

**Summary of Consolidated Financial Results
for the First Quarter of 2004
(January 1, 2004 – March 31, 2004)**

Company name: Kennedy-Wilson Japan Co., Ltd.
 Stock code: 4321
 URL: <http://www.kwjapan.com>
 Stock Exchange listing: Second Section, Tokyo Stock Exchange & Hercules (Osaka Securities Exchange)
 Company Domicile: Tokyo
 Contact: Taiji Yoshikawa, Member of the Board of Directors and Executive Officer, CFO
 Tel: +81-3-3519-2530
 Changes in Accounting Method: None
 Changes in Consolidated Subsidiaries and Affiliates Accounted For Under the Equity Method:
 Consolidated subsidiaries New: 1 Exchange: 3
 Affiliates New: 6 Exchange: 0

1. Consolidated Financial Results (Jan. 1, 2004 – March. 31, 2004)

(1) Consolidated Results of Operations

(Amounts rounded off to million yen)

	Revenue		Operating income		Ordinary income	
	Million yen	YoY change (%)	Million yen	YoY change (%)	Million yen	YoY change (%)
First Quarter of 2004	1,074	23.0	618	55.1	565	93.3
First Quarter of 2003	873	112.4	398	177.7	292	123.7
(ref.) Year ended Dec 2003	5,071	60.7	1,951	43.4	1,462	12.6

	Net income (after taxes)		Net income per share, (basic)	Net income per share, (diluted)
	Million yen	YoY change (%)	Yen	Yen
First Quarter of 2004	335	128.5	4,694.11	4,633.75
First Quarter of 2003	147	214.7	2,149.69	2,122.44
(ref.) Year ended Dec. 2003	871	37.5	12,571.41	11,895.02

(2) Consolidated Financial Position

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	Million yen	Million yen	%	Yen
First Quarter ended March 2004	24,962	5,871	23.5	81,825.57
First Quarter ended March 2003	25,248	4,466	17.7	65,292.29
(ref.) Year ended Dec. 2003	11,438	5,499	48.1	77,085.32

(3) Consolidated Cash Flow Position

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
First Quarter ended March 2004	(573)	(8,153)	12,780	9,784
First Quarter ended March 2003	—	—	—	—
(ref.)Year ended Dec. 2003	(1,443)	11,645	(7,221)	5,731

Reference: Consolidated statements of cash flow for the first Quarter of 2003 were not made.

2. Forecast of Consolidated income for the Year Ending Dec. 2004 (Jan. 1, 2004 – Dec. 31, 2004)

	Revenue	Ordinary income	Net income
	Million yen	Million yen	Million yen
Interim	1,613	824	501
Full year	3,932	1,731	1,041

Reference: Estimated consolidated net income per share for the full year: 14,555.93 yen

Note: The above forecast is based on information available to us as of May 11, 2004. The actual results are affected by various factors and may differ substantially.

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Thousands of yen)

Account title	Year		March 31,2003		March 31,2004		(ref.) December 31,2004	
			Amount	%	Amount	%	Amount	%
Assets								
I	Current assets						-	
	1	Cash and cash equivalents	2,626,911		9,784,768		5,731,638	
	2	Accounts receivable - trade	160,428		377,326		267,357	
	3	Note receivable (loan pool)	1,476,159		608,713		924,377	
	4	Others	609,693		926,990		502,049	
	5	Allowance for doubtful accounts	(46,426)		(34,231)		(32,972)	
		Total current assets	4,826,766	19.1	11,663,566	46.7	7,392,449	64.6
II	Fixed assets							
	1	Tangible assets						
	(1)	Buildings held in trust	4,863,432		2,815,655		-	
	(2)	Lands held in trust	11,111,009		4,563,875		-	
	(3)	Others	269,038		83,997		78,998	
		Total tangible assets	16,243,480	64.3	7,463,528	29.9	78,998	0.7
	2	Intangible assets	2,369	0.0	5,869	0.0	6,037	0.1
	3	Investment and other assets						
	(1)	Investment securities	311,047		459,969		464,434	
	(2)	Investment in capital	197,974		272,121		158,595	
	(3)	Investments in silent partnerships	1,017,831		3,422,817		2,336,871	
	(4)	Long-term loans	773,828		932,171		830,596	
	(5)	Deposits held in trust	1,654,735		565,195		-	
	(6)	Others	219,208		176,983		170,538	
		Total investment and other assets	4,174,626	16.6	5,829,258	23.4	3,961,036	34.6
		Total fixed assets	20,420,476	80.9	13,298,655	53.3	4,046,073	35.4
III	Deferred assets		850	0.0	-	-	-	-
		Total assets	25,248,093	100	24,962,222	100	11,438,523	100

(Thousands of yen)

Account title	Year				(ref.)	
	March 31,2003		March 31,2004		December 31,2003	
	Amount	%	Amount	%	Amount	%
Liabilities						
I Current liabilities						
1 Accounts payable - trade	3,070		191,169		25,110	
2 Short-term borrowings	3,029,619		9,829,369		1,544,369	
3 Long-term borrowings - due within one year	978,850		697,300		738,400	
4 Accrued income taxes	91,608		251,361		317,387	
5 Others	251,525		173,028		439,910	
Total current liabilities	4,354,674	17.3	11,142,228	44.6	3,065,177	26.8
II Long-term liabilities						
1 Bonds payable	1,000,000		2,700,000		1,300,000	
2 Long-term borrowings	13,844,725		4,455,413		1,339,963	
3 Silent partnership contribution received	177,137		336,339		129,933	
4 Allowance for employee retirement benefits	1,942		4,182		3,266	
5 Allowance for directors' retirement benefits	97,093		99,930		95,290	
6 Security deposits	1,300,324		339,515		-	
Total long-term liabilities	16,421,222	65.0	7,935,382	31.8	2,868,453	25.1
Total liabilities	20,775,896	82.3	19,077,610	76.4	5,933,631	51.9
Minority interest						
Minority interest	5,812	0.0	12,644	0.1	5,624	0.0
Shareholders' equity						
I Capital	1,338,647	5.3	1,500,005	6.0	1,484,851	13.0
II Capital surplus	1,657,165	6.6	1,802,539	7.2	1,796,368	15.7
III Consolidated retained earnings	1,469,711	5.8	2,530,315	10.1	2,194,421	19.2
IV Net utilized holding gains/losses on other securities	860	0.0	39,106	0.2	23,626	0.2
Total shareholders' equity	4,446,385	17.7	5,871,966	23.5	5,499,266	48.1
Total liabilities, shareholders' equity, and minority interest	25,248,093	100.0	24,962,222	100.0	11,438,523	100.0

(2) Consolidated Statements of Income

(Thousands of yen)

Account title	Year		First Quarter of 2003 (Jan. 1, 2003 – Mar. 31, 2003)		First Quarter of 2004 (Jan. 1, 2004 – Mar. 31, 2004)		Year 2003 (Jan. 1, 2003 – Dec. 31, 2003)		
			Amount	%	Amount	%	Amount		
I Revenue			873,899	100.0	1,074,977	100.0		5,071,922	100.0
II Cost of revenue			177,564	20.3	146,046	13.6		1,316,860	26.0
Gross profit			696,334	79.7	928,930	86.4		3,755,062	74.0
III Selling, general and administrative expenses									
1 Provision for doubtful accounts			—		1,258			1,127	
2 Directors' salaries and bonuses			47,274		41,180			166,016	
3 Salaries and bonuses			86,072		124,557			662,483	
4 Provision for employee retirement benefits			415		915			1,880	
5 Provision for directors' retirement benefits			18,093		4,640			71,290	
6 Secondment fees			12,882		12,189			55,900	
7 Other fees and commissions			50,163		36,018			402,986	
8 Others			82,531	297,433	89,514	310,276	28.8	441,708	1,803,395
Operating income			398,900	45.7	618,654	57.6		1,951,667	38.5
IV Non-operating income									
1 Interest income			7,314		7,596			29,738	
2 Equity in earnings of non-consolidated affiliates, etc.			—		16,957			74,534	
3 Others			10,939	18,253	835	25,389	2.3	13,189	117,462
V Non-operating expenses									
1 Interest expense			64,796		24,370			334,685	
2 New stock issue expenses			1,718		169			5,393	
3 Bond issue expenses			40,000		35,852			47,335	
4 Other fees and commissions			4,217		14,163			175,770	
5 Others			13,753	124,486	3,763	78,319	7.3	43,863	607,048
Ordinary income			292,668	33.5	565,724	52.6		1,462,080	28.8
VI Extra-ordinary income									
1 Gain on sale of capital investment in affiliates			8,915		—			9,467	
2 Gain on sale of investment securities			—		52,270			5,000	
3 Reversal of allowance for doubtful accounts			1,620		—			16,097	
4 Consumption taxes differential (after being offset by suspense payments and receipt)			—	10,536	—	52,270	4.9	180,908	211,473
VII Extra-ordinary loss									
1 Loss on sale of investments in silent partnerships			—	—	—	—	—	34,851	34,851
Income before provision for income taxes and profit distribution to silent partners			303,204	34.7	617,994	57.5		1,638,702	32.3
Profit distribution to silent partners			23,085	2.6	17,946	1.7		144,159	2.8
Income before provision for income taxes			280,119	32.1	600,048	55.8		1,494,543	29.5
Current income taxes			84,888		254,941			573,564	
Deferred income taxes			48,299	133,188	7,522	262,463	24.4	49,007	622,571
Minority interest			86	0.0	(1,690)	(0.2)		(244)	0.0
Net income			147,017	16.8	335,894	31.2		871,727	17.2

(3) Consolidated Statements of Retained Earnings

(Thousands of yen)

Account title	Year	Year 2003 (Jan. 1, 2002 – Mar. 31, 2003)		Year 2004 (Jan. 1, 2003 – Mar. 31, 2004)		Year 2003 (Jan. 1, 2003 – Dec. 31, 2003)	
		Amount		Amount		Amount	
Capital reserve							
I Capital surplus at beginning of year			1,656,671		1,796,368		1,656,671
II Increase in capital surplus							
1 New stock issuance for capital increase		-		-		132,600	
2 New stock issuance for stock acquisition rights		484		6,050		6,957	
3 Transfer from stock acquisition rights		9	493	121	6,171	139	139,696
III Capital surplus at end of year			1,657,165		1,802,539		1,796,368
Retained earnings							
I Retained earnings at beginning of year							
Balance of retained earnings at beginning of year			1,322,694		2,194,421		1,322,694
II Increase in retained earnings							
Net income		147,017	147,017	335,894	335,894	871,727	871,727
III Retained earnings at end of year			1,469,711		2,530,315		2,194,421

(4) Consolidated Statements of Cash Flow*(Thousands of yen)*

Account title	Year	First Quarter of 2004 (Jan. 1, 2004 – Mar. 31, 2004)	(Reference) Year 2003 (Jan. 1, 2003 – Dec. 31, 2003)
		Amount	Amount
I Operating activities			
1 Income before provision for income taxes		600,048	1,494,543
2 Gain on sale and collection of notes purchased		(167,430)	(393,330)
3 Profit distribution on principal investment in silent partnerships		(21,334)	(132,496)
4 Increase (decrease) in provision for doubtful accounts		1,258	(92,707)
5 Increase (decrease) in provision for employee retirement benefits		915	1,002
6 Increase (decrease) in provision for directors' retirement benefits		4,640	16,290
7 Interest income		(7,596)	(29,738)
8 Interest expense		24,370	334,685
9 Profit distribution to silent partners		17,946	144,159
10 Equity in earnings of non-consolidated affiliates, etc.		(16,957)	(74,534)
11 Gain on sale of fixed assets		-	(1,183,893)
12 Loss on sale of fixed assets		9,860	198,315
13 Gain on sale of investment securities		(52,270)	(5,000)
14 Gain on sale of capital investment in affiliates		-	(9,467)
15 Loss on sale of investments in silent partnerships		-	34,851
16 Increase (decrease) in accounts receivable - trade		(109,968)	(168,769)
17 Increase (decrease) in accounts payable-trade		166,219	(59,122)
18 Purchase of notes		(1,092,482)	(6,344,849)
19 Proceeds from sale and collection of notes purchased		1,575,577	7,209,150
20 Distributions from silent partnerships		79,872	237,475
21 Contribution paid in silent partnerships		(1,142,000)	(1,565,000)
22 Proceeds from sale of silent partnerships		-	71,000
23 Contribution received from silent partners		315,000	-
24 Redemption of contribution received from silent partners		(126,539)	(195,211)
25 Others		(273,049)	230,348
Subtotal		(213,921)	(282,299)
26 Interest and dividend received		3,036	17,829
27 Interest paid		(41,646)	(343,000)
28 Profit distribution paid to silent partners		-	(144,159)
29 Income taxes paid		(320,903)	(692,190)
Net cash used in operating activities		(573,437)	(1,443,819)

(Reference) Consolidated statements of cash flow for the first quarter of 2003 were not made.

(Thousands of yen)

Account title	Year	First Quarter of 2004 (Jan. 1, 2004 – Mar. 31, 2004)	Year 2003 (Jan. 1, 2003 – Dec. 31, 2003)
		Amount	Amount
II Investing activities			
1 Purchase of fixed assets		(9,287,875)	(11,775,261)
2 Sale of fixed assets		1,475,980	23,259,774
3 Loans		(164,510)	(379,615)
4 Repayment of loans		62,935	186,906
5 Acquisition of investment securities		(7,500)	(82,849)
6 Proceeds from sale of investment securities		68,270	55,000
7 Capital investment in affiliates		(26,750)	(33,100)
8 Proceeds from sale of capital of affiliates		2,400	-
9 Proceeds from capital redemption of affiliates		-	42,000
10 Decrease in funds owing to sale of investment in subsidiaries due to change in scope of consolidation		(3,739)	175,998
11 Others		(273,197)	196,609
Net cash used in investing activities		(8,153,987)	11,645,462
III Financing activities			
1 Proceeds from short-term borrowings		9,470,000	12,146,550
2 Repayment of short-term borrowings		(1,185,000)	(13,031,600)
3 Proceeds from long-term borrowings		3,300,350	9,500,000
4 Repayment of long-term borrowings		(226,000)	(17,426,791)
5 Proceeds from issuance of stock		21,204	290,192
6 Proceeds from issuance of bonds		1,400,000	1,300,000
Net cash provided by financing activities		12,780,554	(7,221,648)
IV Net increase in cash and cash equivalents		4,053,129	2,979,994
V Cash and cash equivalents at beginning of year		5,731,638	2,751,644
VI Cash and cash equivalents at end of year		9,784,768	5,731,638

(5) Segment Information on Revenues (Consolidated Basis)

(Thousands of yen)

	First Quarter of 2003 (Jan. 1, 2003-Mar. 31, 2003)	First Quarter of 2004 (Jan. 1, 2004-Mar. 31, 2004)	(Reference) Year 2003 (Jan. 1, 2003-Dec. 31, 2003)
Real Estate Investment Advisory Business	554,782	424,211	3,404,368
Asset Management Business	114,617	385,813	663,516
Note Investment Management Business	204,499	264,952	1,004,038
Total Revenue	873,899	1,074,977	5,071,922