be paid if all eligible employees covered by the unfunded benefit plan voluntarily terminated their employment as of the balance sheet date. Costs with respect to the funded pension plans were determined actuarially and charged to income when paid.

Effective April 1, 2000, the Company and its domestic consolidated subsidiaries adopted a new accounting standard for retirement benefits, which requires the Company and its domestic consolidated subsidiaries to accrue employees' severance and retirement benefits for the amount calculated based on the actuarially determined retirement benefit obligations and the fair value of the plan assets as adjusted for the unrecognized net retirement benefit obligation at transition, unrecognized net actuarial gain or loss and unrecognized prior service costs. The Company expensed the net retirement benefit obligation at transition of ¥4,714 million in the year ended March 31, 2001. Actuarial gain or loss is amortized by the straight-line method over a period which is less than the average remaining years of service of the employees. The adoption of this new standard for retirement benefits decreased income before income taxes by ¥4,587 million for the year ended March 31, 2001.

In order to improve the funded status of the pension plan, the Company contributed marketable securities in the amount of ¥29,000 million to the employees' retirement benefit trust during the year ended March 31, 2001. The difference between the book value of ¥5,720 million and the market value at the time of the contribution of ¥29,000 million has been, was recorded as a gain in the consolidated statement of income for the year ended March 31, 2001.

In addition, directors and statutory auditors are customarily entitled to lump-sum payments under the Company's internal regulations. Accrued severance benefits for these officers of the Company have been provided at estimated amounts and are included in other noncurrent liabilities.

Income taxes

Effective April 1, 1999, the Company and its domestic subsidiaries adopted a new accounting standard for deferred income taxes. Under this standard, deferred tax assets and liabilities are determined based on the financial statements and the tax bases of assets and liabilities, using the enacted tax rates in effect for the year in which the temporary differences are expected to reverse. Deferred tax assets are also recognized for the estimated future tax effects attributable to operating loss carryforwards. Valuation allowances are established to reduce deferred tax assets if it is more likely than not that some portion or all of the deferred tax assets will not be realized.

Derivative financial instruments

The Company utilizes derivative financial instruments for the purpose of hedging its exposure to adverse fluctuations in foreign currency exchange rates and interest rates, but does not enter into such transactions for speculative or trading purposes.

Effective April 1, 2000, the Company and its consolidated subsidiaries adopted a new accounting standard for financial instruments including derivatives. The new accounting standard requires the Company and its consolidated subsidiaries to recognize all derivatives in the balance sheet at fair value with certain exceptions. Derivatives, which are not hedges, must be adjusted to fair value through income. If the derivative qualifies as a hedge, changes in the fair value of the derivative are deferred until the underlying hedged item is recognized in earnings. The adoption of this new accounting standard decreased income before income taxes by ¥24 million for the year ended March 31, 2001.

Revenue recognition

The consolidated statements of income reflect revenue from operations in the following manner:

(a) Revenue from the leasing of office space is recognized as rent accrued over the leasing period.
(b) Revenue from sales of condominiums, residential houses and land is recognized when the units are delivered and accepted by the customers.
(c) Revenue from real estate brokerage is recognized when an underlying lease agreement goes into force or the underlying units are delivered.
(d) Revenue from architectural design and supervision is recognized at the date of completion of each relevant project, except that certain long-term projects over ¥500 million in total revenue are recognized by the percentage of completion method.
(e) Revenue from construction contracts is recognized at the date of completion of each relevant project, except that certain long-term projects over ¥5,000 million in total revenue are recognized by the percentage of completion method.
(f) Other operating revenue is recognized on an accrual basis.

Net income (loss) per share

In computing net income (loss) per share assuming no dilution, the average number of shares outstanding during each year, adjusted to give retroactive effect to any free distribution of shares, has been used. Net income (loss) per share assuming full dilution has been computed on the assumption that all convertible bonds were converted into common stock at the beginning of the year, or at the time of issuance in the case of newly issued bonds, with an appropriate adjustment of the related interest expense, net of income taxes, for such convertible bonds.

Diluted net income (loss) per share for the years ended March 31, 2002 and 2000 has not been presented since conversion of the outstanding convertible bonds would have had no dilutive effect.

Appropriation of retained earnings

Under the Commercial Code of Japan, the appropriation of retained earnings with respect to a given financial year is made by resolution of the shareholders at a general meeting held subsequent to the close of such financial year. The accounts for that year do not, therefore, reflect such appropriations.

Reclassifications

Certain reclassifications have been made to the 2001 and 2000 financial statements in order to conform them to the 2002 presentation.

2. ACCOUNTING CHANGE

Effective April 1, 2001, the Company changed its revenue recognition policy for certain long-term projects over ¥500 million in total revenue for architectural design and supervision and ¥5,000 million in total revenue for construction contracts, from the completion method to the percentage of completion method. This change was made in order to achieve a more accurate presentation of the operating results of the Company. The effect of this change was to increase revenue from operations by ¥5,453 million ($40,923 thousand) and income before income taxes by ¥1,691 million ($12,690 thousand), respectively, for the year ended March 31, 2002.

3. U.S. DOLLAR AMOUNTS

Translation of yen amounts into U.S. dollar amounts is included solely for convenience, as a matter of arithmetic computation only, at the rate of ¥133.25=U.S.$1.00, the approximate rate of exchange prevailing on March 31, 2002. The inclusion of such amounts is not intended to imply that yen amounts have been or could be readily converted, realized or settled in U.S. dollars at the above or any other rate.

4. MARKETABLE SECURITIES AND INVESTMENT SECURITIES

Marketable and investment securities classified as other securities at March 31, 2002 and 2001 are summarized as follows:

			2002			
	Millions of yen			Thousands of U.S. dollars		
	Cost	Fair value	Unrealized gain (loss)	Cost	Fair value	Unrealized gain (loss)
Securities whose fair value exceeds their cost:						
Equity securities	**¥52,140**	**¥137,633**	**¥85,493**	**$391,295**	**$1,032,893**	**$641,598**
Debt securities:						
Corporate bonds	**946**	**946**	**—**	**7,099**	**7,099**	**—**
Subtotal	**53,086**	**138,579**	**85,493**	**398,394**	**1,039,992**	**641,598**
Securities whose cost exceeds their fair value:						
Equity securities	**6,921**	**5,929**	**(992)**	**51,940**	**44,496**	**(7,444)**
Subtotal	**6,921**	**5,929**	**(992)**	**51,940**	**44,496**	**(7,444)**
Total	**¥60,007**	**¥144,508**	**¥84,501**	**$450,334**	**$1,084,488**	**$634,154**

			2001
	Millions of yen		
	Cost	Fair value	Unrealized gain (loss)
Securities whose fair value exceeds their cost:			
Equity securities	¥51,177	¥161,707	¥110,530
Debt securities:			
Corporate bonds	455	455	—
Subtotal	51,632	162,162	110,530
Securities whose cost exceeds their fair value:			
Equity securities	7,136	6,303	(833)
Subtotal	7,136	6,303	(833)
Total	¥58,768	¥168,465	¥109,697

Proceeds from sales of securities classified as other securities totaled ¥26,871 million ($201,659 thousand) in 2002 and ¥34,274 million in 2001. Gross realized gain and gross realized loss were ¥861 million ($6,462 thousand) and ¥360 million ($2,702 thousand) in 2002 and ¥20,392 million and ¥385 million in 2001, respectively.

Marketable debt securities classified as held-to-maturity securities at March 31, 2002 and 2001 are summarized as follows:

	2002					
	Millions of yen			Thousands of U.S. dollars		
	Amortized cost	Fair value	Unrealized gain (loss)	Amortized cost	Fair value	Unrealized gain (loss)
Debt securities whose fair value exceeds their cost:						
Government bonds	**¥ 227**	**¥ 231**	**¥ 4**	**$ 1,704**	**$ 1,734**	**$ 30**
Subtotal	**227**	**231**	**4**	**1,704**	**1,734**	**30**
Debt securities whose cost exceeds their fair value:						
Corporate bonds	**13,219**	**13,159**	**(60)**	**99,204**	**98,754**	**(450)**
Other	**12,729**	**12,723**	**(6)**	**95,527**	**95,482**	**(45)**
Subtotal	**25,948**	**25,882**	**(66)**	**194,731**	**194,236**	**(495)**
Total	**¥26,175**	**¥26,113**	**¥(62)**	**$196,435**	**$195,970**	**$(465)**

	2001		
	Millions of yen		
	Amortized cost	Fair value	Unrealized gain (loss)
Debt securities whose fair value exceeds their cost:			
Government bonds	¥ 315	¥ 321	¥ 6
Corporate bonds	18	20	2
Other	99	99	—
Subtotal	432	440	8
Debt securities whose cost exceeds their fair value:			
Corporate bonds	11,000	10,949	(51)
Other	1,916	1,912	(4)
Subtotal	12,916	12,861	(55)
Total	¥13,348	¥13,301	¥(47)

Marketable and investment securities recorded at cost at March 31, 2002 and 2001 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2002	2001	**2002**
Other securities:			
Nonmarketable equity securities (other than equity securities listed on the over-the-counter market)	**¥19,372**	¥18,543	**$145,381**
Mutual funds	**2,173**	6,209	**16,308**
Commercial paper	**—**	2,018	**—**
MMF	**—**	1,209	**—**
Other	**93**	119	**698**
Held-to-maturity securities:			
Bonds	**999**	500	**7,497**
Total	**¥22,637**	¥28,598	**$169,884**

The redemption schedule for securities classified as other securities at March 31, 2002 is summarized as follows:

	Millions of yen			Thousands of U.S. dollars		
	Due within one year or less	Due after one year through five years	Due after five years or more	Due within one year or less	Due after one year through five years	Due after five years or more
Government bonds	¥ 125	¥ 65	¥20	$ 938	$ 488	$150
Corporate bonds	13,220	943	—	99,212	7,077	—
Commercial paper	12,347	384	—	92,660	2,882	—
Other debt securities	1,000	—	—	7,505	—	—
Total	¥26,692	¥1,392	¥20	$200,315	$10,447	$150

The Company recognized losses on other securities considered other-than-temporary amounting to ¥3,594 million ($26,972 thousand) and ¥1,470 million for the years ended March 31, 2002 and 2001, respectively.

5. INVENTORIES

Inventories at March 31, 2002 and 2001 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2002	2001	**2002**
Real estate for sale	**¥167,555**	¥172,649	**$1,257,448**
Land and housing projects in progress	**40,519**	42,309	**304,083**
Land held for development	**24,161**	23,999	**181,321**
Other	**10,170**	12,156	**76,322**
Total	**¥242,405**	¥251,113	**$1,819,174**

6. OTHER INVESTMENTS

Other investments at March 31, 2002 and 2001 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2002	2001	**2002**
Lease deposits	**¥ 90,580**	¥ 86,054	**$ 679,775**
Long-term prepaid expenses and other	**71,053**	62,727	**533,231**
Total	**¥161,633**	¥148,781	**$1,213,006**

7. SHORT-TERM BORROWINGS AND LONG-TERM DEBT

At March 31, 2002 and 2001, short-term borrowings and the current portion of long-term debt consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2002	2001	**2002**
Loans, principally from banks	**¥ 89,919**	¥ 72,031	**$ 674,814**
Commercial paper	**1,979**	1,721	**14,852**
Current portion of long-term debt	**208,534**	160,608	**1,564,983**
Total	**¥300,432**	¥234,360	**$2,254,649**

The weighted-average interest rates per annum on short-term borrowings outstanding at March 31, 2002 and 2001 were 0.59% and 0.77%, respectively. Short-term borrowings are principally unsecured.

At March 31, 2002 and 2001, long-term debt consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2002	2001	**2002**
1.5% convertible bonds due 2003	**¥ 90,886**	¥ 92,682	**$ 682,071**
Zero coupon convertible bonds due 2006	**100,000**	100,000	**750,469**
8.625% mortgage bonds due 2001	**—**	28,000	**—**
4.4% mortgage bonds due 2001	**—**	10,000	**—**
2.7% mortgage bonds due 2001	**—**	5,000	**—**
5.6% mortgage bonds due 2004	**50,000**	50,000	**375,234**
5.275% mortgage bonds due 2005	**50,000**	50,000	**375,234**
4.8% mortgage bonds due 2005	**50,000**	50,000	**375,234**
2.95% mortgage bonds due 2002	**10,000**	10,000	**75,047**
4% mortgage bonds due 2002	**20,000**	20,000	**150,094**
1.675% unsecured bonds due 2002	**—**	10,000	**—**
2.125% unsecured bonds due 2002	**10,000**	10,000	**75,047**
1.5% unsecured bonds due 2002	**10,000**	10,000	**75,047**
2.05% unsecured bonds due 2003	**20,000**	20,000	**150,094**
1.775% unsecured bonds due 2003	**10,000**	10,000	**75,047**
2.35% unsecured bonds due 2003	**20,000**	20,000	**150,094**
3.05% unsecured bonds due 2003	**15,000**	15,000	**112,570**
1.7% unsecured bonds due 2003	**10,000**	10,000	**75,047**
3.1% unsecured bonds due 2003	**10,000**	10,000	**75,047**
2.55% unsecured bonds due 2003	**10,000**	10,000	**75,047**
0.9% unsecured bonds due 2004	**10,000**	10,000	**75,047**
1.7% unsecured bonds due 2004	**10,000**	10,000	**75,047**
2.55% unsecured bonds due 2004	**10,000**	10,000	**75,047**
2.125% unsecured bonds due 2005	**10,000**	10,000	**75,047**
2.21% unsecured bonds due 2006	**10,000**	10,000	**75,047**
1.325% unsecured bonds due 2006	**10,000**	10,000	**75,047**
3.4% unsecured bonds due 2006	**10,000**	10,000	**75,047**
3% unsecured bonds due 2006	**10,000**	10,000	**75,047**
2.975% unsecured bonds due 2007	**30,000**	30,000	**225,141**
2.575% unsecured bonds due 2008	**10,000**	10,000	**75,047**
2.525% unsecured bonds due 2008	**10,000**	10,000	**75,047**
3.1% unsecured bonds due 2008	**10,000**	10,000	**75,047**
1.82% unsecured bonds due 2009	**10,000**	10,000	**75,047**
3.075% unsecured bonds due 2009	**10,000**	10,000	**75,047**
2% unsecured bonds due 2009	**10,000**	10,000	**75,047**
1.985% unsecured bonds due 2009	**10,000**	10,000	**75,047**
1.9% unsecured bonds due 2010	**10,000**	10,000	**75,047**
1.55% unsecured bonds due 2011	**10,000**	10,000	**75,047**
1.44% unsecured bonds due 2011	**10,000**	—	**75,047**
1.47% unsecured bonds due 2012	**10,000**	—	**75,047**
3.275% unsecured bonds due 2012	**10,000**	10,000	**75,047**
3.125% unsecured bonds due 2017	**10,000**	10,000	**75,047**
3% unsecured bonds due 2018	**10,000**	10,000	**75,047**
2.5% unsecured bonds due 2020	**10,000**	10,000	**75,047**
7.37% unsecured bonds due 2008 (payable in U.S. dollars)	**6,598**	5,148	**49,516**
Floating rate bonds due 2001 (payable in U.S. dollars)	**—**	19,611	**—**
Floating rate bonds due 2002 (payable in U.S. dollars)	**9,452**	2,488	**70,934**
Floating rate bonds due 2003 (payable in U.S. dollars)	**11,953**	1,147	**89,703**
Floating rate bonds due 2004 (payable in U.S. dollars)	**7,266**	—	**54,529**
Floating rate bonds due 2005 (payable in U.S. dollars)	**2,863**	1,090	**21,486**
Floating rate bonds due 2009 (payable in U.S. dollars)	**—**	1,087	**—**
Loans from banks and insurance companies:			
Secured	**110,740**	105,160	**831,069**
Unsecured	**273,529**	279,557	**2,052,750**
Loans from tenants	**—**	61	**—**
	1,168,287	1,197,752	**8,767,632**
Less current portion	**(208,534)**	(160,608)	**(1,564,983)**
	¥ 959,753	¥1,037,144	**$ 7,202,649**

Certain bonds have call options that may be exercised at the respective expiry dates.

The agreements under which the 1.5% convertible bonds and zero coupon convertible bonds were issued provide for conversion of the bonds into shares of common stock at the current conversion prices per share of ¥2,600 ($20) and ¥1,200 ($9), respectively, subject to adjustment in certain cases such as, for example, if the Company issues stock at a price which is lower than market value.

The aggregate annual maturities of long-term debt subsequent to March 31, 2002 are summarized as follows:

	Millions of yen	Thousands of U.S. dollars
Year ending March 31:		
2003	¥ 208,534	$1,564,983
2004	168,540	1,264,840
2005	233,912	1,755,437
2006	121,688	913,231
2007 and thereafter	435,613	3,269,141
Total	¥1,168,287	$8,767,632

The assets pledged as collateral for short-term borrowings of ¥1,970 million ($14,784 thousand), other current liabilities of ¥151 million ($1,133 thousand), long-term debt of ¥110,739 million ($831,062 thousand) and other noncurrent liabilities of ¥5,848 million ($43,887 thousand) at March 31, 2002 were as follows:

	Millions of yen	Thousands of U.S. dollars
Other investments	¥ 1,900	$ 14,259
Land	29,133	218,634
Buildings and structures	149,228	1,119,910
Machinery and equipment	4,840	36,323
Total	¥185,101	$1,389,126

Additionally, all assets of the Company are subject to the terms of an enterprise mortgage for mortgage bonds which amounted to ¥150,000 million ($1,125,704 thousand) at March 31, 2002.

As is customary in Japan, collateral must be given if requested by lending institutions under certain circumstances, and banks, in general, have the right to offset cash deposited with them against any debt or obligations payable to a bank which become due in cases of default or certain other specified events. The Company has never received any such requests nor does it expect that any such requests will be made.

8. PENSION AND SEVERANCE PLANS

The following table sets forth the funded status of the plans, and the amounts recognized in the consolidated balance sheets at March 31, 2002 and 2001 for the Company's and its consolidated subsidiaries' defined benefit pension plans:

	Millions of yen		Thousands of U.S. dollars
	2002	2001	**2002**
Retirement benefit obligation	**¥(68,576)**	¥(63,467)	**$(514,642)**
Plan assets at fair value	**47,561**	52,700	**356,931**
Unfunded retirement benefit obligation	**(21,015)**	(10,767)	**(157,711)**
Unrecognized net benefit obligation at transition	**682**	646	**5,118**
Unrecognized actuarial (gain) loss	**11,537**	(148)	**86,581**
Unrecognized prior service cost	**120**	71	**901**
Net amounts recognized in the consolidated balance sheet	**(8,676)**	(10,198)	**(65,111)**
Prepaid pension expenses	**2,055**	—	**15,422**
Employees' retirement allowances	**¥(10,731)**	¥(10,198)	**$ (80,533)**

The components of expenses related to the pension and severance plans for the years ended March 31, 2002 and 2001 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2002	2001	**2002**
Service cost	**¥2,814**	¥2,762	**$21,118**
Interest cost	**2,274**	2,148	**17,066**
Expected return on plan assets	**(1,223)**	(1,019)	**(9,178)**
Amortization of net retirement benefit obligation at transition	**56**	4,750	**420**
Other	**856**	706	**6,424**
Total	**¥4,777**	¥9,347	**$35,850**

The assumptions used in accounting for the pension and severance plans for the years ended March 31, 2002 and 2001 were as follows:

	2002	2001
Discount rate	**2.50–7.50%**	3.00–7.50%
Expected rate of return on plan assets	**2.25–7.50%**	2.25–7.50%
Amortization period of prior service cost	**6 or 10 years**	10 or 11 years
Amortization period of actuarial loss	**5–11 years**	5–11 years

9. INCOME TAXES

Income taxes in Japan applicable to the Company and its domestic consolidated subsidiaries consist of corporation tax, inhabitants' taxes and enterprise tax which, in the aggregate, resulted in statutory tax rates of approximately 42%. Income taxes of the foreign consolidated subsidiaries are based generally on the tax rates applicable in their countries of incorporation.

The effective tax rate reflected in the accompanying consolidated statement of income for the year ended March 31, 2002 differs from the statutory tax rate of 42.05% primarily because of the effect of permanently nondeductible expenses and nontaxable income.

The effective tax rates reflected in the consolidated statements of income for the years ended March 31, 2001 and 2000 differ from the statutory tax rate for the following reasons:

	2001	2000
Statutory tax rate	42.05%	42.05%
Increase (decrease) in income taxes resulting from:		
Change in valuation allowance	(5.88)	1.32
Different tax rates applied	1.70	1.78
Revenues deductible for income tax purposes	(2.37)	(1.65)
Expenses not deductible for income tax purposes	1.13	1.18
Other	(2.77)	0.24
Effective tax rates	33.86%	44.92%

The significant components of deferred tax assets and liabilities as of March 31, 2002 and 2001 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2002	2001	**2002**
Deferred tax assets:			
Net operating loss carryforwards	**¥ 46,307**	¥ 32,108	**$ 347,520**
Accrued retirement allowances and pension costs	**12,013**	13,099	**90,154**
Valuation loss on inventories	**36,822**	52,856	**276,338**
Unrealized loss on property and equipment	**78,755**	10,869	**591,032**
Land revaluation reserve	**114,615**	—	**860,150**
Other	**14,170**	10,644	**106,341**
	302,682	119,576	**2,271,535**
Valuation allowance	**(34,549)**	(29,019)	**(259,280)**
Total deferred tax assets	**268,133**	90,557	**2,012,255**
Deferred tax liabilities:			
Reserves under Special Taxation Measures Law	**(64,981)**	(65,858)	**(487,662)**
Land revaluation reserve	**(404,698)**	—	**(3,037,133)**
Unrealized gain on property and equipment	**(41,506)**	(41,030)	**(311,490)**
Unrealized gain on securities	**(36,183)**	(46,940)	**(271,542)**
Other	**(19,087)**	(17,924)	**(143,242)**
Total deferred tax liabilities	**(566,455)**	(171,752)	**(4,251,069)**
Net deferred tax liabilities	**¥(298,322)**	¥ (81,195)	**$(2,238,814)**

10. LEGAL RESERVE

On October 1, 2001, an amendment (the "Amendment") to the Commercial Code of Japan (the "Code") became effective. The Amendment eliminates the stated par value of the Company's outstanding shares which results in all outstanding shares having no par value as of October 1, 2001. The Amendment also provides that all share issuances after September 30, 2001 will be of shares with no par value. Before the date on which the Amendment became effective, the Company's shares had a par value of ¥50 per share.

The Code provides that an amount equal to at least 10% of the amounts to be disbursed as distributions of earnings be appropriated to the legal reserve until the total legal reserve and the capital surplus account equals 25% of the common stock account. The Code also provides that, to the extent that the sum of capital surplus and the legal reserve exceeds 25% of the common stock account, the amount of the excess (if any) is available for dividend by resolution of the shareholders.

Retained earnings in the accompanying consolidated balance sheets included a legal reserve of ¥21,658 million ($162,537 thousand) as of March 31, 2002.

11. LEASES

The following pro forma amounts represent the acquisition costs, accumulated depreciation and net book value of the leased assets as of March 31, 2002 and 2001, which would have been reflected in the consolidated balance sheets if finance lease accounting had been applied to the finance leases currently accounted for as operating leases:

	Millions of yen			Thousands of U.S. dollars		
	Acquisition costs	Accumulated depreciation	Net book value	Acquisition costs	Accumulated depreciation	Net book value
March 31, 2002						
Buildings and structures	**¥1,322**	**¥ 602**	**¥ 720**	**$ 9,921**	**$ 4,518**	**$ 5,403**
Machinery and equipment	**8,085**	**4,763**	**3,322**	**60,676**	**35,745**	**24,931**
Total	**¥9,407**	**¥5,365**	**¥4,042**	**$70,597**	**$40,263**	**$30,334**
March 31, 2001						
Buildings and structures	¥1,159	¥800	¥359			
Machinery and equipment	8,232	4,570	3,662			
Total	¥9,391	¥5,370	¥4,021			

Lease payments relating to finance leases accounted for as operating leases in the accompanying consolidated financial statements amounted to ¥1,798 million ($13,493 thousand), ¥1,877 million and ¥1,750 million for the years ended March 31, 2002, 2001 and 2000, respectively.

Future minimum lease payments subsequent to March 31, 2002 on noncancelable operating leases and finance leases accounted for as operating leases are summarized as follows:

	Millions of yen		Thousands of U.S. dollars	
	Finance leases	Operating leases	Finance leases	Operating leases
Year ending March 31:				
2003	¥1,569	¥ 5,035	$11,775	$ 37,786
2004 and thereafter	2,473	32,150	18,559	241,276
	¥4,042	¥37,185	$30,334	$279,062

The Company and its consolidated subsidiaries lease office buildings and commercial properties and earn income on these leases. Future minimum lease income subsequent to March 31, 2002 from noncancelable operating leases are summarized as follows:

	Millions of yen	Thousands of U.S. dollars
Year ending March 31:		
2003	¥ 47,300	$ 354,972
2004 and thereafter	454,660	3,412,082
	¥501,960	$3,767,054

12. CONTINGENT LIABILITIES

At March 31, 2002, the Company and its consolidated subsidiaries had the following contingent liabilities:

	Millions of yen	Thousands of U.S. dollars
Guarantees of affiliates' loans from banks	¥1,320	$ 9,906
Guarantees of employees' housing loans from banks and others	990	7,430
Other	375	2,814
Total	¥2,685	$20,150

In addition to the above, at March 31, 2002, the Company was committed to provide guarantees for the following bonds which were transferred to banks under debt assumption agreements.

	Millions of yen	Thousands of U.S. dollars (Note 3)	Date of agreement
6.0% unsecured bonds due 2002	¥50,000	$375,235	Feb. 28, 1997

13. OTHER INCOME (EXPENSES)

The components of "Other, net" in "Other income (expenses)" for each of the years ended March 31, 2002, 2001 and 2000 were as follows:

	Millions of yen			Thousands of U.S. dollars
	2002	2001	2000	**2002**
Equity in net income of affiliates	**¥ 1,667**	¥ 1,507	¥ 1,689	**$ 12,510**
Net realized gain (loss) on sales of property and equipment	**(7,575)**	43,440	37,407	**(56,848)**
Valuation loss on inventories	**(9,680)**	(94,239)	(32,614)	**(72,645)**
Net realized gain on sales of securities	**616**	21,497	18,012	**4,623**
Unrealized loss on securities	**(4,048)**	(1,664)	(2,166)	**(30,379)**
Gain (loss) on investments in affiliates	**—**	1,793	(7,015)	**—**
Amortization of prior service cost of pension plan	**—**	—	(8,664)	**—**
Amortization of net retirement benefit obligation at transition	**—**	(4,714)	—	**—**
Gain on contribution of securities to employees' retirement benefit trust	**—**	23,280	—	**—**
Other	**1,633**	(5,740)	(2,294)	**12,255**
	¥(17,387)	¥(14,840)	¥ 4,355	**$(130,484)**

14. SUPPLEMENTAL CASH FLOW INFORMATION

The following table represents a reconciliation of cash and cash equivalents as of March 31, 2002 and 2001:

	Millions of yen			Thousands of U.S. dollars
	2002	2001	2000	**2002**
Cash	**¥131,738**	¥171,805	¥74,582	**$988,653**
Time deposits with maturities of more than three months	**(2,055)**	(2,319)	(887)	**(15,422)**
Marketable securities with maturities of three months or less	**1,691**	9,436	12,762	**12,690**
Cash and cash equivalents	**¥131,374**	¥178,922	¥86,457	**$985,921**

15. DERIVATIVES

The Company and certain of its consolidated subsidiaries utilize derivative financial instruments for the purpose of hedging their exposure to adverse fluctuations in foreign currency exchange rates and interest rates, but do not enter into such transactions for speculative or trading purposes.

The Company is exposed to credit loss in the event of nonperformance by the counterparties to the derivatives, but any loss would not be material because the Company enters into such transactions only with financial institutions with high credit ratings. The notional amounts of the derivatives do not necessarily represent the amounts exchanged by the parties and, therefore, are not a direct measure of the Company's related risk exposure.

Summarized below are the notional amounts and the estimated fair value of the interest-related derivative positions outstanding at March 31, 2002 and 2001:

	Millions of yen			Thousands of U.S. dollars		
	Notional amount	Fair value	Unrealized gain (loss)	Notional amount	Fair value	Unrealized gain (loss)
March 31, 2002						
Interest rate swaps:						
Receive/floating and pay/fixed	**¥ 5,000**	**¥(137)**	**¥(137)**	**$37,523**	**$(1,028)**	**$(1,028)**
Receive/fixed and pay/floating	**5,000**	**240**	**240**	**37,523**	**1,801**	**1,801**
Total	**¥10,000**	**¥ 103**	**¥ 103**	**$75,046**	**$ 773**	**$ 773**
March 31, 2001						
Interest rate swaps:						
Receive/floating and pay/fixed	¥ 5,000	¥(108)	¥(108)			
Receive/fixed and pay/floating	5,000	236	236			
Receive/floating and pay/floating	5,000	(12)	(12)			
Total	¥15,000	¥ 116	¥ 116			

The notional amounts and estimated fair value of the derivatives to which hedge accounting has been applied have been excluded from the presentation in the above table.

16. SEGMENT INFORMATION

Business segments

The Company and its consolidated subsidiaries are primarily engaged in the real estate business. Their business segments are classified in terms of the nature of each operation or service and consist of seven segments: (1) buildings; (2) residential development; (3) architectural and engineering; (4) real estate brokerage; (5) custom-built housing; (6) hotels; and (7) other businesses.

The business segment information of the Company and its consolidated subsidiaries for the years ended March 31, 2002, 2001 and 2000 are summarized as follows:

Millions of yen

2002	Buildings	Residential development	Architectural & engineering	Real estate brokerage	Custom-built housing	Hotels	Other	Total	Eliminations or corporate	Consolidated
Revenue and operating income										
Revenue from:										
External customers	¥ 321,916	¥136,604	¥12,783	¥79,357	¥29,943	¥30,370	¥20,591	¥ 631,564	¥ —	¥ 631,564
Intersegment or transfers	5,506	746	3,575	334	955	80	1,596	12,792	(12,792)	—
Total revenue	327,422	137,350	16,358	79,691	30,898	30,450	22,187	644,356	(12,792)	631,564
Operating expense	242,379	128,932	17,066	80,854	32,063	30,046	24,471	555,811	(1,168)	554,643
Operating income (loss)	¥ 85,043	¥ 8,418	¥ (708)	¥ (1,163)	¥ (1,165)	¥ 404	¥ (2,284)	¥ 88,545	¥ (11,624)	¥ 76,921
Total assets, depreciation, and capital expenditures										
Assets	¥2,216,571	¥262,492	¥15,869	¥80,391	¥13,983	¥32,325	¥97,603	¥2,719,234	¥316,561	¥3,035,795
Depreciation	56,683	881	179	2,761	181	1,940	1,912	64,537	545	65,082
Capital expenditures	124,179	329	328	3,512	95	894	2,317	131,654	(39)	131,615

Thousands of U.S. dollars

2002	Buildings	Residential development	Architectural & engineering	Real estate brokerage	Custom-built housing	Hotels	Other	Total	Eliminations or corporate	Consolidated
Revenue and operating income										
Revenue from:										
External customers	$ 2,415,880	$1,025,171	$ 95,932	$595,550	$224,713	$227,917	$154,529	$ 4,739,692	$ —	$ 4,739,692
Intersegment or transfers	41,321	5,598	26,830	2,506	7,167	601	11,977	96,000	(96,000)	—
Total revenue	2,457,201	1,030,769	122,762	598,056	231,880	228,518	166,506	4,835,692	(96,000)	4,739,692
Operating expense	1,818,980	967,595	128,075	606,784	240,623	225,486	183,647	4,171,190	(8,766)	4,162,424
Operating income (loss)	$ 638,221	$ 63,174	$ (5,313)	$ (8,728)	$ (8,743)	$ 3,032	$ (17,141)	$ 664,502	$ (87,234)	$ 577,268
Total assets, depreciation, and capital expenditures										
Assets	$16,634,679	$1,969,921	$119,092	$603,310	$104,938	$242,589	$732,480	$20,407,009	$2,375,693	$22,782,702
Depreciation	425,388	6,612	1,343	20,721	1,358	14,559	14,349	484,330	4,090	488,420
Capital expenditures	931,925	2,469	2,462	26,356	713	6,709	17,389	988,023	(293)	987,730

Millions of yen

2001	Buildings	Residential development	Architectural & engineering	Real estate brokerage	Custom-built housing	Hotels	Other	Total	Eliminations or corporate	Consolidated
Revenue and operating income										
Revenue from:										
External customers	¥ 313,227	¥132,216	¥14,296	¥87,003	¥34,886	¥32,524	¥ 16,838	¥ 630,990	¥ —	¥ 630,990
Intersegment or transfers	4,679	700	1,320	361	2,262	80	1,557	10,959	(10,959)	—
Total revenue	317,906	132,916	15,616	87,364	37,148	32,604	18,395	641,949	(10,959)	630,990
Operating expense	237,967	122,945	15,648	81,089	36,562	31,905	19,968	546,084	4,267	550,351
Operating income (loss)	¥ 79,939	¥ 9,971	¥ (32)	¥ 6,275	¥ 586	¥ 699	¥ (1,573)	¥ 95,865	¥ (15,226)	¥ 80,639
Total assets, depreciation, and capital expenditures										
Assets	¥1,611,727	¥279,633	¥19,549	¥70,874	¥13,870	¥42,527	¥119,809	¥2,157,989	¥377,274	¥2,535,263
Depreciation	56,650	887	44	2,368	154	2,035	1,960	64,098	615	64,713
Capital expenditures	105,072	2,854	146	2,755	343	856	4,256	116,282	1,432	117,714

	Millions of yen									
	2000									
	Buildings	Residential development	Architectural & engineering	Real estate brokerage	Custom-built housing	Hotels	Other	Total	Eliminations or corporate	Consolidated
Revenue and operating income										
Revenue from:										
External customers	¥ 294,217	¥101,974	¥22,914	¥73,029	¥32,681	¥32,894	¥ 16,687	¥ 574,396	¥ —	¥ 574,396
Intersegment or transfers	6,495	871	2,710	257	2,987	58	1,420	14,798	(14,798)	—
Total revenue	300,712	102,845	25,624	73,286	35,668	32,952	18,107	589,194	(14,798)	574,396
Operating expense	217,012	104,275	23,461	68,701	35,677	33,553	20,554	503,233	2,962	506,195
Operating income (loss)	¥ 83,700	¥ (1,430)	¥ 2,163	¥ 4,585	¥ (9)	¥ (601)	¥ (2,447)	¥ 85,961	¥ (17,760)	¥ 68,201
Total assets, depreciation, and capital expenditures										
Assets	¥1,539,678	¥316,282	¥19,794	¥53,169	¥14,074	¥42,304	¥140,840	¥2,126,141	¥159,630	¥2,285,771
Depreciation	55,695	886	27	1,123	134	2,146	2,296	62,307	396	62,703
Capital expenditures	103,932	1,332	76	2,250	274	627	2,239	110,730	682	111,412

Revenue recognition

As described in Note 2, "Accounting Change," the architectural engineering segment has changed its revenue recognition policy for architectural design and supervision services contracts with revenue of over ¥500 million and for construction contracts with revenue of over ¥5,000 million from the completion method to the percentage of completion method. The effect of this change was to increase or decrease the revenue from operation and operating income in each of the respective segments as follows:

	Millions of yen		Thousands of U.S. dollars	
	Revenue from operation	Operating income (loss)	Revenue from operation	Operating income (loss)
Architectural and engineering	¥6,580	¥2,086	$49,381	$15,654
Eliminations or corporate	(1,127)	(395)	(8,458)	(2,964)
	¥5,453	¥1,691	$40,923	$12,690

Allocation of expenses

The Company changed its classification of certain personnel expenses relating to employees who are seconded from the Company to its subsidiaries. Such expenses were included in "Eliminations or corporate" in prior years but have been allocated to each relevant segment in 2002. The effect of this change was to increase operating expenses in each of the respective segments as follows:

Segments	Millions of yen	Thousands of U.S. dollars
Buildings	¥1,393	$10,454
Residential development	327	2,454
Architectural and engineering	1,765	13,246
Custom-built housing	454	3,407
Hotels	329	2,469
Other	191	1,433
	¥4,459	$33,463

Land revaluation

As described in Note 1, the Company revalued certain land as of March 31, 2002. Due to this land revaluation, the total assets of each segment increased or decreased as follows:

	Increase (decrease) of assets	
Segments	Millions of yen	Thousands of U.S. dollars
Buildings	¥707,482	$5,309,433
Residential development	(4,848)	(36,383)
Custom-built housing	(755)	(5,666)
Hotels	1,573	11,805
Other	(32,172)	(241,440)
Eliminations or corporate	18,572	139,377
	¥689,852	$5,177,126

Loss on impairment

As a result of the impairment analysis, the Company recognized impairment losses on its property and equipment for the year ended March 31, 2002. The impairment losses recognized by each segment were as follows:

	Decrease of assets	
Segments	Millions of yen	Thousands of U.S. dollars
Buildings	¥140,776	$1,056,480
Residential development	5,106	38,319
Hotels	9,409	70,612
Other	1,074	8,060
	¥156,365	$1,173,471

Geographical segments

The Company and its consolidated subsidiaries operate primarily in Japan, the United States and certain other areas. The geographical segment information of the Company and its consolidated subsidiaries for the years ended March 31, 2002, 2001 and 2000 is summarized as follows:

Millions of yen

	2002					
	Japan	United States	Other	Total	Eliminations or corporate	Consolidated
Revenue and operating income (loss)						
Revenue from:						
External customers	**¥ 510,017**	**¥101,320**	**¥20,227**	**¥ 631,564**	**¥ —**	**¥ 631,564**
Intersegment or transfers	**786**	**340**	**192**	**1,318**	**(1,318)**	**—**
Total revenue	**510,803**	**101,660**	**20,419**	**632,882**	**(1,318)**	**631,564**
Operating expenses	**432,021**	**92,019**	**20,803**	**544,843**	**9,800**	**554,643**
Operating income (loss)	**¥ 78,782**	**¥ 9,641**	**¥ (384)**	**¥ 88,039**	**¥ (11,118)**	**¥ 76,921**
Total assets	**¥2,376,728**	**¥313,664**	**¥19,164**	**¥2,709,556**	**¥326,239**	**¥3,035,795**

Thousands of U.S. dollars

	2002					
	Japan	United States	Other	Total	Eliminations or corporate	Consolidated
Revenue and operating income (loss)						
Revenue from:						
External customers	**$ 3,827,520**	**$ 760,375**	**$151,797**	**$ 4,739,692**	**$ —**	**$ 4,739,692**
Intersegment or transfers	**5,899**	**2,552**	**1,440**	**9,891**	**(9,891)**	**—**
Total revenue	**3,833,419**	**762,927**	**153,237**	**4,749,583**	**(9,891)**	**4,739,692**
Operating expenses	**3,242,184**	**690,574**	**156,120**	**4,088,878**	**73,546**	**4,162,424**
Operating income (loss)	**$ 591,235**	**$ 72,353**	**$ (2,883)**	**$ 660,705**	**$ (83,437)**	**$ 577,268**
Total assets	**$17,836,608**	**$2,353,951**	**$143,820**	**$20,334,379**	**$2,448,323**	**$22,782,702**

Millions of yen

	2001					
	Japan	United States	Other	Total	Eliminations or corporate	Consolidated
Revenue and operating income						
Revenue from:						
External customers	¥ 510,990	¥102,036	¥17,964	¥ 630,990	¥ —	¥ 630,990
Intersegment or transfers	686	161	298	1,145	(1,145)	—
Total revenue	511,676	102,197	18,262	632,135	(1,145)	630,990
Operating expenses	431,737	86,650	17,695	536,082	14,269	550,351
Operating income (loss)	¥ 79,939	¥ 15,547	¥ 567	¥ 96,053	¥ (15,414)	¥ 80,639
Total assets	¥1,861,545	¥260,368	¥21,287	¥2,143,200	¥392,063	¥2,535,263

Millions of yen

	2000					
	Japan	United States	Other	Total	Eliminations or corporate	Consolidated
Revenue and operating income						
Revenue from:						
External customers	¥ 466,192	¥ 92,889	¥15,314	¥ 574,396	¥ —	¥ 574,396
Intersegment or transfers	961	260	210	1,430	(1,430)	—
Total revenue	467,153	93,149	15,524	575,826	(1,430)	574,396
Operating expenses	395,023	79,846	14,225	489,093	17,102	506,195
Operating income (loss)	¥ 72,130	¥ 13,303	¥ 1,299	¥ 86,733	¥ (18,532)	¥ 68,201
Total assets	¥1,870,283	¥218,721	¥17,957	¥2,106,962	¥178,809	¥2,285,771

Unallocatable operating expenses

Unallocatable operating expenses included under "Eliminations or corporate" for the years ended March 31, 2002, 2001 and 2000 amounted to ¥12,689 million ($95,227 thousand), ¥15,630 million and ¥17,078 million, respectively, and consisted of operating expenses incurred in the Administration Department of the Company. Corporate assets included under "Eliminations or corporate" for the years ended March 31, 2002, 2001 and 2000 amounted to ¥332,193 million ($2,493,006 thousand), ¥392,135 million and ¥193,728 million, respectively, and consisted principally of cash, marketable securities, investments in other securities, deferred tax assets and other assets allocated to the Administration Department of the Company.

Revenue recognition

As described in Note 2, "Accounting Change," the architectural engineering segment has changed its revenue recognition policy for architectural design and supervision services contracts with revenue of over ¥500 million and for construction contracts with revenue of over ¥5,000 million from the completion method to the percentage of completion method. The effect of this change was to increase revenue from operations in the Japan segment by ¥5,453 million ($40,923 thousand) and operating income (loss) by ¥1,691 million ($12,690 thousand), respectively, for the year ended March 31, 2002.

Allocation of expenses

The Company changed its classification of certain personnel expenses relating to employees who are seconded from the Company to its subsidiaries. Such expenses were included in "Eliminations or corporate" in prior years but have been allocated to each individual segment in 2002. The effect of this change was to increase operating expenses in each of the respective segments as follows:

Segments	Millions of yen	Thousands of U.S. dollars
Japan	¥4,459	$33,463
U.S.A.	156	1,171
Other	109	818
	¥4,724	$35,452

Land revaluation

As described in Note 1, the Company revalued certain land as of March 31, 2002. Due to this land revaluation, the total assets increased by ¥671,278 million ($5,037,734 thousand) and ¥18,574 million ($139,392 thousand) in the Japan segment and in "Eliminations and corporate," respectively.

Loss on impairment

As a result of the impairment analysis, the Japan segment recognized an impairment loss on its property and equipment of ¥156,365 million ($1,173,471 thousand) for the year ended March 31, 2002.

Overseas revenue

The following table represents overseas revenue earned by the Company's consolidated subsidiaries in foreign countries during the years ended March 31, 2002, 2001 and 2000.

	Millions of yen		
			2002
	United States	Other areas	Total
Overseas revenue			
Overseas revenue	**¥101,335**	**¥20,238**	**¥121,573**
Consolidated revenue			**¥631,564**
% of overseas revenue to consolidated revenue	**16.0%**	**3.2%**	**19.2%**
	Thousands of U.S. dollars		
Overseas revenue			
Overseas revenue	**$760,488**	**$151,880**	**$912,368**
Consolidated revenue			**$4,739,692**

	Millions of yen		
			2001
	United States	Other areas	Total
Overseas revenue			
Overseas revenue	¥102,186	¥17,820	¥120,006
Consolidated revenue			¥630,990
% of overseas revenue to consolidated revenue	16.2%	2.8%	19.0%

	Millions of yen		
			2000
	United States	Other areas	Total
Overseas revenue			
Overseas revenue	¥98,963	¥15,343	¥114,306
Consolidated revenue			¥574,396
% of overseas revenue to consolidated revenue	17.2%	2.7%	19.9%

NON-CONSOLIDATED BALANCE SHEETS

Mitsubishi Estate Co., Ltd.
March 31, 2002 and 2001

	Millions of yen		Thousands of U.S. dollars
Assets	**2002**	2001	**2002**
Current assets:			
Cash	**¥ 62,795**	¥ 117,968	**$ 471,257**
Marketable securities	**25,563**	6,916	**191,842**
Notes and accounts receivable — trade	**22,799**	22,011	**171,099**
Allowance for doubtful receivables	**(892)**	(957)	**(6,694)**
Inventories	**232,364**	247,319	**1,743,820**
Deferred income taxes	**48,923**	62,947	**367,152**
Other current assets	**18,208**	9,838	**136,646**
Total current assets	**409,760**	466,042	**3,075,122**
Investments:			
Investments in and advances to subsidiaries and affiliates	**188,532**	179,653	**1,414,874**
Investment securities	**154,592**	180,033	**1,160,165**
Lease deposits	**78,512**	75,497	**589,208**
Other investments	**22,231**	21,252	**166,837**
Allowance for doubtful accounts	**(1,640)**	(1,627)	**(12,307)**
Total investments	**442,227**	454,808	**3,318,777**
Property and equipment:			
Land	**1,246,362**	568,200	**9,353,561**
Buildings and structures	**1,167,676**	1,144,296	**8,763,047**
Machinery and equipment	**20,514**	21,284	**153,951**
Construction in progress	**49,474**	31,918	**371,287**
	2,484,026	1,765,698	**18,641,846**
Less accumulated depreciation	**(726,259)**	(540,267)	**(5,450,349)**
Property and equipment, net	**1,757,767**	1,225,431	**13,191,497**
Intangible and other assets	**10,838**	10,411	**81,336**
Total assets	**¥2,620,592**	¥2,156,692	**$19,666,732**

Liabilities, minority interests and shareholders' equity	Millions of yen 2002	2001	Thousands of U.S. dollars 2002
Current liabilities:			
Short-term borrowings and current portion of long-term debt	**¥ 269,912**	¥ 190,682	**$ 2,025,606**
Accounts payable - trade	**17,371**	28,610	**130,364**
Advance and deposits	**37,308**	36,645	**279,985**
Accrued expenses and other current liabilities	**14,977**	35,716	**112,398**
Total current liabilities	**339,568**	291,653	**2,548,353**
Long-term debt	**822,915**	925,700	**6,175,722**
Lease deposits	**273,897**	268,828	**2,055,512**
Deferred income taxes	**312,241**	101,866	**2,343,272**
Other noncurrent liabilities	**29,012**	25,020	**217,727**
Total liabilities	**1,777,633**	1,613,067	**13,340,586**
Shareholders' equity:			
Common stock, without par value:			
Authorized—1,980,000,000 shares;			
Issued and outstanding —1,299,185,054 shares	**86,534**	86,534	**649,411**
Capital surplus	**115,216**	115,216	**864,660**
Land revaluation reserve	**399,769**	—	**3,000,143**
Legal reserve	**21,658**	21,658	**162,537**
Retained earnings	**174,367**	262,395	**1,308,570**
Unrealized gain on securities	**45,531**	57,829	**341,696**
	843,075	543,632	**6,327,017**
Less treasury stock— 113,913 shares in 2002; 6,533 shares in 2001	**(116)**	(7)	**(871)**
Total shareholders' equity	**842,959**	543,625	**6,326,146**
Contingent liabilities			
Total liabilities and shareholders' equity	**¥2,620,592**	¥2,156,692	**$19,666,732**

NON-CONSOLIDATED STATEMENTS OF OPERATIONS

Mitsubishi Estate Co., Ltd.
Years ended March 31, 2002, 2001 and 2000

	Millions of yen			Thousands of U.S. dollars
	2002	2001	2000	**2002**
Revenue from operations	**¥ 381,145**	¥389,995	¥359,078	**$ 2,860,375**
Cost of revenue from operations	**299,790**	315,002	289,060	**2,249,831**
Selling, general and administrative expenses	**24,557**	21,893	22,518	**184,293**
Operating income	**56,798**	53,100	47,500	**426,251**
Other income (expenses):				
Interest and dividend income	**2,002**	2,627	2,522	**15,024**
Interest expense	**(25,982)**	(29,499)	(32,404)	**(194,987)**
Impairment loss on property and equipment	**(143,915)**	—	—	**(1,080,037)**
Other, net	**(23,202)**	(16,191)	1,967	**(174,123)**
	(191,097)	(43,063)	(27,915)	**(1,434,123)**
Income (loss) before income taxes	**(134,299)**	10,037	19,585	**(1,007,872)**
Income taxes:				
Current	**16**	19	26	**120**
Deferred	**(56,860)**	3,615	7,778	**(426,716)**
	(56,844)	3,634	7,804	**(426,596)**
Net income (loss)	**¥ (77,455)**	¥ 6,403	¥ 11,781	**$ (581,276)**