

Corporate Information

(As of March 31, 2004)

Corporate Data

Company Name: Leopalace21 Corporation
 Head Office: 2-54-11 Honcho, Nakano-ku, Tokyo 164-0012
 TEL: +81-3-5350-0001 (Main Line)
 President and CEO: Yusuke Miyama
 Established: August 17, 1973
 Common Stock: ¥37,500.66 million
 Number of Shares Outstanding: 139.54 million shares
 Operations: Construction contracting, leasing, property management, resort development, resort membership sales, financing, hotels, etc.
 Number of Employees: 4,572(Consolidated basis) 5,702 (Non-consolidated basis)
 Real Estate Transaction Certification: Minister of Land, Infrastructure and Transport Permit (8) Article 2846
 Construction Permit: Minister of Land, Infrastructure and Transport Permit (Special-15) Article 11502
 Registered First-Level Builder: Tokyo Governor Registration 36122
 Registered Money Lender: Kanto Finance Bureau Chief Registration (6) Article 00581
 Memberships: Japan Association of Home Suppliers
 Tokyo Lenders Association
 Japan Prefabricated Construction and Manufacturers Association

Members of Board of Directors

President and CEO	Yusuke Miyama
Executive Vice President	Tomio Oba
Senior Managing Director	Yoshiteru Kitagawa
Senior Managing Director	Eisei Miyama
Senior Managing Director	Kuniaki Sasahara
Executive Director of Management	Jiro Nishida
Executive Director of Management	Yoshinori Uehara
Director	Keiichiro Shinozaki
Director	Kou Kimura
Director	Yasuhide Sakaguchi
Director	Yoshikazu Miike
Director	Satoshi Abe
Director	Yousuke Kitagawa
Director	Tadahiro Miyama
Standing Auditor	Yoshitaka Kouda
Standing Auditor	Katsumi Furuhashi
Auditor	Eiichi Dobashi

Investors Guide 2004

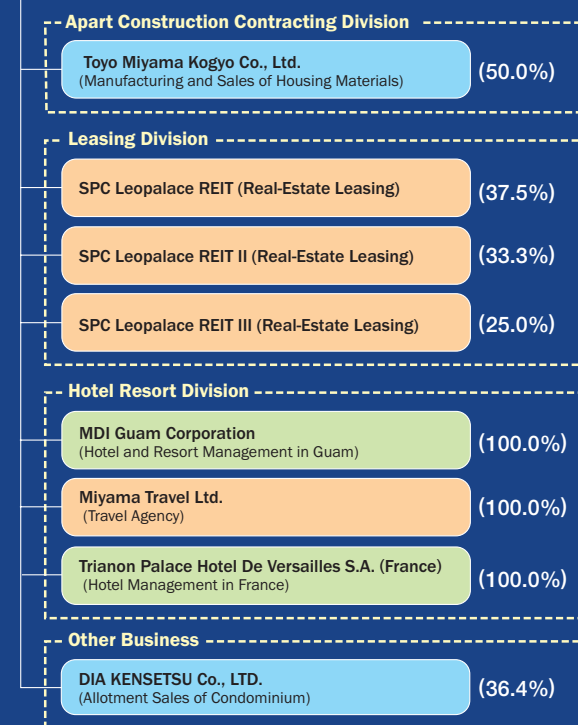
For the year ended March 2004



Leopalace21

Corporate Structure

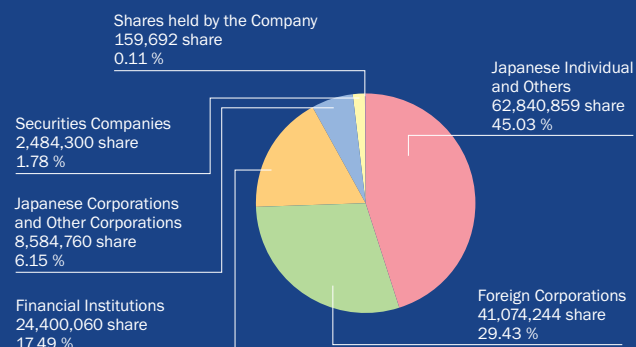
Leopalace21 Corporation



■ Domestic Consolidated Subsidiary
■ Foreign Consolidated Subsidiary
■ Companies Applicable Under Equity Method

Note 1: Numbers within parentheses reflect share of firm held by Leopalace21 Corporation.
 Note 2: Apart from the companies listed to the left, there is one company that has currently suspended operations (100% direct) and three approved and licensed companies (100% indirect investment).

Distribution of Shares



Major Shareholders (Top 10)

Name of shareholder	No. of shares	% held
Yusuke Miyama	28,949,774	20.75%
Japan Trustee Service Bank, Ltd. (for trust)	9,524,000	6.83%
The Bank of New York for GS International Equity	6,305,976	4.52%
The Master Trust Bank of Japan, Ltd. (for trust)	4,670,000	3.35%
Goldman Sachs International	3,807,024	2.73%
The Chase Manhattan Bank, NA London	3,339,900	2.39%
TOYO KANETSU K.K.	2,745,900	1.97%
State Street Bank and Trust Company	2,228,244	1.60%
The Bank of New York Treaty Jastech Account	1,696,000	1.22%
Takayuki Noguchi	1,513,300	1.08%



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 TEL: +81-3-5350-0001 (Main Line) FAX: +81-3-5350-0058

Leopalace21 Corporation

Code No. 8848
<http://www.leopalace21.com>

As an industry leader, Leopalace21 constantly strives to “create new value” and to leap forward towards a new beginning.



Yusuke Miyama
President and CEO

Our business environment is in the midst of an upheaval that has never been seen before. On one hand, the lifestyles and values of people are becoming more diversified and the entire industry is seeing rapid levels of technological innovation. On the other hand, more ways for society and corporations to interact in a manner that suits the next generation are being developed.

Since the beginning of our existence, Leopalace21 has always broken away from stereotypes and has strived to “create new value” by developing and proposing unique products and services to both owners and tenants. The “Leopalace21” part of our operations is based on a revolutionary, all-encompassing system that makes possible the coexistence of owners and tenants of leased properties. This system has re-written the conventional leasing system. In addition, we continue to promote the commercialization of new value-creating businesses such as the “Monthly Leopalace Flat” (a leasing style that is based on systems developed in the US and Europe to meet the broad range of market needs), real-estate securitization, broadband ISP, mail-order sales, and domestic and international hotel/resorts.

Thanks to your support, our Company was listed on the first section of the Tokyo Stock Exchange in March 2004. In order to provide our shareholders with a greater sense of satisfaction, we aim to take a leap forward into future with our basic tenet of “creating new value” as the basis for our efforts. In addition, the new awareness that we have gained as a publicly-held Company will allow us to maximize corporate value for all stakeholders involved including shareholders, property owners, tenants, vendors and employees.

To achieve this, we will need to thoroughly implement corporate governance strategies and promote a management style that focuses on CSR (Corporate Social Responsibility). We look forward to your continued support and guidance in the future.

Business Philosophy

Aim to “create new value” through leased residential units

Basic Principles

1. Treat the apartment business as a social operation that simultaneously achieves the two main goals of “effectively utilizing land” and “supplying high-quality housing.”
2. Implement the basic tenet that “because there are leases there is apartment management” to the entire organization.
3. Always be willing take on new challenges and develop/provide unique, inventive products.
4. Implement a customer-first approach in sales and an aggressive management style that focuses on speed.

Medium-term Objectives

Contracting Division:	Sales ¥300 billion (orders of approximately 60,000 units annually)
Leasing Division:	Sales ¥400 billion (500,000 managed units)
Financial Strategy:	Aim to reduce interest-bearing liabilities to below ¥100 billion

Medium-term Management Strategy:

1) Strengthen Core Businesses

The Company plans to individually strengthen the two core businesses comprising of the “Apartment Construction Contracting Business (hereafter referred to as Contracting Business)” and the “Apartment Leasing Business”, with the aim to solidify the synergies between these two areas. In the Contracting Business, we will focus on “selecting appropriate locations for leased properties” and continue to improve our ability to receive orders for such work on the Leasing Business front, we will strengthen our sales ability by increasing the number of storefronts and associated employees, and aim to ensure profits by retaining a greater percentage of tenants.

2) Pursue New Activities

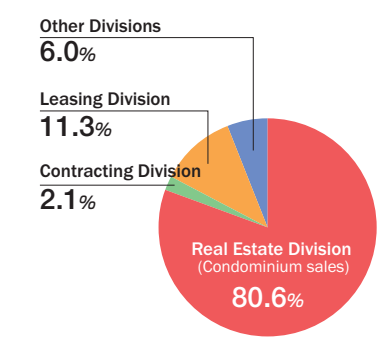
- ① *Develop peripheral and value-added businesses to support core operations*
The Company plans to actively pursue the commercialization of peripheral and value-added businesses that support our core operations and subsequently create “new value.” Examples of such business areas include real-estate securitization, broadband ISP, mail-order sales, and domestic hotels.
- ② *Develop overseas resort business (through consolidated subsidiary)*
Our resort in Guam, which opened in 1993 just completed the second phase of construction activities (October 2000 ~ December 2003) where renovation work was carried out at the site. The Company plans to maximize the use of the improved facilities to achieve competitive differentiation and greater customer pull. Through these efforts, we will aim to improve operating profits so that the periodic income statement will return to profitability in the near-term future.

The Company's History

(● Company timeline are all on a calendar year basis)

- Begin sales of "Monthly Leoplace Flats"
- Opening of Leoplace World Nagoya and Leoplace Center Seoul
- Begin broadband Internet business
- Begin sales of "Leoplace REIT II and III", another real-estate securitization product
- Carry out capital increase through public offering. Capital increased to ¥37.2434 billion (¥37.566 billion as of 2003)
- Listed on Tokyo Stock Exchange Section I

- Begin sales of "Leoplace REIT", a real-estate securitization product
- Carry out third party allocation of new shares. Capital increases to ¥30.52435 billion
- Change company name to "Leoplace 21 Co., Ltd."
- Begin sales of Monthly Leoplace units
- Leoplace 21 Villa Corona Series wins the 1998 Good Design Award

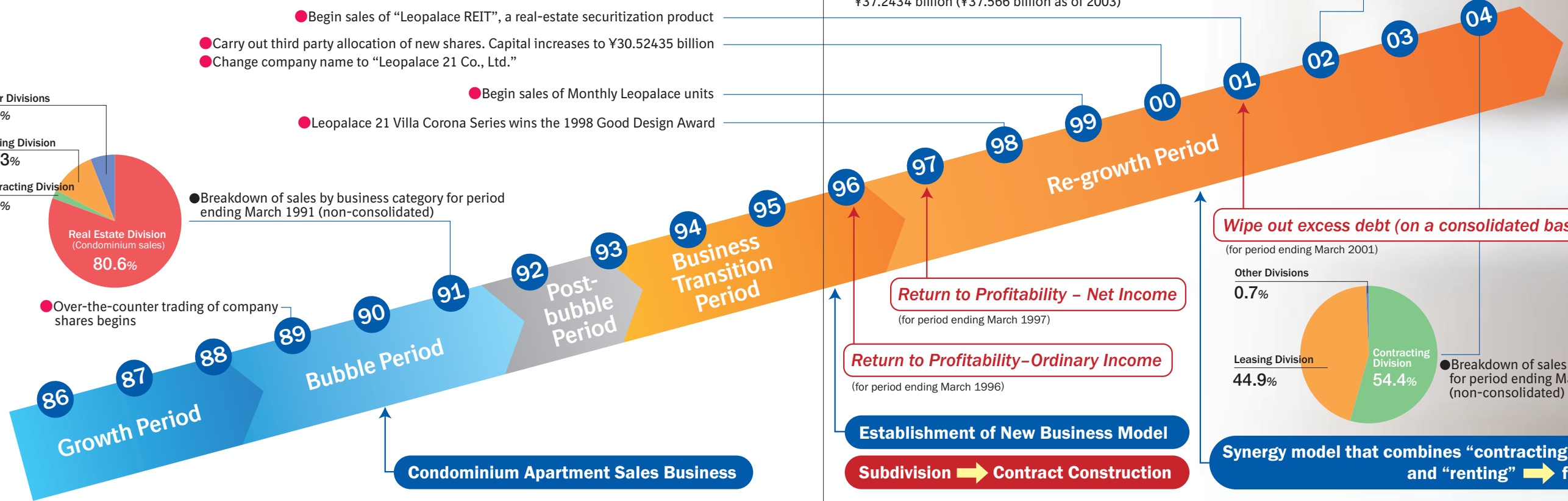


● Breakdown of sales by business category for period ending March 1991 (non-consolidated)

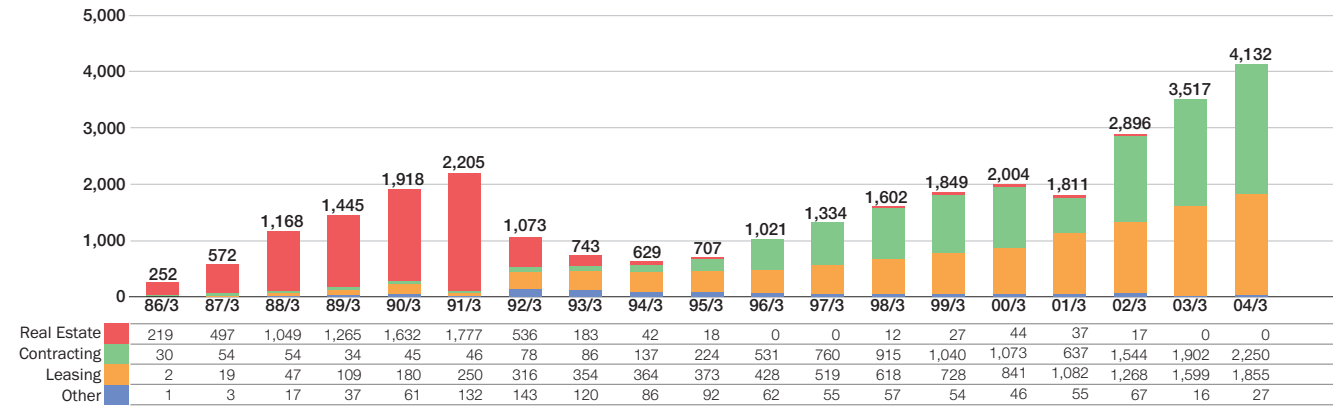
Wipe out excess debt (on a consolidated basis)
(for period ending March 2001)



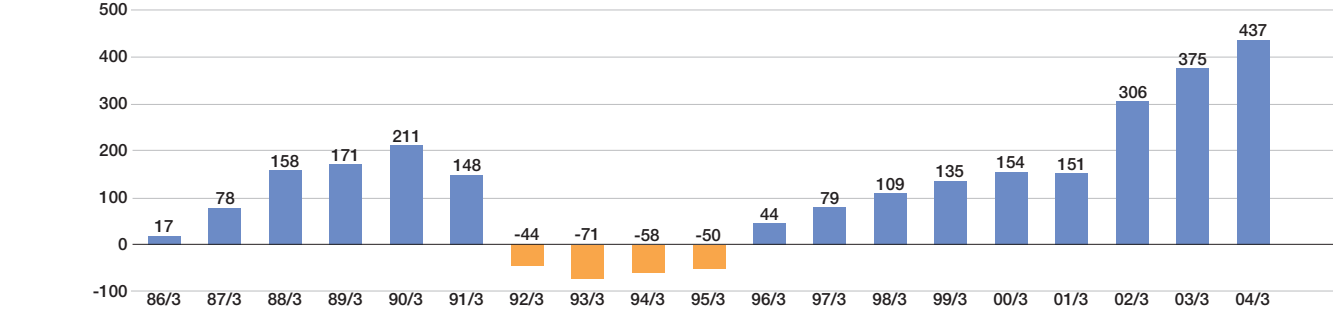
● Breakdown of sales by business category for period ending March 2004 (non-consolidated)



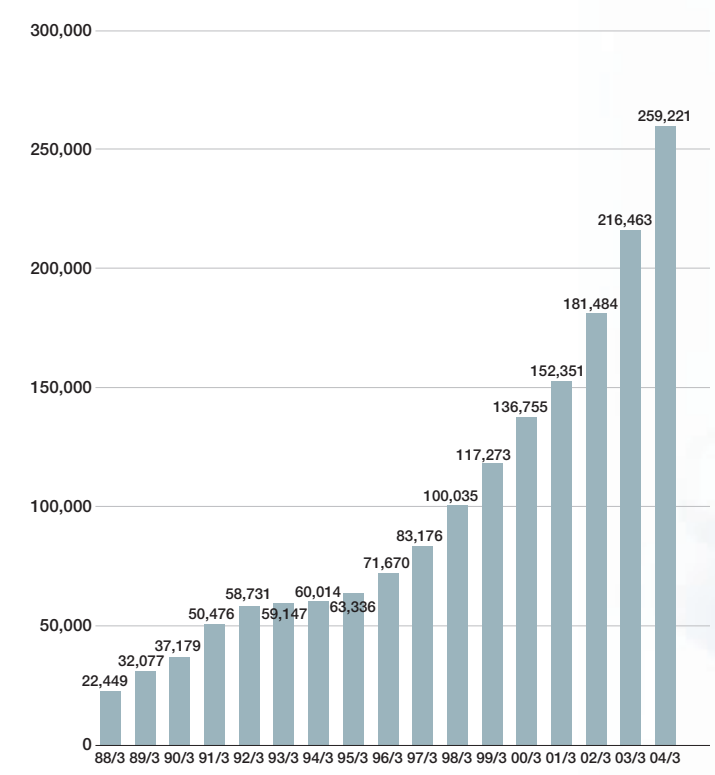
● Shifts in Net Sales (non-consolidated) by Division (in 100 millions of yen)



● Shifts in Ordinary Income (non-consolidated) (in 100 millions of yen)



● Shifts in Numbers of Managed Units (non-consolidated) (units)

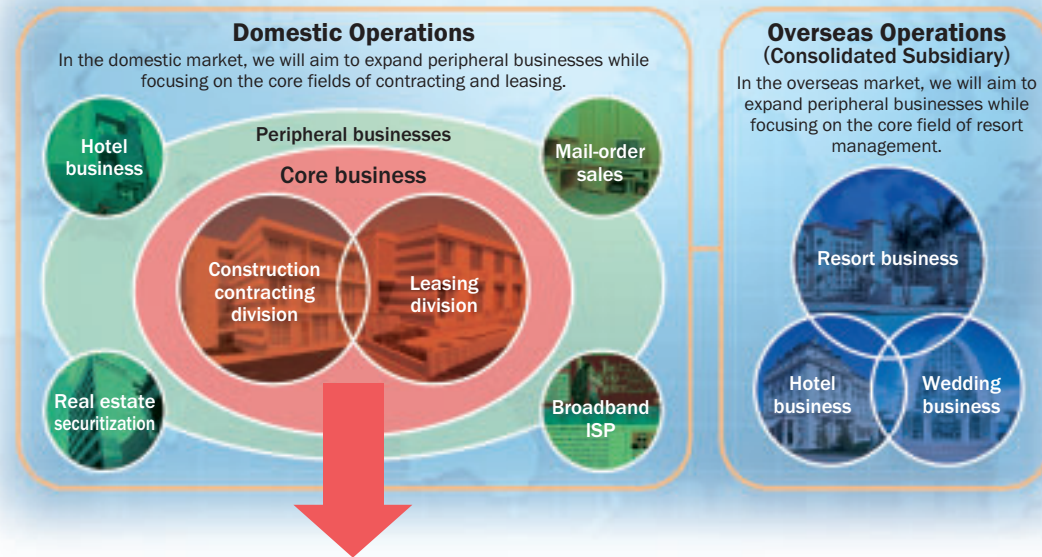


● Shifts in Numbers of Owners (non-consolidated) (persons)



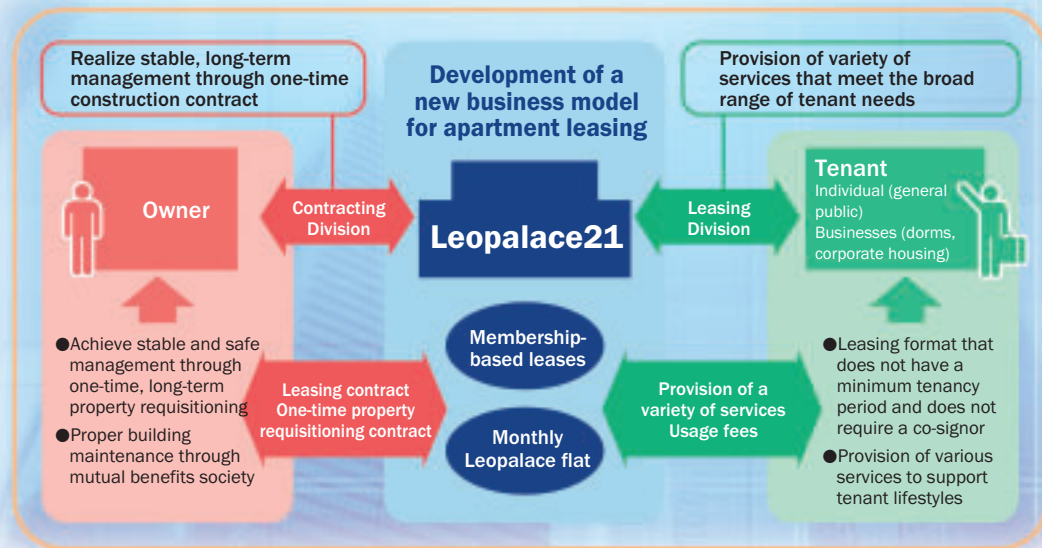
Business Position

Promote a Business Expansion Strategy with Contracting and Leasing at its Core



The Core Business Model

The Company's Fundamental Strength Lies in the Synergy Model between Contracting and Leasing



Leopalace21 believes that apartment construction and leased property management are inseparable business areas and for this reason we have established our operations under the fundamental concept that "because there are leases there is apartment management." As part of this concept, we believe that it is imperative to think from the standpoint of the owner and make key issues such as tenant subscription and retention as well as building maintenance a top priority. With this in mind, the Company has developed a unique "Comprehensive Apartment Management System" that has three major subsystems; "One-Time Leasing," "Leopalace Membership Tenancy," and "Monthly Leopalace Flats (a month-to-month furnished apartment leasing system)." This system enables our business model to exhibit the synergy effects that come along with the mutual business expansion of both the Contracting and Leasing Divisions.

The Features of the Company's Contracting/Leasing Synergy Model

Studio Units (less than 30m²): The Main Product of the Company's Contracting Division

In the world of property management, it is important to think long-term (20~30 years) and to accurately assess the needs of specific generations. With its experience, Leopalace21 has developed products targeted at the "single individual," a market segment that makes up the majority of leased properties. Our main product in the Contracting Division is the studio unit which is less than 30m² in size. Of course, the proposals we provide to owners are for the development of buildings located in specific areas where detailed marketing analysis has shown potential for large lease demand.



"Leopalace21 Series" Exterior view

The long-term "Occupancy Membership System" and the short-term "One-Time Use Monthly Leopalace Flat" are the two main products of the Company's Leasing Division

The Company's Leasing Division provides the market with two products that can be broadly categorized into "long-term" and "short-term" occupancy periods. The former need is satisfied by our "Membership System" which is designed for tenants who feel that they want to live in a unit for a substantial period of time. The latter need is satisfied by the "Monthly Leopalace Flat System" which is designed for tenants who are only looking to occupy the units for a short period of time. As user needs become more diversified, we have taken steps to develop products that aim to increase the convenience and amenity provided to short-term users.

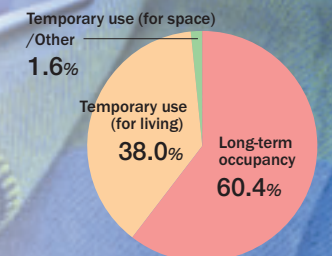


"Leopalace21 Series" Interior view

The month-to-month model continues to expand as uses for the units become more diverse (corporate dorms, business trips, one-time use for various purposes by individuals, etc.)

The month-to-month model has seen a rise in popularity in recent years. However, a more interesting trend is that more tenants are stating that they are using these month-to-month units for "temporary use (40%)" rather than for "long-term occupancy (60%)." Areas that fall into the temporary use category include such purposes as business trips (the most prevalent reason), training, examinations/classes, temporary home during moves or home renovations, and tourism. The long-term occupancy category includes such purposes as conventional apartment leases, corporate or school dormitories, and apartments for job transferees who moved without their families. Our month-to-month system has flourished as we accurately responded to the variety of needs demanded by the next generation of tenants.

● Breakdown of usage purposes for month-to-month apartments (as of March 2004)

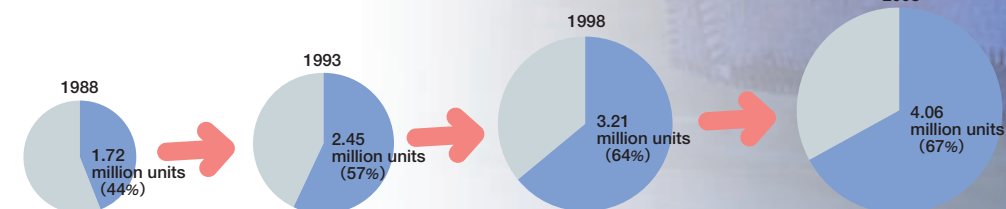


Market Potential

The Number of Studio Units will Continue to Expand

The Company's main target market of "studio leases for the 35-and-under age group" is expected to follow a decreasing trend as the population of Japan ages. However, a variety of user needs for studio units has been created and more recently, the number of studio units and the ratio of studio units that are less than 30m² units has simultaneously risen. It is anticipated that there will be 4.06 million studio units and the above ratio is expected to hit 67% (company projections) by 2008. In other words, the target market for our operations shows great potential for the future.

● Shifts in the ratio of studio units that are less than 30m² and the number of studio units



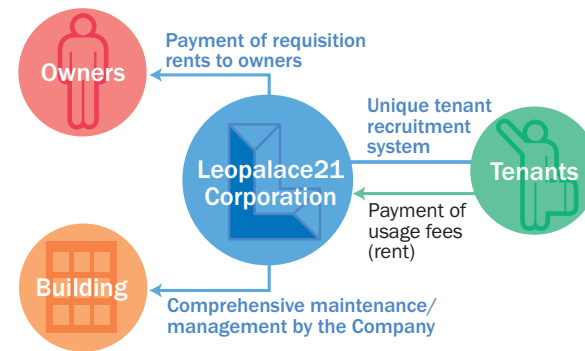
Note: Figures for 1988, 1993 and 1998 obtained from 1998 Residential/Property Statistics. Figures for 2008 are based on the Company's estimation.

Characteristics and Competency

Features and Strengths ① = "Maintenance and backup through one-time property requisition system and mutual benefits society"

With our unique supply plan, we promise 30 years of stable management

Leopalace21 implements a "one-time property requisition system" that promises an industry-leading 30 years of stable and secure property management. As always, we base our operations on the fundamental concept that "because there are leases there is apartment management." In the aforementioned system, we segment out the country into 1,008 areas and perform a detailed marketing analysis on topics such as location marketability and the needs of potential tenants in the area. From this, a management program (proposal) is formulated for the owner. If the property owner agrees to its contents, we implement all aspects of the program from apartment construction to operation/management (i.e. comprehensive support of apartment management). In addition, the "one-time property requisition system," which ensures rent collection for 30 years, and the "Leopalace Benefits Society," which ensures long-term proper building maintenance, are the other support systems which make up the cornerstone of the Company's apartment business.



Three unique points that support the one-time property requisitioning system

A variety of tenant recruitment systems

Unless there is a solid system that ensures tenancy, we are not providing an adequate level of property management to the owners that we represent. Our detailed analysis of the marketability of any location allows the Company to recruit tenants from all over Japan. We use a variety of media such as our expansive network of offices, the Internet, specialist magazines, and television commercials and these marketing efforts have ensured a high level of apartment tenancy. Perhaps more importantly, tenants are able to search for units anywhere, anytime, all over Japan through these various outlets.

Novel renting format

Leopalace21 products are based on a unique system that responds to the needs of tenants that are searching for a long-term or short-term place to stay. In addition, we have achieved a groundbreaking renting method that does not require any deposit, key-money or co-signors. As such we are able to meet the needs of both individuals and corporate clients and have been able to acquire shares in a broad range of market segments and differentiate ourselves from competitors.

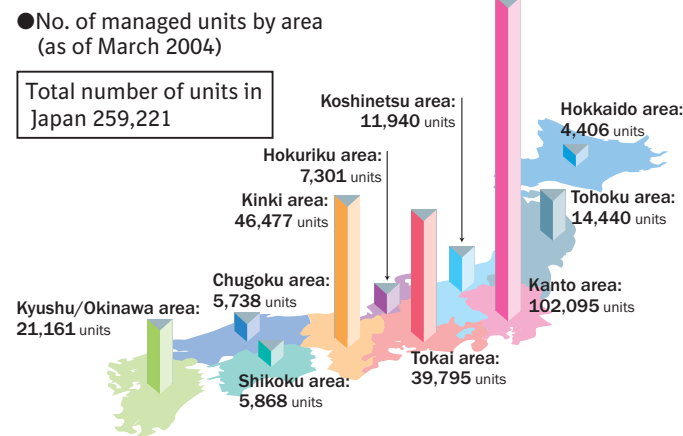
Reliable management and operation

Leopalace21 acts on behalf of the owner on all aspects of apartment management from the maintenance of the building to tenant care. Our detailed approach to after-care ensures that the asset value of the building remains high and owners can feel safe and secure in the thought that their property is being managed with due diligence. In addition, the long-term nature of building maintenance is supported by the "Leopalace Benefits Society", a back-up team that solves issues related to unforeseen circumstances and the life design of the property owner.

Features and Strengths ② = "Properties that span the country and an online network that complements it."

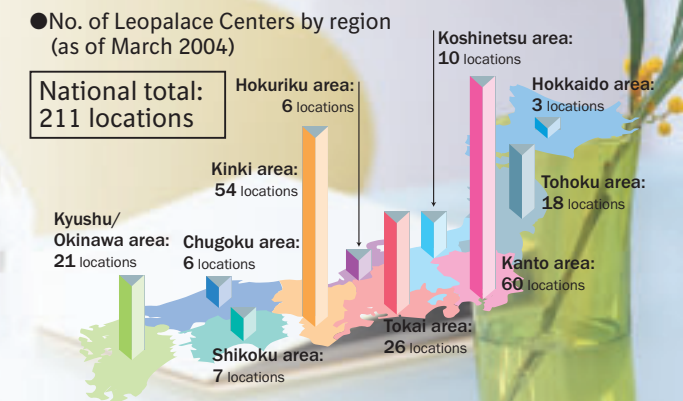
A network of one-time requisitioned properties that span the entire country

Leopalace21's one-time requisitioned properties where the Company is both the building contractor and the apartment manager can be found everywhere in Japan; from Hokkaido in the north to Okinawa in the south. Nationally, we maintain approximately 260,000 rooms all of which have been developed subsequent to a detailed marketability analysis of the location to ensure that there is great potential demand in the area. In addition, all of the properties provide the amenities that meet the high demands of future tenants in a reliable manner. We are the only standalone company in Japan that has this many studio apartment properties.



Domestic network of 211 Leopalace Centers

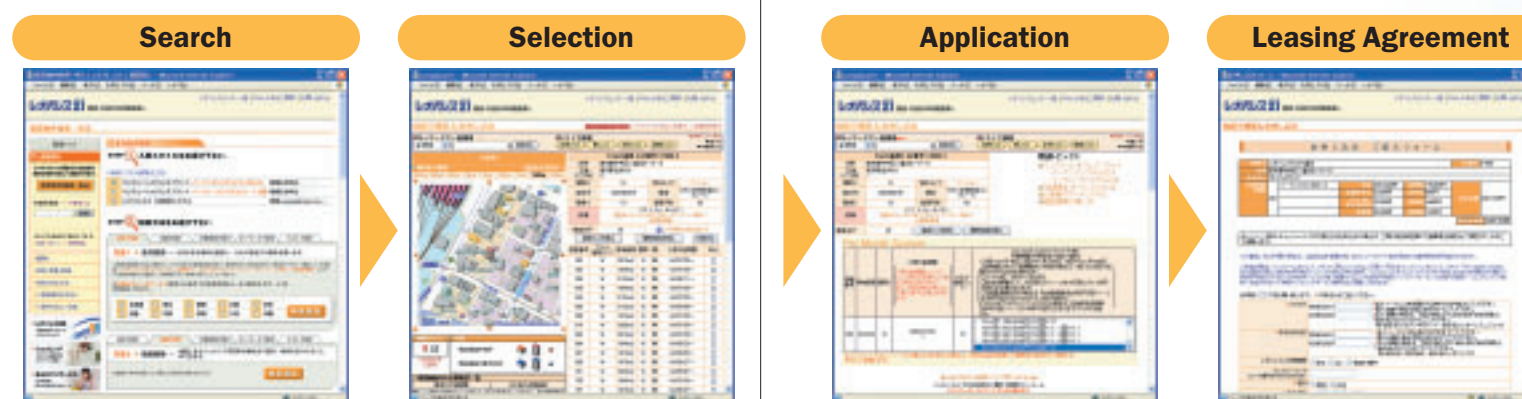
Visitors to the Company's 211 Leopalace Centers located throughout Japan can search real-time for property information using our online network. For example, a person who is in Tokyo can look up the most recent information for properties in the Hokkaido or Kyushu regions. Once the person finds something that is suitable, he/she can immediately register and enter into a leasing contract. This combined network of domestic sales offices and an online search engine enables Leopalace21 to instantly and accurately meet the needs of both individual and business clients.



Features and Strengths ③ = "Real-time web searches for properties all over Japan"

A powerful online system that is based on our expansive property network in Japan

Visitors to the Company's website can perform real-time searches for information on properties anywhere in Japan. Simultaneously, they can submit an application via Internet and sign a leasing agreement online. Leopalace21 is the only standalone company in Japan that maintains approximately 260,000 units for lease nationwide and this large network of properties makes it easy for potential tenants to find the perfect property through "real-time searches" on the web via computer or mobile phone.

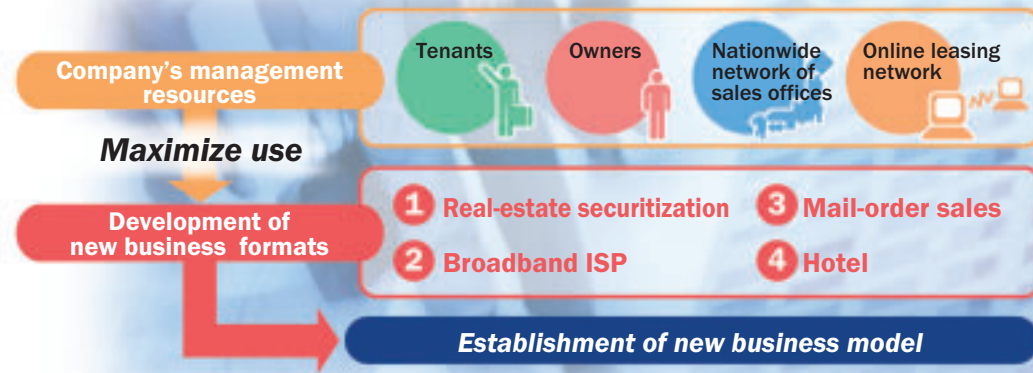


Access even via mobile phone

Real-time searches on Leopalace properties can even be performed on a mobile phone. Similar to accessing the main homepage, visitors to the mobile phone site can obtain property information, view floor plans and even conduct credit-card transactions.

New challenge-1 : Building of New Peripheral and Value-Added Businesses

As a result of pursuing the Company's synergy model (contracting and leasing), Leopalace21 has been able to develop new businesses that have the ability to create "new value." In addition, our managerial resources including tenants, apartment owners, nationwide network of sales offices and the online leasing network, continue to show year-on-year improvement. The goal is to maximize the effective use of these managerial resources and promote the commercialization of peripheral/value-added businesses so that a new business model can be established.



① Real Estate Securitization Business (through consolidated subsidiary)

Leopalace21 is involved in real estate from a variety of angles; owner, developer and maintenance contractor. The series of reforms to the domestic legal system in relation to real-estate securitization resulted in an opportunity for the company to build a new business around the effective utilization of these real-estate assets. A good example of our proactive stance in this area is the establishment of a real-estate securitization business utilizing a SPC (Special Purpose Company) at an early stage. We now have three REITs (totaling 265 buildings with securitization values of ¥32 billion), including the first "Leopalace REIT" which was put on the market in 2001. In the future, the Company plans to continue accumulating know-how in this field and further advance our products to better meet the needs of marketplace.

●Leopalace REITs on the market today

	No. of real-estate properties that are the subject of the REIT	Total securitization value	First priority subscription (general subscription)	Number of accounts (one account= ¥50,000)
Leopalace REIT (August 2001)	79 Buildings	¥8 Billion	¥5 Billion	100,000 accounts
Leopalace REIT II (September 2002)	114 Buildings	¥18 Billion	¥8 Billion	160,000 accounts
Leopalace REIT III (December 2002)	72 Buildings	¥6 Billion	¥4.5 Billion	90,000 accounts

*The total securitization value for Leopalace REIT II includes a non-recourse loan of ¥6 billion

② Broadband Business

The tenants in the Company's nationwide network of managed apartments for lease form a great managerial resource.

In 2002, we began providing broadband ISP services to tenants of apartments managed by the Company. With this service, tenants receive a STB (LEO-NET terminal) in each room. In the standard LEO-NET service, tenants can use the STB to view seven CS channels and pay-per-view movies as well as have broadband Internet connection and e-mail service. The optional premium service gives tenants access to various other features such as 11 fee-based CS channels (CS Plus) and LEO-PHONE, an IP telephone system that makes normal telephone subscription redundant. As of March 2004, the number of rooms installed with STBs exceeded 100,000.



●Set Top Box (STB)

In the future, the Company plans to promote further STB installation and enhance its service menu so that the appeal of our communities improves, thus enabling us to retain more tenants and increase profitability.

③ Mail-order Business

Leopalace21 publishes different informational magazines for three separate target groups; apartment owners, potential tenants and current tenants. In the future, we also plan to enhance the Company's website to make it more appealing for users searching for properties and applying for lease units. These advertising channels as well as the readers and viewers they attract are important managerial resources of the Company. As part of our efforts to effectively utilize these resources, the Company began a mail-order service in 1988. The products offered through this service comprehensively support the creature comforts of specific user groups. Examples of such products include goods that support new beginnings and other useful items for single tenants. In the near-term future, Leopalace21 plans to focus on developing more new, original goods that appeal to a larger customer base.



●Company Website

●Summary of goods

- Useful basic items for single tenants
- Kitchen goods
- Food
- Bicycles
- Cleaning and laundry goods
- Storage goods
- Miscellaneous goods
- Bath products
- Clothing/fashion goods
- Security and fire prevention goods
- Ion water purifiers
- Interior furniture and tables
- Chairs, sofa beds and cushions
- Futons, pillows and blankets
- Carpets and mats
- Curtains and separators
- Health, beauty and diet goods
- Hobby goods



●Leopalace Magazine

●Leopalace Owner's Club

●"Marutoku" Room Search Magazine

④ Domestic Hotel Business

Using the Company's knowledge of apartment operations, we have started to develop hotels in major domestic cities (currently 7 locations). Our strategy is to pursue a hotel system that is more up-to-date to today's needs. With this in mind, Leopalace21's goal is to manage community-based hotels that are priced reasonably and play an important role in the lives of not only business users but also long-term residents and surrounding neighbors.

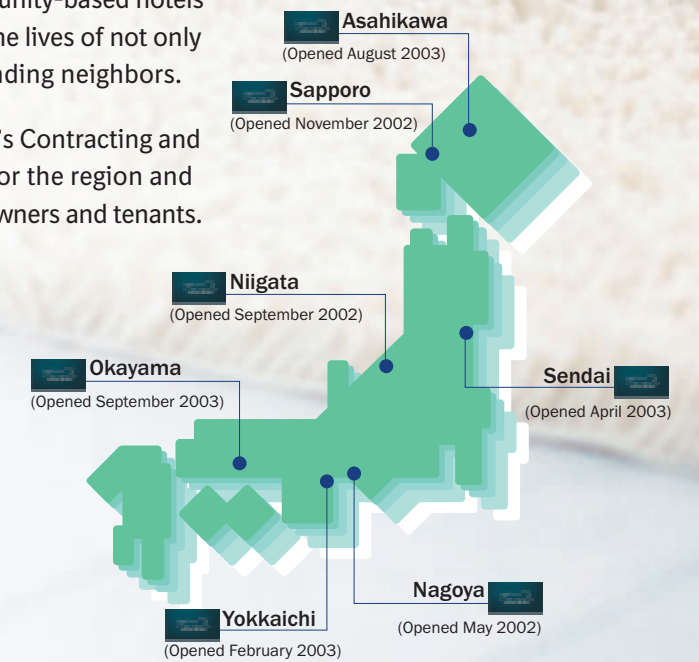
All our hotels contain sales offices for both the Company's Contracting and Leasing Divisions. These offices act as the sales center for the region and their goal is to establish a partnership with area property owners and tenants.



●Hotel Leopalace Niigata



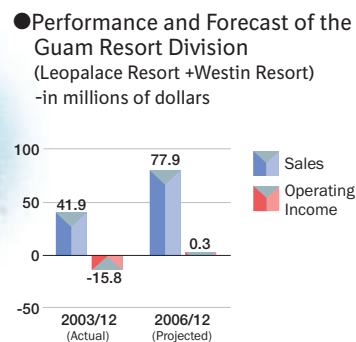
●Hotel Leopalace Sendai



Business Profile

The Company's fully-owned subsidiary, MDI Guam, manages a large-scale resort business comprising of the Leopalace Resort and Westin Resort in the tropical island of Guam; three and a half hours away from Japan. The first phase of construction for the Leopalace Resort located in central Guam was completed in 1993, and the beachfront Western Resort located in the northwestern portion of the island opened in 1996.

The Division began the second phase of construction in 2000 with the goal to eliminate capacity shortages, and this was completed in December 2003. The resultant improvement in amenities is expected to increase net sales of MDI Guam to US\$77.9 million by December 2006. In addition, it is believed that this move will help the subsidiary achieve profitability at the operating income stage.



Leopalace Resort Division

Leopalace Resort is situated on approximately 5.2 million square meters of pristine tropical land. The full-service hotel/condominium resort has various sports facilities (e.g. baseball, soccer, tennis and swimming) and a golf course. In fact, no other resort in Guam compares to the Leopalace Resort when it comes to the completeness of its guest facilities.



Westin Resort Division

The Westin Resort, which is managed by the world-famous Starwood Group of hotels, is one of the best in Guam. The "Elegant Tropical Resort" theme of the facility provides the perfect backdrop for the immaculate, high-quality service and luxurious rooms offered to guests.



Main Strategies for Achieving the Medium-term Plan

1) Improve business infrastructure to increase customer pull

(Second phase of construction completed in December 2003)

The second phase of construction on both the Westin and Leopalace resorts was carried out to further improve the existing hotel and condominium facilities and thus increase customer pull. In addition to this, we built new facilities for the growing "bridal market" as well as the "sports paradise" genre. In the latter field, our top-class sports facilities accommodate the training regimens of top Japanese athletes. The amenities of the two resorts compliment each other, making up a great package for guests to either resort.

● Summary of second phase construction activities

Leopalace Resort Division
● New hotel facilities (208 rooms)
● New condominium facilities (from 109 units → 416 units)
● New chapel (attached to the new hotel)
● Additional golf course (from 27 holes → 36 holes)
● A variety of new sporting facilities (baseball field, race pool)
Westin Resort Division
● 10 additional suite rooms
● New chapel (St. Leo Chapel)

2) Strengthen mechanisms for attracting more customers

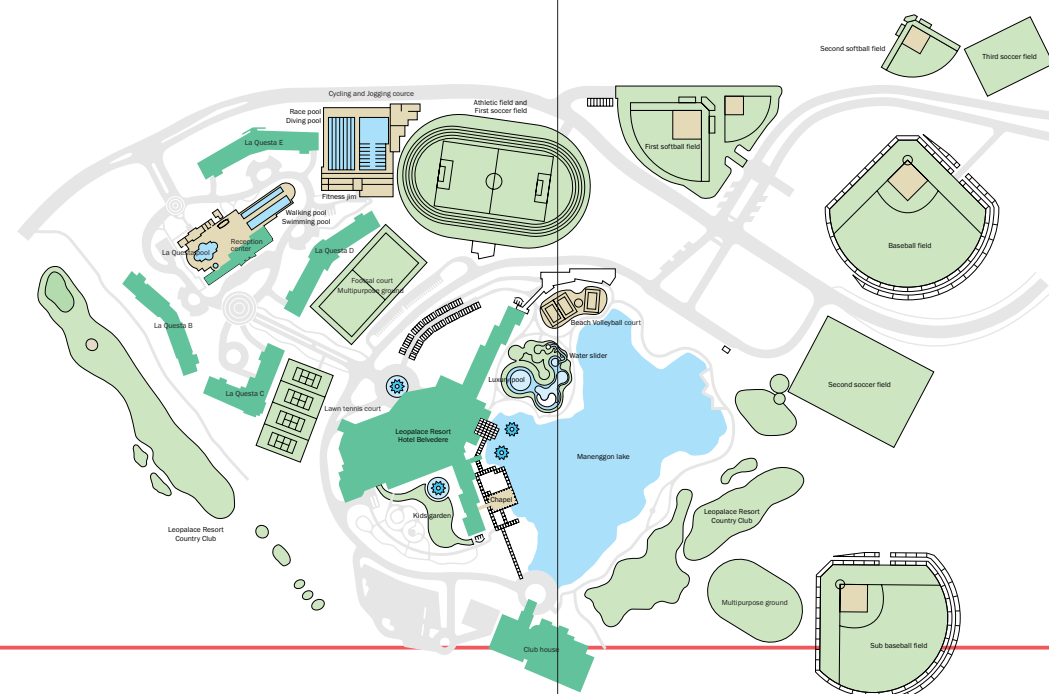
● *Actively respond to rise in bridal and golf demands*

The Company plans to aggressively develop measures to increase customer pull by using the improved infrastructure available to guests as a result of the second phase of construction activities. First of all, the three domestic "Leopalace Bridal Salons" (in Tokyo, Osaka, and Nagoya) will focus on increasing the number of customers signing up for overseas weddings. In addition, the improved golf course amenities (with a total of 36 holes) will respond to the persistent level of demand for golf activities and will allow the Company to increase customer flow from events such as competitions.

● *Actively engage in luring more sports groups, school trips and planned tour groups*

The other goal of the second phase of construction activities was to build a "sports paradise." As a result, we now boast the highest quality, full-service sports facility in Guam. Our facilities have already hosted a number of professional baseball, soccer and Olympic teams (swimming, synchronized swimming, softball, etc.) from Japan. Furthermore, improved hotel amenities are expected to allow Leopalace21 to not only attract more customers via the conventional direct marketing method but also through tour agencies. With this in mind, the Company plans to set-up business to better accommodate more company get-a-ways, school trips and other pre-planned tours.

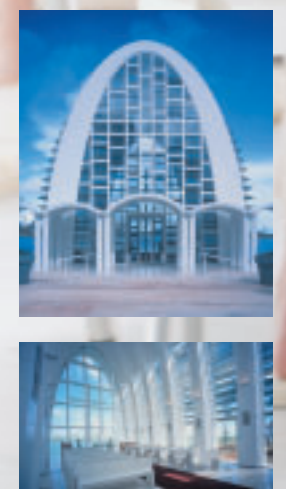
Lodging Facilities (Leopalace Resort)



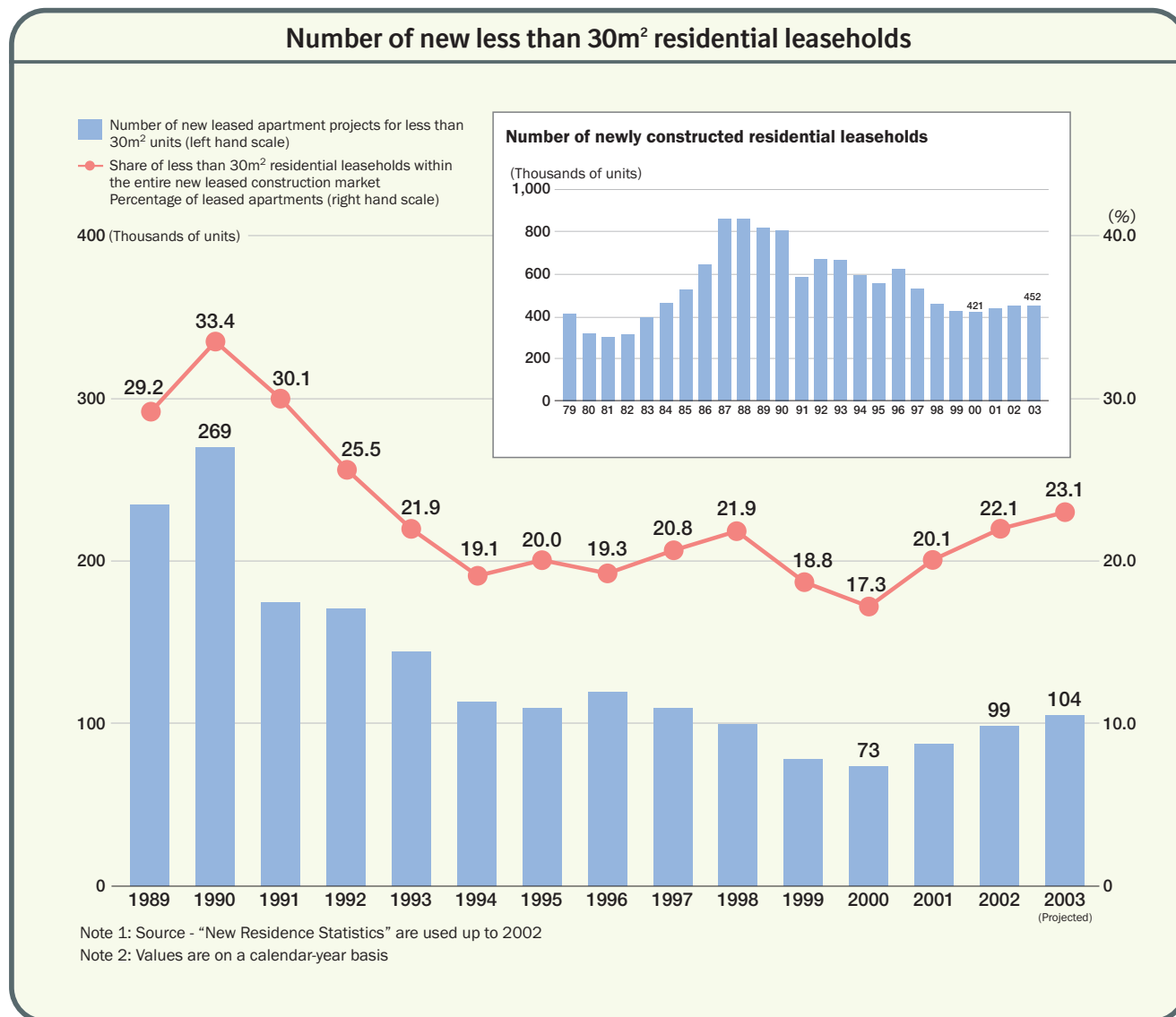
Sports Facilities (Leopalace Resort)



St. Leo Di Janeiro Chapel (Leopalace Resort)



Market Trend-1 : Residential Leasehold Development



Steady recovery of the new construction market for less than 30m² leased units is expected

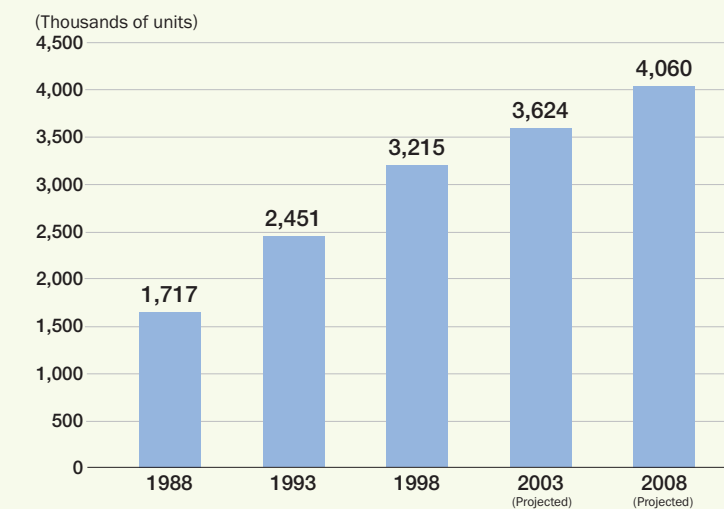
According to statistics of new residential construction units developed by the Ministry of Land, Infrastructure and Transport, the number of new leased units fell from 800,000 in the bubble economy period of the late 1980s to 421,000 in the year 2000. Since 2001, the number of new leased units has increased for three consecutive years. However, the pace of this recovery has been slow.

Nonetheless, the less than 30m² residential leasehold segment has seen significant growth in recent years. Since bottoming out in 2000 at 73,000 units, the number of new construction in this segment has made a rapid recovery hitting 99,000 in 2002 and exceeding 100,000 in 2003 (Company estimates). Moreover, the share of new less than 30m² leased units in the entire new construction lease market has also increased. In fact, the Company estimates that the level of market share hit 23.1% in 2003.

Increased demand from young single tenants for compact leased units

The reason for the increased share of less than 30m² lease units within the entire residential leasehold market can be attributed to the increase in demand from the young singles market as they look for a new lifestyle in the city centers. In addition, new demand arising from the outsourcing of corporate dormitories and housing services is expected to also contribute to the growth of this market in the future.

Trends and projections for stock of studio leaseholds



	Number of studios (in thousands of units)			Increase or decrease (in thousands of units)		Percentage increase or decrease (%)	
	1988	1993	1998	1993	1998	1993	1998
Number of occupied units	1988	1993	1998	1993	1998	1993	1998
Total number of units	34,701	38,457	41,744	3,756	3,288	10.8	8.5
Studios	1,717	2,451	3,215	734	764	42.7	31.1
Two-room	3,545	3,446	3,345	-100	-100	-2.8	-2.9
Three-room	5,423	5,849	6,207	426	359	7.8	6.1
Four-room	6,596	7,325	8,275	729	950	11.0	13.0
Five-room	5,211	5,800	6,430	589	630	11.3	10.9
Six-room	4,641	5,023	5,406	382	382	8.2	7.6
Seven or more room	7,137	7,875	8,170	739	295	10.4	3.7

Note 1: Source - 1998 Residential/Property Statistics
Note 2: Values are on a calendar-year basis

Increase seen in stock of studio residences

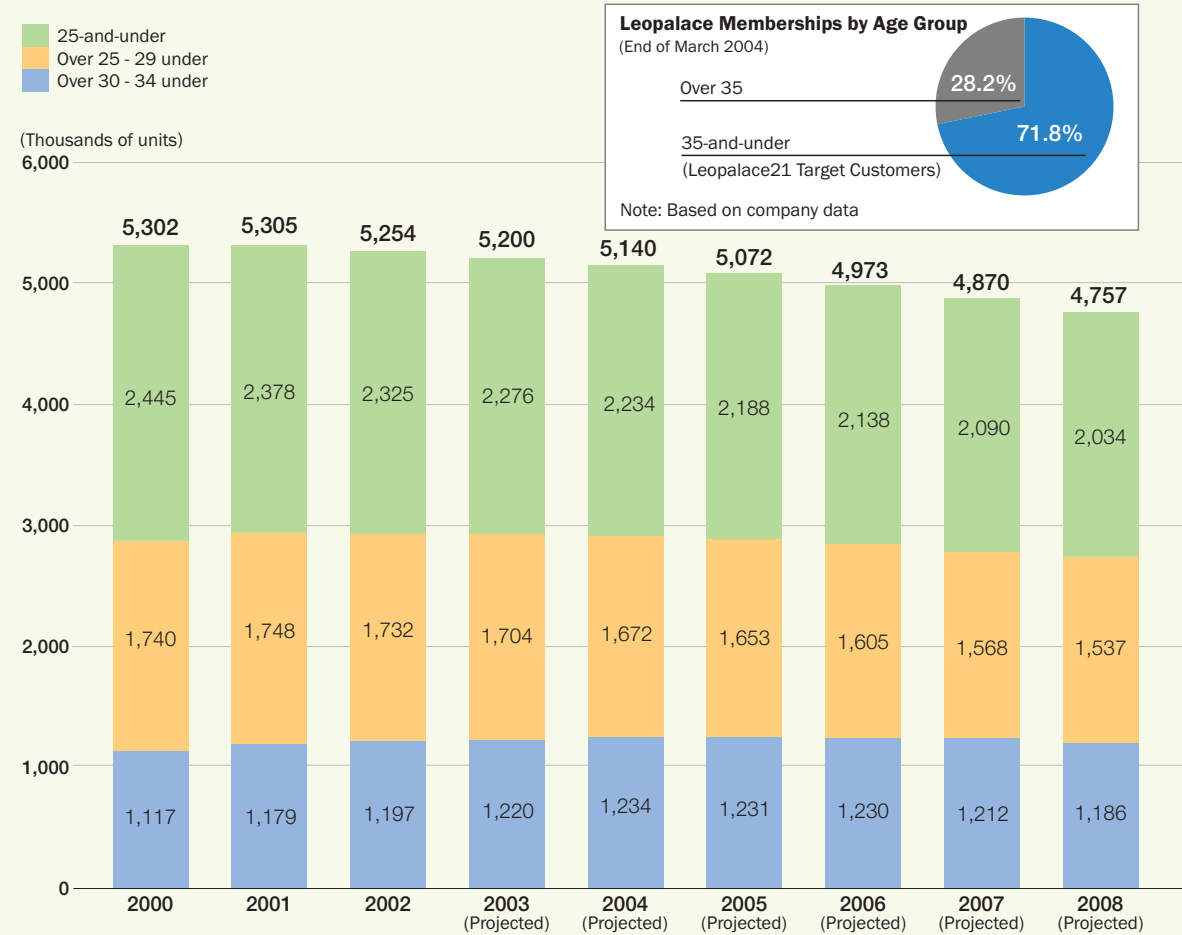
The stock of studio residences has also been on a rising path in recent years. According to residential and property statistics from the Ministry of Public Management, Home Affairs, Post and Telecommunication, the number of studio residences in 1998 was 3,215,000, a 31.1% increase (or 764,000 units) from 1993. Compared to the overall rise in residential stock of 8.5% in the same 5-year period, growth of this market is remarkable. In contrast to this, the number of two-room residences fell by 2.9% in the same five-year period. This trend is a sign that many of the deteriorating two-room residences in the Tokyo Metropolitan Area have been rapidly converted into new studio properties.

Continued growth of the studio residential market is expected

Although new residential and property statistics have not yet been finalized, the stock of studio residences is expected to have hit 3.6 million units in 2003. In addition, the stock of studio residences is estimated to rise to 4 million units by 2008. This forecast is promising news because it is related to growth of the Company's main target market.

Market Trend-2 : Leasing Market

Trends and forecasts for the number of 35-and-under single households



Note 1: Source - 2000 Census and "2003 Number of Households and Future Estimates" report created by the National Institute of Population.
Note 2: Values are on a calendar-year basis

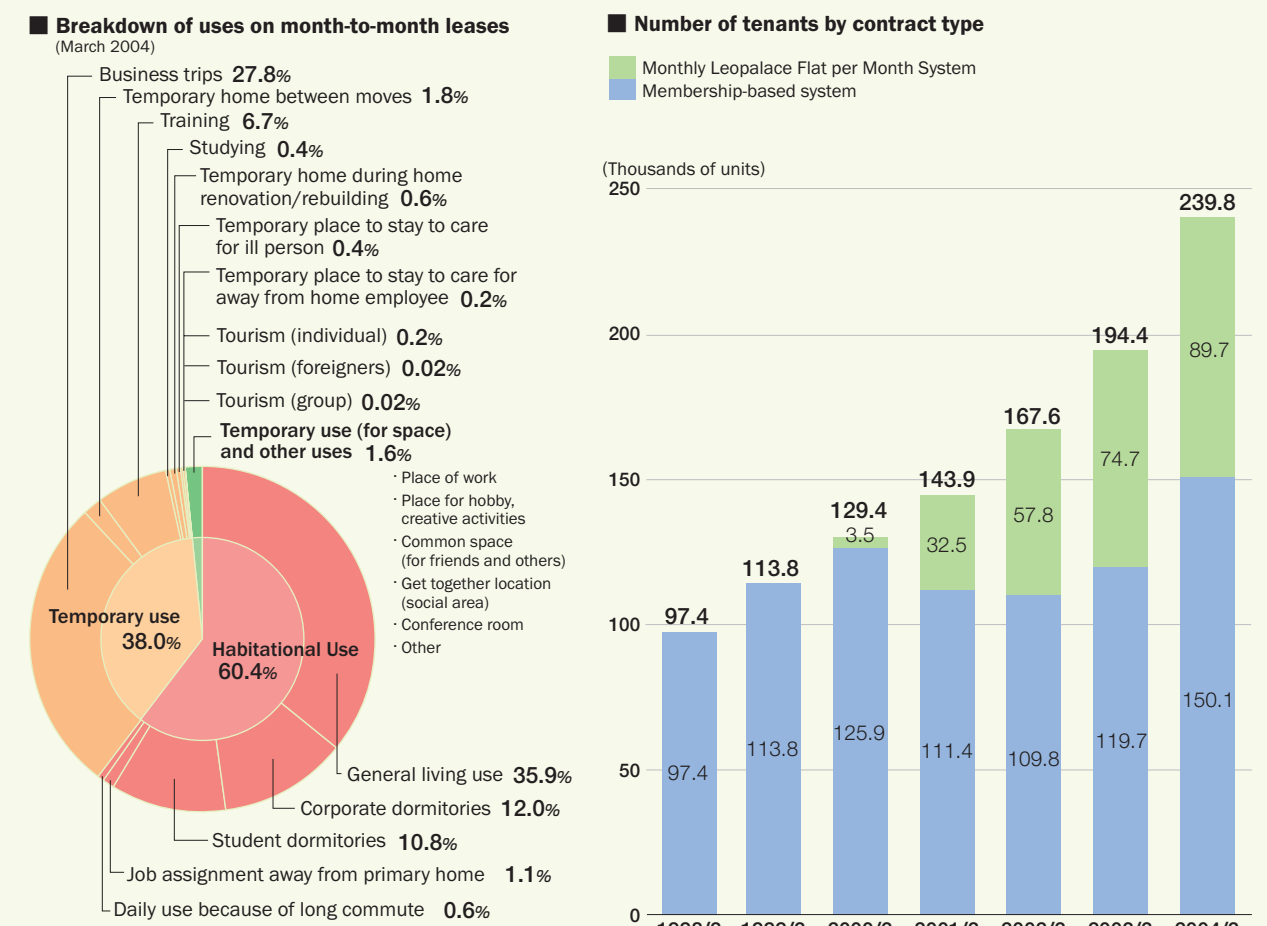
The 35-and-under singles market is five million strong

According to a study by the Ministry of Public Management, Home Affairs, Post and Telecommunication, there are 5.25 million 35-and-under single households in Japan. When we look at our membership figures, 75% is comprised of this segment, making the "35-and-under single tenant (workers and students)" our main target market. More than 96% of this generation lease rather than own and therefore, the market for the Company's leasing division is actually five million strong.

Although the target population is gradually decreasing, there still remains sufficient room for market development.

The Japanese population is steadily aging and according to the National Institute of Population, the number of 35-and-under single households will fall below five million in 2006. Despite this fact, the Company is confident of their prospects as we only have 90,000 members from this age group currently (as of March 2004). As many single, young-people begin college and new careers or switch careers every year, there will be a need for studio apartments. Over the years, the Company's highly functional and convenient studio leased units have received high praise from this age group and as such, we hope that we can capture more of this market in the future. Another promising sign is that the uses of our studio leases are becoming more diversified, meaning that the demand for such leases will increase in the future.

Use of month-to-month leases



Note: Source -based on company data

Develop new markets through month-to-month leases

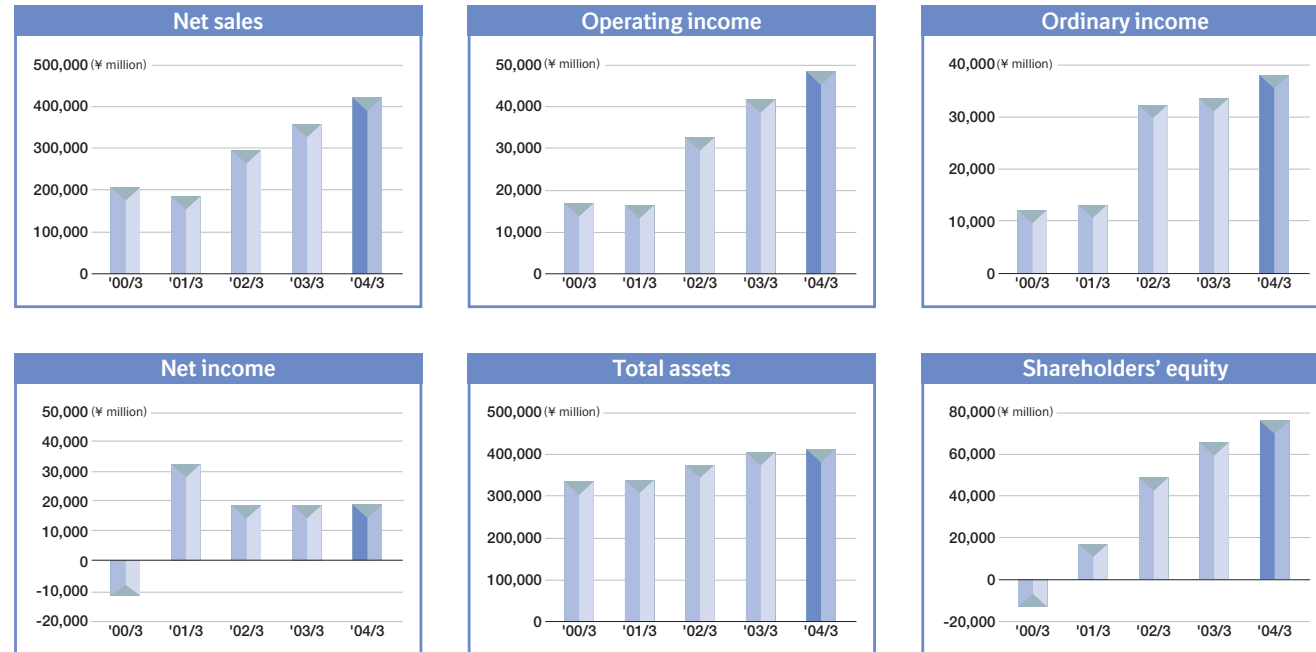
In addition to the "Membership System" that the Company developed for prospective long-term tenants, Leopalace has also implemented the "Monthly Leopalace" system to meet the short-term needs of prospective tenants. Through this, we have been able to develop a new market that breaks the standard conventions of the leased industry. The purpose for living in month-to-month leased units can generally be categorized into two areas; for living and for temporary use. In the former category, tenants have stated that they live in these units for "general living purposes," "dormitories (students and company employees)," "job assignment away from home," and "for daily use because of a long commute." On the other hand, the latter category is dominated by tenants using the month-to-month leased units for "business trips" but we have seen that these units are also used for a variety of purposes such as for a temporary home between moves, a place to stay during training, a quiet room to study, and for tourism purposes.

Tenants of month-to-month leases have steadily increased as a variety of needs are being met

An analysis of tenants by contract type in recent years indicates that the sale of month-to-month leases increased rapidly after starting the "Monthly Leopalace" system in March 2000. This shows that we were able to match market needs appropriately at that certain juncture in time. In addition, the number of month-to-month leases has further increased to 89,700 units as of March 2004 due to the introduction of the fully furnished (furniture, appliances, and utilities included) "Monthly Leopalace Flat" in March 2003. The shift towards more month-to-month leases is expected to continue steadily into the future.

Financial Highlights

Consolidated



(Unit : ¥ million)

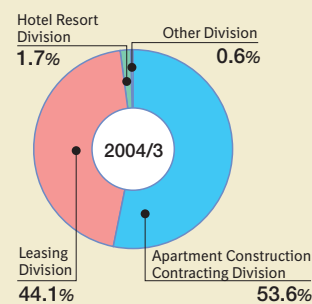
	2000/3	2001/3	2002/3	2003/3	2004/3
Net sales	206,155	186,991	295,683	357,496	418,873
Operating income	16,855	16,394	32,672	41,650	48,317
Ordinary income	12,108	13,176	32,255	33,442	37,905
Net income	-10,803	32,843	18,763	18,781	18,999
Total assets	337,283	343,039	372,954	404,853	411,925
Shareholders' equity	-12,577	17,386	44,759	65,307	76,458
Common stock	30,524	31,134	33,274	37,500	37,500
Shareholders' equity per share (¥)	-119.08	158.73	363.00	470.44	550.12
Net income per share (¥)	-155.51	307.86	155.12	147.36	136.80

Note: In the March 2000 consolidated financial statement, the Company incurred an extraordinary loss of ¥10,851 million as a result of a loss on foreign exchange. This is mainly as a result of a year end adjustment associated with foreign currency monetary claims and credits of overseas subsidiaries.

Segment information

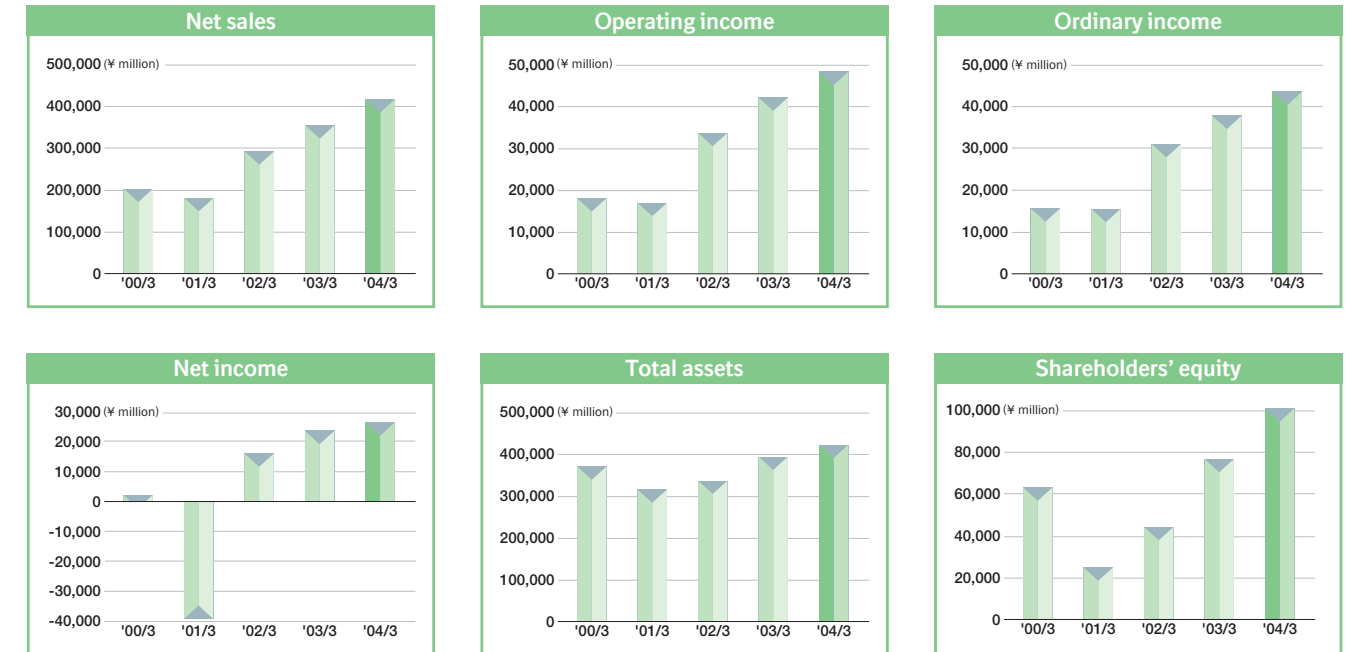
■ Sales breakdown (Consolidated)

(Unit : ¥ million)



	2000/3	2001/3	2002/3	2003/3	2004/3
Apartment Construction Contracting Division	105,477	60,711	150,842	190,216	225,011
Leasing Division	87,634	114,114	135,026	159,896	185,516
Hotel Resort Division	7,444	7,611	7,582	6,688	7,056
Other Division	6,026	4,995	2,774	1,458	2,590
Written-off or entire company	(426)	(441)	(542)	(764)	(1,300)
Total	206,155	186,991	295,683	357,496	418,873

Non-consolidated



(Unit : ¥ million)

	2000/3	2001/3	2002/3	2003/3	2004/3
Net sales	200,378	181,078	289,562	351,775	413,239
Operating income	18,661	16,910	33,514	42,017	48,429
Ordinary income	15,354	15,060	30,613	37,516	43,710
Net income	2,412	-39,644	15,831	23,733	25,883
Total assets	375,478	316,556	340,183	396,220	423,314
Shareholders' equity	62,736	24,496	44,083	76,446	100,607
Common stock	30,524	31,134	33,274	37,500	37,500
Shares outstanding (thousand shares)	105,671	109,606	123,412	139,543	139,543
Shareholders' equity per share (¥)	593.69	223.49	357.52	548.34	721.80
Net income per share (¥)	34.70	-371.40	130.88	185.32	185.68
Dividends per share (¥)	0.00	0.00	0.00	15.00	15.00

Note: During the period ended March 2001, the non-consolidated financials booked an extraordinary charge of ¥68.8 billion from accumulated losses at overseas entities. The loss was not written off on a consolidated basis because it resulted from transactions between consolidated companies.

■ Operating income (Non-consolidated)

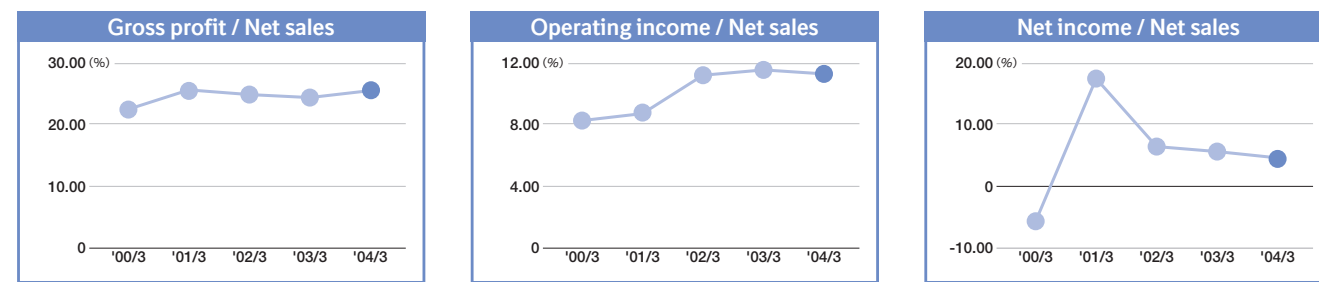
(Unit : ¥ million)

	2000/3	2001/3	2002/3	2003/3	2004/3
Apartment Construction Contracting Division	20,031	8,428	26,250	41,433	54,090
Leasing Division	1,115	10,786	11,047	6,579	4,136
Hotel Resort Division	-3,733	-2,101	-3,569	-2,736	-3,849
Other Division	271	221	371	-1,234	-3,514
Written-off or entire company	(829)	(941)	(1,427)	(2,391)	(2,545)
Total	16,855	16,394	32,672	41,650	48,317

Major Management Indices

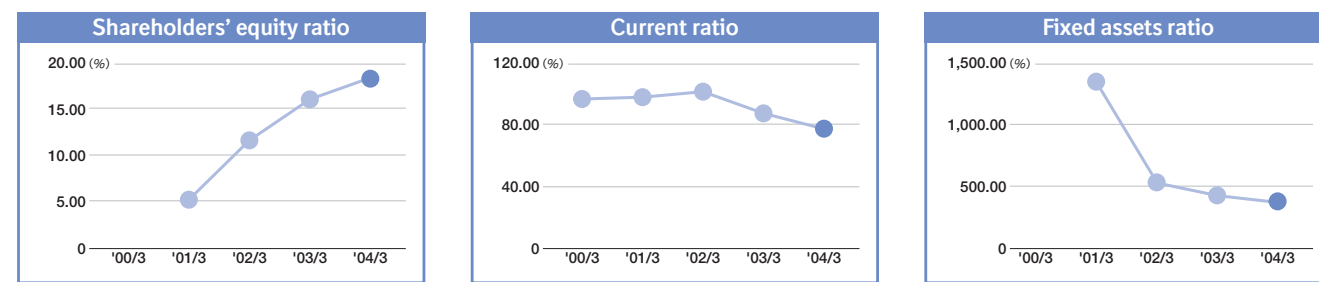
Consolidated

Profitability



	2000/3	2001/3	2002/3	2003/3	2004/3
Gross profit / Net sales (%)	22.61	25.45	25.32	24.79	25.25
Operating income / Net sales (%)	8.17	8.76	11.04	11.65	11.53
Net income / Net sales (%)	-5.24	17.56	6.34	5.25	4.53

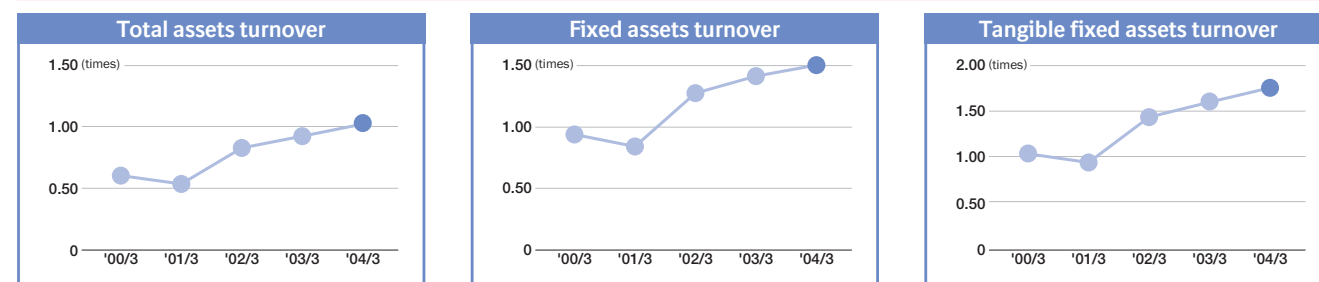
Safety



	2000/3	2001/3	2002/3	2003/3	2004/3
Shareholders' equity ratio (%)	—	5.06	12.00	16.13	18.56
Current ratio (%)	97.25	98.39	103.52	87.21	78.30
Fixed assets ratio (%)	—	1,333.70	518.85	423.30	367.89

Note: Since shareholders' equity was negative for the period ended March 2003, the shareholders' equity ratio and the fixed assets ratio are not published for the same period.

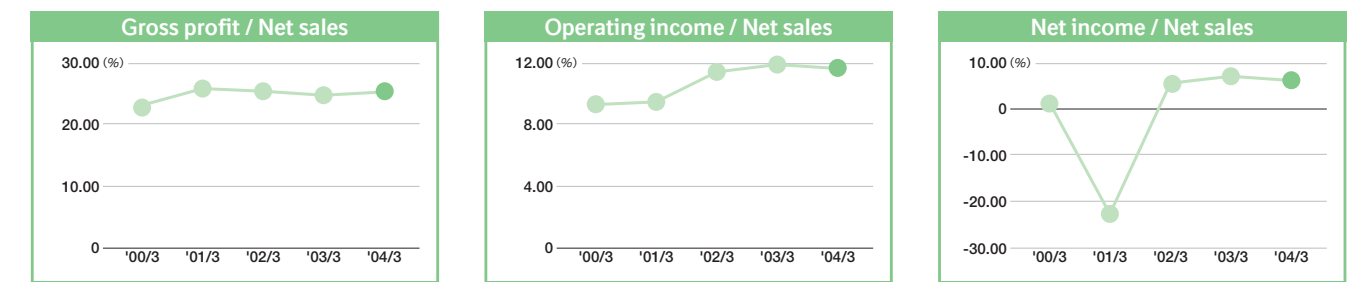
Efficiency



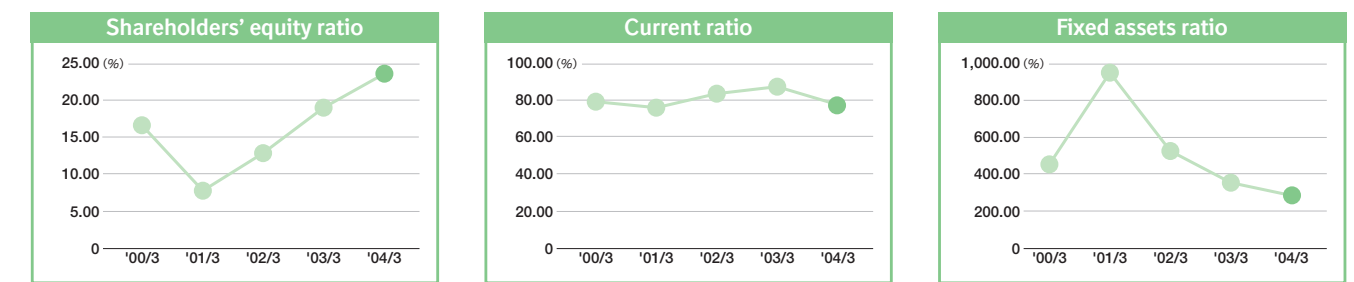
	2000/3	2001/3	2002/3	2003/3	2004/3
Total assets turnover (times)	0.60	0.54	0.82	0.91	1.02
Fixed assets turnover (times)	0.92	0.84	1.27	1.40	1.50
Tangible fixed assets turnover (times)	1.02	0.96	1.46	1.58	1.73

Note: The amount of total assets, fixed assets and tangible fixed assets are an average of the amount at the beginning and at the end of the year, respectively.

Non-consolidated

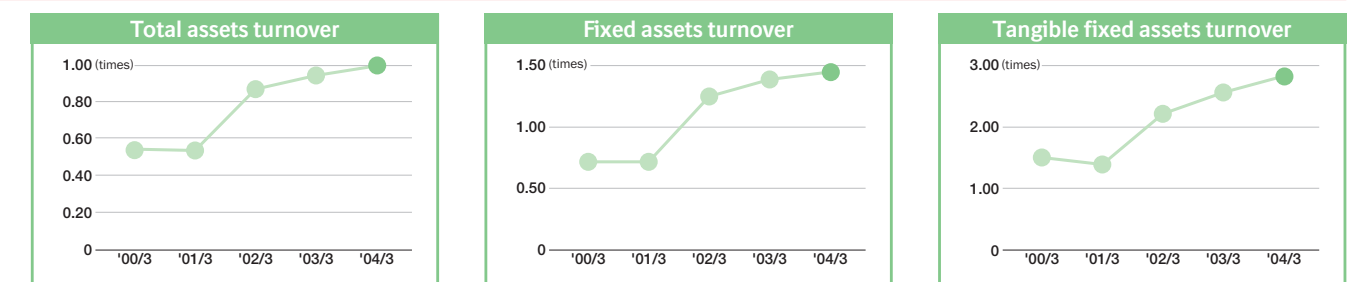


	2000/3	2001/3	2002/3	2003/3	2004/3
Gross profit / Net sales (%)	23.42	26.03	25.76	24.94	25.28
Operating income / Net sales (%)	9.31	9.33	11.57	11.94	11.71
Net income / Net sales (%)	1.20	-21.89	5.46	6.74	6.26



	2000/3	2001/3	2002/3	2003/3	2004/3
Shareholders' equity ratio (%)	16.70	7.73	12.95	19.29	23.76
Current ratio (%)	79.84	76.54	82.99	87.59	77.96
Fixed assets ratio (%)	446.81	950.33	522.66	354.12	294.33

Note: The amount of total assets, fixed assets and tangible fixed assets are an average of the amount at the beginning and at the end of the year, respectively.



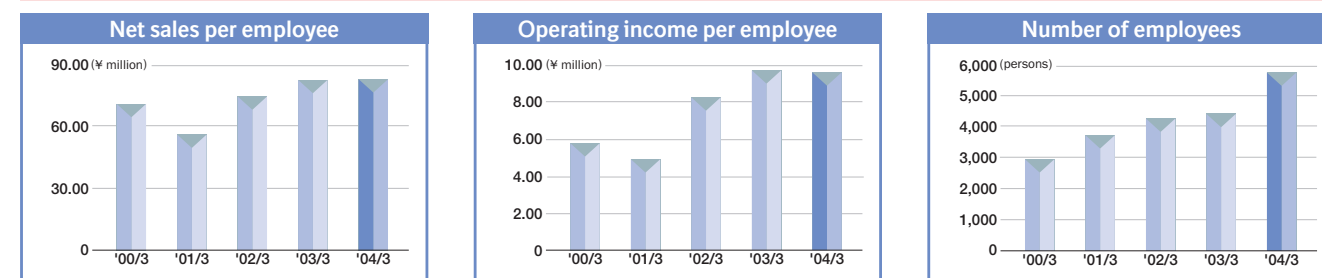
	2000/3	2001/3	2002/3	2003/3	2004/3
Total assets turnover (times)	0.53	0.52	0.88	0.95	1.00
Fixed assets turnover (times)	0.70	0.70	1.25	1.40	1.45
Tangible fixed assets turnover (times)	1.53	1.42	2.26	2.58	2.83

Note: The amount of total assets, fixed assets and tangible fixed assets are an average of the amount at the beginning and at the end of the year, respectively.

Major Management Indices

Consolidated

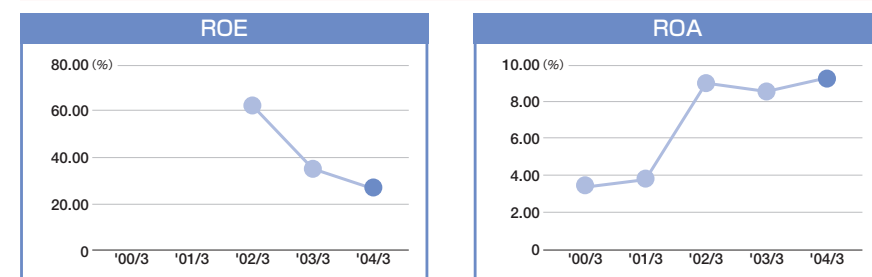
Productivity



	2000/3	2001/3	2002/3	2003/3	2004/3
Net sales per employee (¥ million)	70.99	56.28	74.65	83.01	83.05
Operating income per employee (¥ million)	5.80	4.93	8.24	9.67	9.58
Number of employees (persons)	2,951	3,693	4,228	4,385	5,702

Note: Net sales per employee and operating income per employee are calculated using the average number of employees during the year.

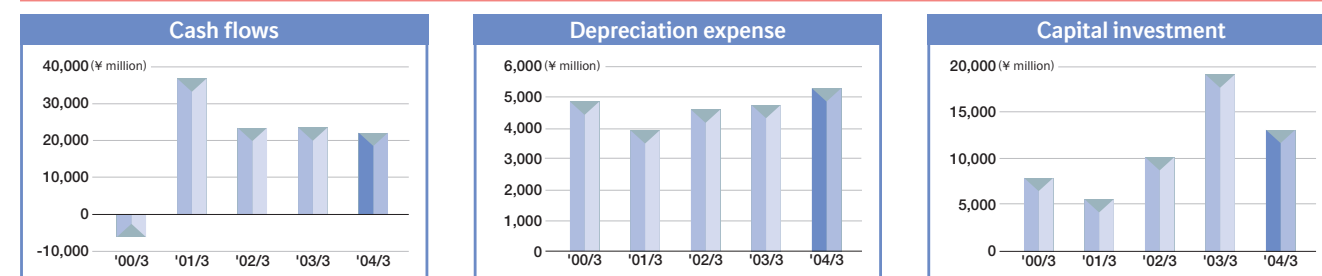
Investment indices



	2000/3	2001/3	2002/3	2003/3	2004/3
ROE (%)	—	—	60.38	34.12	26.80
ROA (%)	3.52	3.87	9.00	8.59	9.28

Note 1: The amount of total assets and shareholders' equity are an average of the amount at the beginning and at the end of the year respectively.
 Note 2: Since shareholders' equity was negative for the period ended March 2000, the ROE is not published for the period March 2000 and 2001.

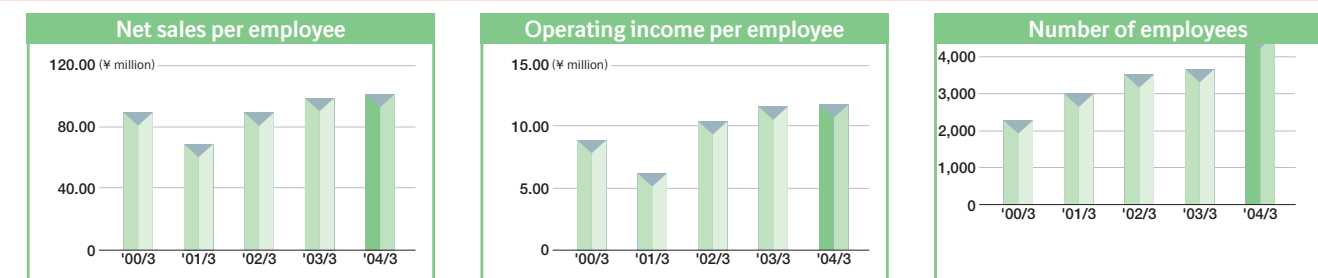
Cash flows



	2000/3	2001/3	2002/3	2003/3	2004/3
Cash flows (¥ million)	-5,987	36,754	23,318	23,488	22,160
Depreciation expense (¥ million)	4,816	3,911	4,555	4,707	5,251
Capital investment (¥ million)	7,570	5,239	10,020	19,023	12,715

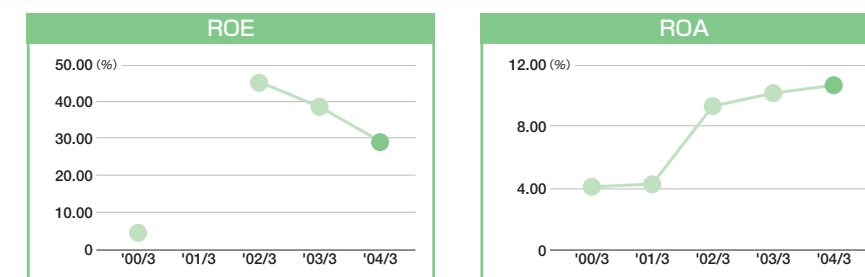
Note: Cash flows = Net income + Depreciation expense - Dividends - Directors' bonuses

Non-consolidated



	2000/3	2001/3	2002/3	2003/3	2004/3
Net sales per employee (¥ million)	89.25	68.53	88.78	97.97	100.38
Operating income per employee (¥ million)	8.31	6.40	10.27	11.70	11.76
Number of employees (persons)	2,281	3,003	3,520	3,661	4,572

Note: Net sales per employee and operating income per employee are calculated using average number of employees during the year.

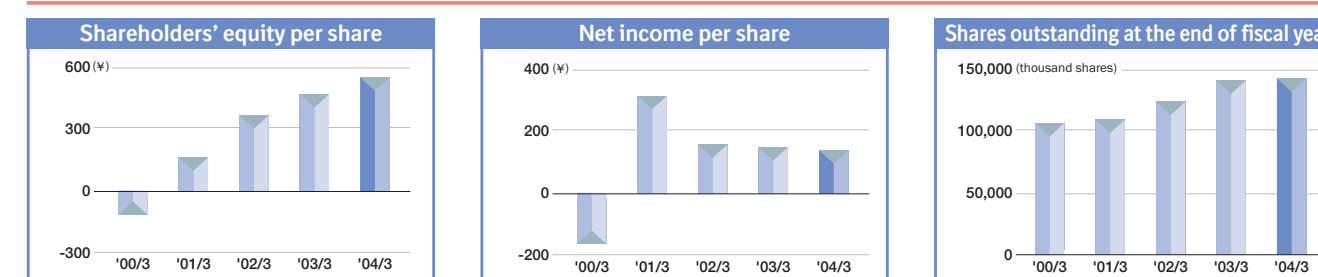


	2000/3	2001/3	2002/3	2003/3	2004/3
ROE (%)	4.59	—	46.16	39.38	29.23
ROA (%)	4.12	4.35	9.32	10.18	10.66

Note 1: The amount of total assets and shareholders' equity are an average of the amount at the beginning and at the end of the year respectively.
 Note 2: Since a net loss was accounted for in the period ended March 2001, the ROE is not published.

Consolidated

Per share data



	2000/3	2001/3	2002/3	2003/3	2004/3
Shareholders' equity per share (¥)	-119.08	158.73	363.00	470.44	550.12
Net income per share (¥)	-155.51	307.86	155.12	147.36	136.80
Shares outstanding at the end of fiscal year (thousand shares)	105,622	109,533	123,303	138,821	138,984

Note 1: Since shareholders' equity for the period ended March 2000 was negative, the shareholders' equity per share is also listed as a negative number.
 Note 2: Since a net loss was booked for the period ended March 2000, net income per share is also listed as a negative number.

Balance Sheets

	Consolidated			Non-consolidated		
	2002/3	2003/3	2004/3	2002/3	2003/3	2004/3
	(Unit : ¥ million)					
Assets						
Current assets	140,701	128,351	130,210	109,775	125,505	126,804
Cash and deposits	40,021	41,367	30,735	39,056	39,219	28,168
Notes and accounts receivable for complete work	13,998	29,241	31,699	13,628	28,898	31,038
Operating loans	23,548	20,137	16,737	23,548	20,137	16,737
Marketable securities	11	19	164	11	19	124
Real estate for sale / real estate in process for sale	33,356	—	133	4,005	—	133
Payment for incomplete work	4,856	3,716	3,747	4,856	3,716	3,747
Supplies	—	—	—	272	295	552
Advance payment	—	—	—	3,606	7,728	13,518
Other inventories	487	480	746	—	—	—
Deferred income taxes	3,805	6,064	9,493	3,805	6,063	9,493
Accounts receivable	—	19,820	24,017	17,811	19,703	24,016
Other	22,305	9,208	14,358	836	1,408	884
Allowance for doubtful accounts	-1,690	-1,705	△1,623	-1,667	-1,686	△1,612
Fixed assets	232,235	276,450	281,283	230,408	270,714	296,117
Tangible fixed assets	206,510	243,644	238,655	128,622	143,544	147,492
Buildings and structures	76,933	96,445	114,790	31,896	38,859	41,314
Land	98,184	105,127	106,458	94,836	101,493	102,710
Construction in process	29,633	39,977	14,053	893	2,026	1,707
Other	1,758	2,093	3,353	993	1,163	1,759
Intangible fixed assets	551	619	570	539	609	563
Investments and other assets	25,173	32,186	42,056	101,246	126,560	148,061
Investments in marketable securities	4,254	6,436	7,697	4,249	6,431	4,591
Affiliate stocks	—	—	—	68,161	68,161	70,061
Affiliate bonds	—	—	—	—	—	1,200
Long-term loans receivable	4,363	2,567	2,444	1,853	531	735
Long-term loans to employees	—	—	—	2	6	4
Long-term loans to affiliates	—	—	—	17,924	34,700	45,886
Fixed operating receivables	18,644	17,100	15,821	18,644	17,100	15,821
Long-term advances payment	11,565	18,525	26,119	7,277	14,322	22,532
Deferred income taxes	97	246	1,330	97	246	1,330
Other	3,017	3,246	3,560	2,933	3,272	3,508
Allowance for doubtful accounts	-16,771	-15,936	△14,918	-19,900	-18,212	△17,612
Deferred assets	17	51	431	—	—	392
Organization cost	17	51	39	—	—	—
Bonds issuance expense	—	—	392	—	—	392
Total assets	372,954	404,853	411,925	340,183	396,220	423,314

	Consolidated			Non-consolidated		
	2002/3	2003/3	2004/3	2002/3	2003/3	2004/3
	(Unit : ¥ million)					
Liabilities						
Current liabilities	135,914	147,164	166,278	132,266	143,285	162,640
Notes and accounts payable for completed work	50,049	59,771	72,921	49,829	59,585	72,732
Short-term debt	48,806	33,042	24,203	34,221	18,568	8,459
Long-term debt to be paid within one year	—	—	—	14,311	13,557	14,815
Bonds payable to be repaid within one year	—	—	1,435	—	—	1,435
Accounts payable	8,335	9,677	10,572	6,524	7,613	8,557
Accrued expenses	890	59	52	149	45	41
Accrued income taxes	60	13,323	16,755	58	13,319	16,750
Advances received	8,029	14,232	21,699	7,940	14,090	21,657
Payment received for uncompleted work	14,806	11,602	10,418	14,806	11,602	10,418
Deposits received	—	—	—	2,759	2,688	3,832
Allowance for employees' bonuses	1,311	1,423	1,689	1,311	1,423	1,689
Other	3,625	4,030	6,531	352	787	2,249
Long-term liabilities	187,380	174,864	151,505	163,833	176,489	160,066
Bonds	—	—	14,197	—	—	14,197
Directors' long-term debt	—	—	—	3,950	—	—
Affiliates' long-term debt	—	—	—	8,187	25,532	22,154
Long-term debt	148,452	150,004	122,829	131,638	132,355	109,493
Reserve for retirement allowance	997	1,429	1,958	987	1,417	1,944
Deposit guarantee	18,955	17,183	12,276	18,955	17,183	12,276
Long-term accounts payable	18,934	6,201	201	114	—	—
Other	40	45	42	—	—	—
Total liabilities	323,294	322,028	317,784	296,099	319,774	322,707
Minority interests						
Minority interests	4,900	17,516	17,683	—	—	—
Shareholders' equity						
Common stock	33,274	—	—	33,274	—	—
Additional paid-in capital	32,526	—	—	32,526	—	—
Deficit	21,254	—	—	21,574	—	—
Difference from evaluation of marketable securities	-296	—	—	-296	—	—
Translation adjustment	552	—	—	—	—	—
Treasury stock	-42	—	—	-42	—	—
Common stock	—	37,500	37,500	—	37,500	37,500
Capital surplus	—	15,407	15,495	—	15,375	15,375
Earned surplus	—	19,519	36,428	—	23,733	47,525
Difference from evaluation of marketable securities	—	-106	291	—	-106	291
Translation adjustment	—	-6,649	-12,964	—	—	—
Treasury stock	—	-364	-293	—	-56	-85
Total shareholders' equity	44,759	65,307	76,458	44,083	76,466	100,607
Total liability, minority interest and shareholders' equity	372,954	404,853	411,925	340,183	396,220	423,314

Income Statements

	Consolidated			Non-consolidated		
	2002/3	2003/3	2004/3	2002/3	2003/3	2004/3
(Unit : ¥ million)						
Ordinary income and loss						
Net sales	295,683	357,496	418,873	289,562	351,775	413,239
Sales from completed work	154,432	—	—	154,432	—	—
Rent and management income	126,772	—	—	126,785	—	—
Income from loan receivables	1,069	—	—	1,069	—	—
Real estate dealings	1,670	—	—	1,670	—	—
Other sales	11,738	—	—	5,604	—	—
Sales from Contracting Division	—	190,216	225,011	—	190,216	225,011
Sales from Leasing Division	—	159,893	185,513	—	159,925	185,524
Sale of Other Division	—	7,386	8,349	—	1,633	2,704
Cost of sales	220,806	268,856	313,084	214,966	264,037	308,734
Cost of completed work	109,324	—	—	109,324	—	—
Cost of leasing and management operations	100,148	—	—	100,337	—	—
Cost of loan receivables	621	—	—	621	—	—
Cost of real estate dealing	1,311	—	—	1,311	—	—
Other costs	9,399	—	—	3,370	—	—
Cost of Contracting Division	—	130,049	147,266	—	130,049	147,266
Cost of Leasing Division	—	130,950	154,080	—	131,934	156,036
Cost of Other Division	—	7,856	11,737	—	2,053	5,430
Gross profit	74,876	88,639	105,788	74,596	87,737	104,505
Selling, general and administrative expenses	42,204	46,989	57,471	41,082	45,720	56,075
Advertise expense	8,293	7,863	8,004	7,446	7,736	7,999
Operating fee	922	1,358	1,555	2,439	2,859	3,492
Provision from allowance for doubtful accounts	48	210	118	48	210	118
Directors' benefits	376	375	358	365	365	347
Salaries and bonuses	13,784	15,735	19,485	13,207	15,063	18,595
Provision for accrued bonuses	980	1,029	1,105	980	1,029	1,105
Provision for retirement benefits	312	375	487	302	373	485
Welfare expenses	—	—	—	2,727	3,031	3,474
Fees payable	—	—	—	1,979	2,724	4,171
Rents	2,504	2,520	3,031	2,489	2,514	3,061
Depreciation expense	1,593	1,910	2,407	805	1,082	1,501
Taxes and levy	945	1,133	1,999	806	940	1,769
Amortization of consolidation account	253	—	—	—	—	—
Other	12,189	14,476	18,918	7,482	7,786	9,952
Operating income	32,672	41,650	48,317	33,514	42,017	48,429
Non-operating income and loss						
Non-operating income	3,977	973	1,521	913	671	1,306
Interest income	48	73	52	43	72	53
Dividend income	—	—	—	—	130	336
Gain on sales of marketable securities	0	27	299	0	27	299
Equity method gains	380	351	321	—	—	—
Income from cancellation of resort memberships	72	199	26	74	199	26
Income from cancellation of construction contracts	74	86	121	72	86	121
Foreign exchange gain	3,232	—	—	575	—	—
Loss from valuation of interest swap	—	—	268	—	—	268
Other	167	235	431	146	156	200
Non-operating expenses	4,393	9,181	11,932	3,814	5,172	6,026
Interest expense	3,937	4,457	5,113	3,300	3,927	4,454
Bond's interest	—	—	—	—	—	82
Amortization of bond expenses	—	—	—	—	—	196
Foreign exchange loss	—	4,207	6,405	—	743	1,084
Other	456	517	413	514	501	208
Ordinary income	32,255	33,442	37,905	30,613	37,516	43,710
Extraordinary income and losses						
Extraordinary income	5,055	215	1,479	5,054	209	1,461
Gain on sales of fixed assets	—	85	22	—	85	22
Gain on sales of investment in marketable securities	—	—	1,439	—	—	1,439
Reversal of allowance for doubtful accounts	55	35	17	54	30	—
Gain from forgiveness of debt	5,000	94	—	5,000	94	—
Extraordinary losses	5,806	3,527	2,733	7,098	3,159	2,532
Loss on sales of fixed assets	18	84	17	18	84	16
Loss on disposal of fixed assets	1,657	251	762	1,623	240	761
Loss from valuation of investment in marketable securities	2,675	1,207	30	2,385	1,207	30
Provision for allowance for doubtful accounts	1,298	1,667	1,393	2,914	1,467	1,193
Transitional obligations under new accounting standard for employees' retirement benefits	157	157	157	157	157	157
Directors' retirement benefit	—	—	300	—	—	300
Other	—	159	72	—	1	72
Net income before taxes and adjustments	31,505	30,129	36,651	28,568	34,567	42,639
Corporate, inhabitant and enterprise taxes-current	124	13,231	21,491	119	13,223	21,468
Income taxes-correction	190	—	—	190	—	—
Income taxes-deferred	12,426	-2,389	△4,713	12,426	-2,389	△4,713
Minority interest in earnings of consolidated subsidiaries	—	505	873	—	—	—
Net income	18,763	18,781	18,999	15,831	23,733	25,883
Retained earnings brought forward	—	—	—	37,405	—	21,642
Unappropriated retained earnings (Unappropriated earnings and loss)	—	—	—	-21,574	23,733	47,525

Statements of Cash flows

	Consolidated		
	2002/3	2003/3	2004/3
(Unit : ¥ million)			
Cash flow from operating activities			
Net income before taxes and adjustments	31,505	30,129	36,651
Depreciation expense	4,555	4,707	5,251
Amortization of consolidation account	253	—	—
Increase (Decrease) in allowance for doubtful accounts	1,315	1,495	1,252
Interest and dividends income	-76	-78	△68
Interest expense	4,559	4,971	5,579
Gain from forgiveness of debt	-5,000	-94	—
Foreign exchange loss (gain)	-3,232	4,207	6,405
Equity method gains	-380	-351	△321
Loss on sales of tangible fixed assets	18	84	17
Loss on disposal of tangible fixed assets	1,657	251	762
Gain on sales of investment in marketable securities	—	—	△1,439
Loss from valuation of investment in marketable securities	2,675	1,207	30
Loss on sales of marketable securities	-0	-27	△299
Decrease (Increase) in trade accounts receivable	-4,795	-12,576	△3,684
Decrease (Increase) in inventories	-1,019	1,398	△449
Decrease (Increase) in long-term advances payable	-8,269	-14,551	△14,358
Increase (Decrease) in notes and accounts payable	16,246	11,005	13,514
Increase (Decrease) in advances received	1,743	2,946	6,383
Increase (Decrease) in deposit guarantee	959	-1,677	△3,348
Increase (Decrease) in accrued consumption tax	1,889	-257	160
Other	807	1,372	2,975
Subtotal	45,411	33,909	55,014
Interest and dividends received	51	332	72
Interest paid	-11,205	-11,446	△5,530
Corporate taxes paid	-1,909	552	△18,064
Net cash and cash equivalents provided by operating activities	32,348	23,347	31,492
Cash flow from investing activities			
Payment for purchase of tangible fixed assets	-10,020	-19,023	△12,715
Proceeds from sales of tangible fixed assets	7	204	56
Commission from disposal and sales of fixed assets	-6	-56	△52
Payment for acquisition of affiliate stocks	—	—	△1,800
Payment for acquisition of affiliate bonds	—	—	△1,200
Payment for purchase of investment in marketable securities	-3,441	-3,632	△1,099
Proceeds from sales of investment in marketable securities	117	378	4,949
Payment for loans receivable	-2,663	-1,634	△1,499
Repayment of loans receivable	2,265	3,234	1,487
Other	-664	-481	△658
Net cash and cash equivalents used in investing activities	-14,406	-21,011	△12,532
Cash flow from financing activities			
Proceeds from short-term debt	2,000	563	28,754
Repayment of short-term debt	-2,274	-1,673	△36,357
Proceeds from long-term debt	3,970	14,500	18,908
Repayment of long-term debt	-11,115	-27,649	△47,325
Repayment of account for long-term projects	-272	-7,339	△6,325
Proceeds from issuance of stock	—	8,452	—
Proceeds from issuance of privately placed bonds	—	—	15,761
Payment for redemptions of privately placed bonds	—	—	△717
Proceeds from minority shareholders payment	5,000	12,500	—
Dividends paid to minority shareholders	-100	-350	△706
Payment for purchase of treasury stock	-18	-13	△29
Dividend paid for shareholders	—	—	△2,091
Net cash and cash equivalents provided by financing activities	-2,809	-1,010	△30,129
Effect exchange rate changes on cash and cash equivalents	110	-9	686
Increase in cash and cash equivalents	15,242	1,316	△10,482
Cash and cash equivalents at the beginning of year	24,659	39,901	41,217
Cash and cash equivalents at the end of year	39,901	41,217	30,735