

**Summary of Consolidated Interim Financial Results
for the Year Ending December 2004
(Six months ended June 30, 2004)**

Company name: Kennedy-Wilson Japan Co., Ltd.
 Stock code: 4321
 URL: <http://www.kwjapan.com>
 Stock Exchange listing: Tokyo Stock Exchange, Second Section & Hercules (Osaka Securities Exchange)
 Company Domicile: Tokyo
 President: Ryosuke Homma
 Contact: Taiji Yoshikawa, Director, Executive Officer & Chief Financial Officer
 Tel: +81-3-3519-2530
 Date of board meeting for approving consolidated financial results: August 12, 2004
 Parent company (stock code): N/A
 Percentage of the parent company's equity stake in the company: N/A
 U.S. GAAP standards: The company does not apply U.S. GAAP standards for accounting.

1. Consolidated Interim Financial Results (Jan. 1, 2004 – Jun. 30, 2004)

(1) Consolidated Results of Operations

(Amounts rounded down to million yen)

	Revenue		Operating income		Ordinary income	
	Million yen	YoY change (%)	Million yen	YoY change (%)	Million yen	YoY change (%)
First half ended June 2004	2,952	72.5	1,665	148.1	1,548	202.0
First half ended June 2003	1,712	46.5	671	30.5	512	(2.4)
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 half ended June 2004	923	216.5	12,887.67	12,544.49
First half ended June 2003	291	15.4	4,264.81	4,052.36
Year ended Dec. 2003	871	37.5	12,571.41	11,895.02

Notes: 1. Equity in earnings of non-consolidated subsidiaries and affiliates

First half ended June 2004: 35 million yen

First half ended June 2003: 27 million yen

Year ended Dec. 2003: 74 million yen

2. Average number of shares outstanding

First half ended June 2004: 71,645 shares

First half ended June 2003: 68,399 shares

Year ended Dec. 2003: 69,342 shares

3. Changes in accounting method: Yes

4. Percentage figures shown in the above represent year-on-year changes.

(2) Consolidated Financial Position

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	Million yen	Million yen	%	Yen
First half ended June 2004	28,407	6,501	22.9	90,598.36
First half ended June 2003	25,712	4,610	17.9	67,404.71
Year ended Dec. 2003	11,438	5,499	48.1	77,085.32

Note: Number of shares outstanding at the end of the period

First half ended June 2004: 71,762 shares

First half ended June 2003: 68,406 shares

Year ended Dec. 2003: 71,340 shares

(3) Consolidated Cash Flow Position

	Net cash 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 half ended June 2004	(69)	(13,352)	14,155	6,465
First half ended June 2003	(461)	(4,757)	5,704	3,237
Year ended Dec. 2003	(1,443)	11,645	(7,221)	5,731

(4) Scope of Consolidation and the Application of the Equity Method

Consolidated subsidiaries: 17

Non-consolidated subsidiaries accounted for under the equity method: 3

Affiliates accounted for under the equity method: 36

(5) Changes in Consolidated Subsidiaries and Affiliates Accounted for Under the Equity Method

Consolidated subsidiaries:

New: -

Excluded: 3

Affiliates accounted for under the equity method:

New: 8

Excluded: 3

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

	Revenue	Ordinary income	Net income (after taxes)
	Million yen	Million yen	Million yen
Full year	4,740	2,080	1,200

Reference: Estimated consolidated net income per common share for the full year: 16,391.99yen

Note: Estimated net income per common share is calculated based upon estimated average number (73,206shares) of shares outstanding for the full year.

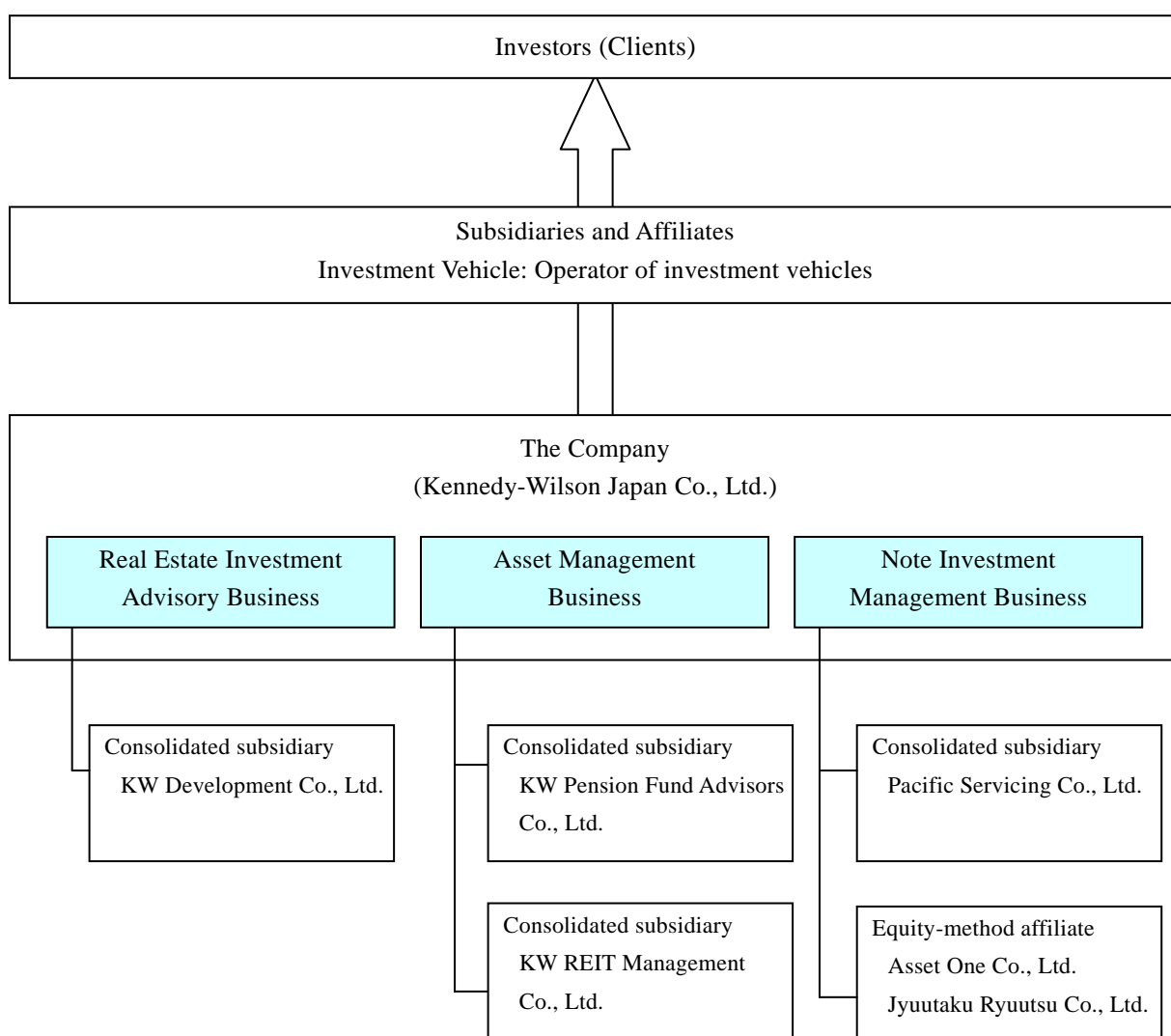
The above forecast is based on information available to us as of August 12, 2004. The actual results are affected by various factors and may differ substantially.

Please refer to page 9 of the attached documents regarding preconditions or other related matters for the forecast shown above.

1. The Kennedy-Wilson Japan Group

The Kennedy-Wilson Japan Group (the Group) is made up of Kennedy-Wilson Japan Co., Ltd. (the Company), 23 consolidated subsidiaries and 36 affiliated companies. The Group is engaged in the real estate investment advisory business, asset management business and note investment management business.

A summary of the structure and activities of the Group is shown below.



(1) Real Estate Investment Advisory Business

The real estate investment advisory business is primarily engaged in services to assist in the real estate investments of client investors (“clients”) and real estate investments made by the Company itself.

Real estate investment assistance services involve the structuring of investment schemes, origination of suitable investment properties, analysis of profitability, procurement of funds through non-recourse loans and other means, and execution of such investments. All steps are conducted in line with the needs and investment strategies of each client. The Company receives an acquisition fee and consulting fee only at the time a transaction is closed. At the same time, the Company participates in some of the investment schemes it proposes to clients through the provision of minority co-investments and loans. This aligns the Company’s interests with those of its clients while also creating opportunities to generate larger profits.

Another objective is meeting the diverse needs of corporate pension funds and other Japanese institutional investors through the sale of entire real estate portfolios structured to deliver specific risk-return profiles. For this purpose, the Company, through consolidated subsidiaries that serve as investment vehicles, acquires and temporarily holds the properties. The goal is to earn leasing income while the properties are held and a capital gain upon their sale.

(2) Asset Management Business

The asset management business formulates and executes plans to increase the asset value of real estate investments during the holding period. The Group earns ~~an~~ asset management fees in return for the provision of a full line of services that include the operation and management of real estate, submission of reports to clients and financial institutions, and other related tasks.

The Company also receives a disposition fee when investment properties are sold as well as an incentive fee, which is linked to earnings from investments, in the event that earnings exceed a prescribed return attributable to the Company's management.

(3) Note Investment Management Business

The Group invests in real estate-backed notes that are sold by financial institutions. In line with an investment plan that matches each client's needs, a typical investment cycle includes: creation of an investment scheme; selection of notes and collateral and determination of their values; executing the acquisition; and selling the collateralized real estate to collect the outstanding loan amounts due. As with real estate investments, the Company earns acquisition , asset management , disposition ,and incentive fees from the provision of these services.

In some of the investment schemes proposed to clients, the Company makes minority co-investments and loans to align its own interests with those of clients while also creating opportunities to generate larger profits.

2. Management Policies

(1) Fundamental Management Policy

The Kennedy-Wilson Japan Group is an organization specializing in real estate services and finance. The Group's overall goal is to maximize returns on investments. This is accomplished by leveraging the Group's comprehensive research skills and extensive knowledge of the real estate business to accurately analyze and evaluate trends in a constantly changing market.

The Group will remain focused on meeting targets and offering value-added services, and placing priority on long-term relationships rooted in trust with clients, employees and investors. Through this stance, the Group intends to fulfill its obligations to society by maximizing its corporate value (i.e. contributing to Japan's economic recovery).

(2) Basic Policy for Allocation of Earnings

The Company regards the distribution of earnings to shareholders as one of its highest priorities. The basic policy regarding dividends is to make continuous dividend payments in line with operating results while retaining sufficient earnings to improve the Group's operating base and support future business expansion.

The Company has not paid a dividend since its establishment. Since the Company has been in a growth phase, earnings were retained to provide funds for the acquisition of high-return properties for the Company's own account and for other investments to generate growth.

At this point, the Company believes that it has reached a stage where a stable dividend can be paid. This decision is based on the outlook for operating results in the current fiscal year, the steady growth in the volume of assets in the asset management business and other factors. The Company plans to pay a dividend of 1,500 yen per share of common stock applicable to 2004. This is expected to result in a dividend payout ratio of 10%. Retained earnings will be used for the acquisition of properties held by the Company and for other investments that can contribute to growth.

While adhering to the position that further improving operating results is the most effective way to return earnings to shareholders, the Company will also examine various other means of rewarding shareholders.

(3) Position and Policy Regarding Reduction in Investment Unit

The Company believes that it is important to heighten the liquidity of its stock and increase the number of shareholders in order to maintain a reasonable share price.

On February 20, 2003, the Company conducted a 2-for-1 stock split. On August 12, 2004, the Board of Directors, in consideration of the Company's stock price, approved a resolution to conduct a 3-for-1 stock split for shareholders and beneficial shareholders of record on December 31, 2004. The Company will continue to consider measures to maximize shareholder value, attract more individual investors and raise the liquidity of its stock.

(4) Targeted Performance Indicators

Sustained growth in shareholder value is another Company priority.

Placing priority on further stabilizing its operations, the Company is concentrating on expanding the asset management business, which provides a steady source of revenues. In line with this policy, management regards the volume of real estate under management as a key performance indicator. At the end of the interim period, these assets totaled approximately 169,600 million yen, 41.3% more than one year earlier.

(5) Medium-term Management Strategy

The real estate services and finance fields, which are the core businesses of the Group, are expected to continue growing as properties are sold in conjunction with the disposition of non-performing loans and the adoption of new accounting standards for the impairment of assets by companies. Other notable developments are the growth of the J-REIT market and rising interest in real estate as a high-return investment – as can be seen in the Company’s sale of investment properties to pension funds – amid Japan’s extended period of low interest rates. In this environment, demand for the kind of specialized knowledge and creativity offered by the Group is expected to continue to grow. In response, the Group’s policy is to act aggressively to offer a comprehensive line of investment services that cover all client investment objectives.

The goal of the Company is to become one of Japan’s most prominent real estate asset managers. This is to be accomplished by building a highly stable and profitable corporate group that combines the asset management business, a source of consistent earnings, with the highly profitable real estate investment advisory and note investment management businesses.

(6) Important Management Issues

The number of new entrants in the real estate investment field is climbing as interest in these investments grows. Along with the expansion of the J-REIT market, this situation is creating increasingly fierce competition among buyers of high-grade properties. In response, the Company is drawing on its experience to step up efforts to identify and acquire quality properties. In addition, for clients, the Company will further strengthen its services for corporate pension funds and other Japanese institutions, a business sector first targeted in 2004, and diversify its line of services.

The Company’s business activities demand individuals with a high degree of specialization and experience. The Company gives its employees considerable autonomy and links remuneration with operating results to increase their motivation.

In December 2003, the Company’s shares were listed on the second section of the Tokyo Stock Exchange to primarily increase trading liquidity. The Company will continue to prioritize the preservation of a stable fund procurement environment and effective internal operating systems.

(7) Measures to Improve Corporate Governance

Due to the increasing need for shareholder-oriented management and demands posed by the globalization of business activities, the Company is working to further enhance its corporate governance by creating a framework conducive to rapid decision-making and providing a system of checks and balances.

The Company is managed by a board of directors with four members and three corporate auditors. There is one external director, Mr. Noboru Kashiwagi, who is a professor in the Faculty of Law at Chuo University (Tokyo). As a rule, the directors meet once each month. All meetings are attended by the external director, who uses his knowledge as a legal professional to provide valuable counseling regarding the execution of business activities.

To cope with the dramatic changes taking place in real estate markets, the Company introduced the post of corporate executive officer. By dividing the roles of management supervision and decision-making for business activities, this system aims to make the board of directors even more effective and increase the speed of management activities.

To increase the effectiveness of the corporate executive officer system, an Investment and Loan Committee has been established. This committee examines the risks associated with proposed investments, exceeding a pre-determined acquisition price, and discusses these proposals from various perspectives before the investments are submitted for approval to the directors.

3. Results of Operations and Financial Position

(1) Summary of the Current Interim Period

During the first half of 2004, Japan's economy staged a gradual but broad-based recovery that was driven mainly by an increase in exports and capital expenditures.

In the real estate services and finance industries, where the Group is active, there was a high volume of real estate sales and securitizations as financial institutions continued to dispose of non-performing loans and companies adopted asset impairment accounting. Strong demand for real estate investments among institutional investors further contributed to the favorable operating environment.

In this environment, the Group concentrated on locating high-grade properties and providing clients with investment opportunities in the fields of real estate and non-performing loans. The volume of assets in the real asset management business increased steadily. The Company continued to acquire properties for investment, and its third real estate fund for corporate pension funds was structured during the interim period.

Due to the above factors, interim consolidated revenue increased 72.5% year-on-year to 2,952 million yen, ordinary income increased 202.0% to 1,548 million yen and net income after taxes increased 216.5% to 923 million yen.

Results by business segment were as follows:

A) Real Estate Investment Advisory Business

Although there was a sharp drop in leasing income caused by a decline in the number of properties owned by the Company, the acquisition of properties proceeded as planned, resulting in a large increase in acquisition fees. In addition, there were gains from silent partnerships resulting from the completion and sale of real estate developments and consulting fees associated with schemes to move real estate off clients' balance sheets. As a result, revenue increased 31.9% to 1,488 million yen and operating income rose 57.8% to 1,097 million yen.

B) Asset Management Business

Asset management fees increased along with the volume of assets under management and the sale of properties under management generated incentive fees. As a result, revenue increased 125.7% to 631 million yen and operating income rose 177.5% to 320 million yen.

C) Note Investment Management Business

A substantial volume of revenue was recorded from the collection of notes involving a large property. The result was a 174.2% increase in revenue to 833 million yen and operating income up 822.3% to 505 million yen.

(2) Changes in Financial Position

The Group began holding property in its own account in 2002. As a result, there have been even larger variations than in earlier years in the consolidated financial condition due to the timing and prices of real estate acquisitions and sales. Consequently, it can be difficult to analyze changes in financial condition from one fiscal year to another.

For example, consolidated assets as of December 31, 2002 totaled 20,077 million yen due to an increase in properties held in the Company's own account. Due to the subsequent sale of these properties to funds sold to corporate pension funds, consolidated assets dropped to 11,438 million yen as of December 31, 2003.

Consolidated subsidiaries use non-recourse loans to procure funds for the acquisition of these properties, resulting in large increases and decreases in interest-bearing debt on the consolidated financial statements. However, these loans are extended to the subsidiaries holding the properties, and the liability for the repayment of these loans is limited to the value of the applicable properties. Therefore, when evaluating the Company's reliance on interest-bearing debt, the effect of these non-recourse loans must be deducted. For example, consolidated interest-bearing debt as of December 31, 2002 amounted to 13,370 million yen, but non-recourse loans accounted for 8,386 million yen of this amount. The Company was thus responsible only for the repayment of 4,983 million yen of these liabilities. However, even though consolidated interest-bearing debt increased from 4,922 million yen as of December 31, 2003 to 19,052 million yen as of June 30, 2004, there were no non-recourse loans.

The following table presents changes in the debt-equity ratio.

(Thousands of yen)

Financial statement item	Dec. '01	Dec. '02	Dec. '03	June '04
Interest-bearing debt (1)	1,341,531	13,370,324	4,922,733	19,052,140
[Non-recourse loans included] (2)	[-]	[8,386,625]	[-]	[-]
Shareholders' equity (Net assets) (3)	793,080	4,313,816	5,499,266	6,501,520
Debt-equity ratio (1)/(3)	169.2 %	309.9 %	89.5 %	293.0 %
Debt-equity ratio net of non-recourse loans ((1) – (2))/(3)	[-] %	[115.5] %	[-] %	[-] %

(3) Cash Flows

In the first half of 2004, there was a net increase of 733 million yen in cash and cash equivalents compared with December 31, 2003 to 6,465 million yen. Cash was used for contribution paid in silent partnerships and for the purchase of fixed assets associated with the acquisition of real estate for the Company's own account, and provided by an increase in borrowings, the issuance of bonds and the sale of fixed assets.

A) Operating activities

Net cash used in operating activities was 69 million yen, 84.8% less than one year earlier.

There was an increase of 1,265 million yen in contribution paid in silent partnerships, however there was an increase in income before provision for income taxes and proceeds from the sale and collection of notes purchased.

B) Investing activities

Net cash used in investing activities was 13,352 million yen, 180.7% more than one year earlier.

There were proceeds of 7,556 million yen from the sale of fixed assets, and an increase of 16,190 million yen in payments for the purchase of fixed assets.

C) Financing activities

Net cash provided by financing activities was 14,155 million yen, 148.2% more than one year earlier.

There was a net increase of 8,027 million yen in borrowings to fund the acquisition of real estate for the Company's own account.

(4) Outlook for 2004

Rapid advances in the securitization and globalization of real estate are leading to the separation of the roles of ownership, management and utilization. One result is a growing demand for market players that embody a number of functions. In this environment, the Company uses its skills as a specialist in real estate services and finance to serve as a link between investors and real estate. By making maximum use of the capabilities of each of its businesses, the Company aims to make a contribution to society.

In the second half of 2004, as in the first half, the Group will continue to concentrate on structuring real estate investment funds for sale to corporate pension funds and on the acquisition of properties. The Group also aims to increase the volume of assets in the real estate asset management business.

For 2004, the Group is forecasting revenue of 4,740 million yen, ordinary income of 2,080 million yen and net income of 1,200 million yen.

4. Others

(1) Acquisition of Real Estate in the Current Interim Period

A) Acquisition of real estate for leasing

During the first half of 2004, the following leasing properties were acquired through the Company's investment vehicles primarily for inclusion in real estate funds structured for client investors.

(Thousands of yen)

Company name	Description of real estate	Address	Amount	Date
Y.K. KW Realty	Office buildings and others	Nakano-ku and Shinjuku-ku in Tokyo; properties in other large cities	7,767,625	Jan. 2004 - June, 2004
Y.K. City Residential	Rental condominiums	Chuo-ku, Shibuya-ku and Minato-ku in Tokyo; other locations	5,047,637	Jan. 2004 - June, 2004
Others	Office buildings	Tokyo area and large cities	9,075,464	-
Total			21,890,727	-

2) Sales of real estate for leasing

During the first half of 2004, the following leasing properties were sold through the Company's investment vehicles primarily for inclusion in real estate funds structured for client investors.

(Thousands of yen)

Company name	Description of real estate	Address	Amount	Date
Y.K. KW Realty	Office buildings and others	Nakano-ku and Shinjuku-ku in Tokyo; properties in other large cities	7,042,783	Jan. 2004 - June, 2004
Y.K. City Residential	Rental condominiums	Chiyoda-ku, Tokyo; other locations	1,722,081	Jan. 2004 - June, 2004
Total			8,764,865	-

Consolidated Interim Financial Statements

(1) Consolidated Interim Balance Sheets

(Thousands of yen)

Account title	Period	Year 2003 interim (As of June 30, 2003)		Year 2004 interim (As of June 30, 2004)		Year 2003 (As of December 31, 2003)	
		Amount	%	Amount	%	Amount	%
Assets							
I	Current assets						
	1. Cash and cash equivalents	3,237,607		6,465,127		5,731,638	
	2. Accounts receivable - trade	151,283		398,029		267,357	
	3. Note receivable (loan pool)	1,454,986		796,638		924,377	
	4. Others	714,222		1,117,193		502,049	
	5. Allowance for doubtful accounts	(46,361)		(83,328)		(32,972)	
	Total current assets	5,511,738	21.4	8,693,661	30.6	7,392,449	64.6
II	Fixed assets						
	1. Tangible assets						
	(1) Buildings held in trust	4,779,378		4,498,622		-	
	(2) Lands held in trust	10,887,268		8,926,480		-	
	(3) Others	190,833		91,827		78,998	
	Total tangible assets	15,857,480	61.7	13,516,930	47.6	78,998	0.7
	2. Intangible assets	2,444	0.0	8,490	0.0	6,037	0.1
	3. Investment and other assets						
	(1) Investment securities	391,078		533,735		464,434	
	(2) Investment in capital	195,589		295,303		158,595	
	(3) Investments in silent partnerships	954,783		3,437,102		2,336,871	
	(4) Long-term loans	855,043		814,320		830,596	
	(5) Deposits held in trust	1,733,304		922,793		-	
	(6) Others	210,489		185,334		170,538	
	Total investment and other assets	4,340,288	16.9	6,188,590	21.8	3,961,036	34.6
	Total fixed assets	20,200,212	78.6	19,714,012	69.4	4,046,073	35.4
III	Deferred assets	425	0.0	-	-	-	-
	Total assets	25,712,375	100.0	28,407,673	100.0	11,438,523	100.0

(Thousands of yen)

Account title	Period	Year 2003 interim (As of June 30, 2003)		Year 2004 interim (As of June 30, 2004)		Year 2003 (As of December 31, 2003)	
		Amount	%	Amount	%	Amount	%
Liabilities							
I	Current liabilities						
1.	Accounts payable - trade	30,765		152,221		25,110	
2.	Short-term borrowings	3,531,619		10,799,776		1,544,369	
3.	Long-term borrowings - due within one year	1,072,550		585,000		738,400	
4.	Accrued income taxes	147,604		788,195		317,387	
5.	Others	291,347		477,826		439,910	
	Total current liabilities	5,073,886	19.7	12,803,019	45.1	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	13,468,487		4,967,363		1,339,963	
3.	Silent partnership contribution received	175,260		542,959		129,933	
4.	Allowance for employee retirement benefits	2,182		4,724		3,266	
5.	Allowance for directors' retirement benefits	57,093		101,080		95,290	
6.	Security deposits	1,315,502		775,220		-	
7.	Others	-		748		-	
	Total long-term liabilities	16,018,526	62.3	9,092,097	32.0	2,868,453	25.1
	Total liabilities	21,092,413	82.0	21,895,117	77.1	5,933,631	51.9
Minority interest							
	Minority interest	9,074	0.1	11,035	0.0	5,624	0.0
Shareholders' equity							
I	Capital	1,335,647	5.2	1,500,005	5.3	1,484,851	13.0
II	Capital surplus	1,657,165	6.4	1,802,539	6.3	1,796,368	15.7
III	Consolidated retained earnings	1,614,403	6.3	3,117,758	11.0	2,194,421	19.2
IV	Net unrealized holding gains/losses on other securities	3,671	0.0	81,216	0.3	23,626	0.2
	Total shareholders' equity	4,610,887	17.9	6,501,520	22.9	5,499,266	48.1
	Total liabilities, shareholders' equity and minority interest	25,712,375	100.0	28,407,673	100.0	11,438,523	100.0

(2) Consolidated Interim Statements of Income

(Thousands of yen)

Account title	Period	Year 2003 interim (Jan. 1, 2003 – Jun. 30, 2003)		Year 2004 interim (Jan. 1, 2004 – Jun. 30, 2004)		Year 2003 (Jan. 1, 2003 – Dec. 31, 2003)			
		Amount	%	Amount	%	Amount	%		
I Revenue		1,712,076	100.0	2,952,631	100.0	5,071,922	100.0		
II Cost of revenue		396,191	23.1	413,959	14.0	1,316,860	26.0		
Gross profit		1,315,884	76.9	2,538,671	86.0	3,755,062	74.0		
III Selling, general and administrative expenses									
1. Provision for doubtful accounts		-		51,472		1,127			
2. Directors' salaries and bonuses	86,855			83,761		166,016			
3. Salaries and bonuses	191,293			256,932		662,483			
4. Provision of accrued bonuses	-			140,000		-			
5. Provision for employee retirement benefits	796			1,458		1,880			
6. Provision for directors' retirement benefits	33,093			5,790		71,290			
7. Secondment fees	26,014			22,894		55,900			
8. Other fees and commissions	93,331			73,886		402,986			
9. Others	213,124	644,509	37.7	236,801	872,997	29.6	441,708	1,803,395	35.5
Operating income		671,374	39.2	1,665,674	56.4	1,951,667	38.5		
IV Non-operating income									
1. Interest income	14,727			15,135		29,738			
2. Equity in earnings of non-consolidated affiliates, etc.	27,331			35,326		74,534			
3. Others	18,543	60,602	3.6	3,853	54,315	1.9	13,189	117,462	2.3
V Non-operating expenses									
1. Interest expense	157,809			97,843		334,685			
2. New stock issue expenses	1,725			230		5,393			
3. Bond issue expenses	40,000			35,900		47,335			
4. Commissions paid	-			27,160		175,770			
5. Others	19,615	219,150	12.8	9,992	171,125	5.8	43,863	607,048	12.0
Ordinary income		512,826	30.0	1,548,864	52.5	1,462,080	28.8		
VI Extra-ordinary income									
1. Gain on sale of capital investment in affiliates	9,122			-		9,467			
2. Gain on sale of investment securities	5,000			52,270		5,000			
3. Reversal of allowance for doubtful accounts	-			-		16,097			
4. Consumption taxes differential (after being offset by suspense payments and receipt)	-	14,122	0.8	-	52,270	1.7	180,908	211,473	4.2

(Thousands of yen)

Account title	Year 2003 interim (Jan. 1, 2003 – Jun. 30, 2003)		Year 2004 interim (Jan. 1, 2004 – Jun. 30, 2004)		Year 2003 (Jan. 1, 2003 – Dec. 31, 2003)	
	Amount	%	Amount	%	Amount	%
VII Extra-ordinary loss						
1. Loss on sale of investments in silent partnerships	-	-	-	-	34,851	0.7
Income before provision for income taxes and profit distribution to silent partners		526,948		1,601,134		32.3
Profit distribution to silent partners		40,684		21,870		2.8
Income before provision for income taxes		486,264		1,579,263		29.5
Current income taxes	145,521		802,485		573,564	
Deferred income taxes	48,857	194,379	(149,640)	652,844	49,007	622,571
Minority interest		176		3,080		244
Net income (after taxes)		291,709		923,337		871,727

(3) Consolidated Interim Statements of Retained Earnings

(Thousands of yen)

Account title	Period	Year 2003 interim (Jan.1, 2003 - Jun. 30, 2003)		Year 2004 interim (Jan.1, 2004 – Jun. 30, 2004)		Year 2003 (Jan. 1, 2003 - Dec. 31, 2003)	
		Amount		Amount		Amount	
Capital reserve							
I	Capital surplus at beginning of year (interim period)		1,656,671		1,796,368		1,656,671
II	Increase in capital surplus						
	1. New stock issuance	-		-		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 (interim period)		1,657,165		1,802,539		1,796,368
Retained earnings							
I	Retained earnings at beginning of year (interim period)		1,322,694		2,194,421		1,322,694
II	Increase in retained earnings						
	Net income	291,709	291,709	923,337	923,337	871,727	871,727
III	Retained earnings at end of year (interim period)		1,614,403		3,117,758		2,194,421

(4) Consolidated Interim Statements of Cash Flow

(Thousands of yen)

Account title	Period	Year 2003 interim (Jan.1, 2003 - Jun. 30, 2003)	Year 2004 interim (Jan.1, 2004 - Jun. 30, 2004)	Year 2003 (Jan. 1, 2003 - Dec. 31, 2003)
		Amount	Amount	Amount
I Operating activities				
1. Income before provision for income taxes		486,264	1,579,263	1,494,543
2. Gain on sale and collection of notes purchased		(119,059)	(554,831)	(393,330)
3. Profit distribution on principal investment in silent partnerships		(66,119)	(321,325)	(132,496)
4. Increase (decrease) in provision for doubtful accounts		(79,318)	50,355	(92,707)
5. Increase (decrease) in reserve for accrued bonuses		-	140,000	-
6. Increase (decrease) in provision for employee retirement benefits		(82)	1,458	1,002
7. Increase (decrease) in provision for directors' retirement benefits		(21,906)	5,790	16,290
8. Interest income		(14,727)	(15,135)	(29,738)
9. Interest expense		157,809	97,843	334,685
10. Profit distribution to silent partners		40,684	21,870	144,159
11. Equity in earnings of non-consolidated affiliates, etc.		(27,331)	(35,326)	(74,534)
12. Gains on sale of fixed assets		-	(326,256)	(1,183,893)
13. Loss on sale of fixed assets		194	27,015	198,315
14. Gain on sale of capital investment in affiliates		(9,122)	-	(9,467)
15. Gain on sale of investment securities		(5,000)	(52,270)	(5,000)
16. Loss on sale of investments in silent partnerships		-	-	34,851
17. Increase (decrease) in accounts receivable - trade		(51,766)	(130,671)	(168,769)
18. Increase (decrease) in accounts payable - trade		(55,967)	127,271	(59,122)
19. Purchase of notes		(6,087,424)	(2,003,380)	(6,344,849)
20. Proceeds from sale and collection of notes purchased		6,224,478	2,685,950	7,209,150
21. Distributions from silent partnerships		381,770	722,790	237,475
22. Contribution paid in silent partnerships		(393,583)	(1,658,695)	(1,565,000)
23. Proceeds from sale of silent partnerships		-	157,000	71,000
24. Proceeds from receipt of deposits for contribution to silent partnerships		-	510,000	-
25. Redemption of contribution received from silent partners		(5,724)	(118,844)	(195,211)
26. Others		(212,066)	(557,777)	230,348
Subtotal		142,000	352,094	(282,299)
27. Interest received		9,764	15,694	17,829
28. Interest paid		(138,062)	(106,146)	(343,000)
29. Profit distribution paid to silent partners		(40,684)	-	(144,159)
30. Income taxes paid		(434,061)	(331,613)	(692,190)
Net cash used in operating activities		(461,043)	(69,970)	(1,443,819)

(Thousands of yen)

Account title	Period	Year 2003 interim (Jan.1, 2003 - Jun. 30, 2003)	Year 2004 interim (Jan.1, 2004 - Jun. 30, 2004)	Year 2003 (Jan. 1, 2003 - Dec. 31, 2003)
		Amount	Amount	Amount
II Investing activities				
1. Payment for purchase of fixed assets		(5,718,975)	(21,909,868)	(11,775,261)
2. Proceeds from sale of fixed assets		1,208,133	8,764,973	23,259,774
3. Payment for loans		(327,055)	(177,535)	(379,615)
4. Proceeds from repayment of loans		109,898	191,785	186,906
5. Payment for acquisition of investment securities		(79,849)	(7,500)	(82,849)
6. Proceeds from sale of investment securities		55,000	68,270	55,000
7. Payment for capital investment in affiliates		(33,100)	(31,689)	(33,100)
8. Proceeds from capital investments in 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		190,446	(3,739)	175,998
11. Others		(161,761)	(249,599)	196,609
Net cash provided by (used in) investing activities		(4,757,262)	(13,352,502)	11,645,462
III Financing activities				
1. Proceeds from short-term borrowings		3,818,800	15,840,000	12,146,550
2. Repayment of short-term borrowings		(2,716,600)	(6,584,593)	(13,031,600)
3. Proceeds from long-term borrowings		4,690,000	5,480,350	9,500,000
4. Repayment of long-term borrowings		(1,089,867)	(2,001,000)	(17,426,791)
5. Proceeds from issuance of stock		1,936	21,204	290,192
6. Proceeds from issuance of bonds		1,000,000	1,400,000	1,300,000
Net cash provided by (used in) financing activities		5,704,268	14,155,961	(7,221,648)
IV Net increase in cash and cash equivalents		485,962	733,488	2,979,994
V Cash and cash equivalents at beginning of period		2,751,644	5,731,638	2,751,644
VI Cash and cash equivalents at end of period		3,237,607	6,465,127	5,731,638