



JOINT CORPORATION

株式会社ジョイント・コーポレーション

## Reference Information

November 22, 2005

(8874)

<http://www.jointcorporation.co.jp>



## *Corporate data (as of September 30, 2005)*

|                     |  |                   |
|---------------------|--|-------------------|
| Name                | JOINT Corporation  |                   |
| Established         | September 1986   |                   |
| Capital             | ¥7,746.67 mil (¥15,800.17 mil as of November 4, 2005)      |                   |
| CEO                 | Yoshinobu Shoji, President and Chief Executive Officer     |                   |
| Business activities | 1. Condominium development (“Adenium” series condominium)  |                   |
|                     | 2. Real estate securitization                              |                   |
|                     | 3. Other businesses (leasing, property management, others) |                   |
| Fiscal year         | Ends March 31  |                   |
| Employees           | 945 (Consolidated)   |                   |
| Head office         | 2-10-11 Meguro, Meguro-ku, Tokyo 153-0063, Japan           |                   |
| Major shareholders  | Joint Living Service                                       | 28.33%            |
|                     | Yoshinobu Shoji  | 14.65%            |
|                     | The Master Trust Bank of Japan (trust account)             | 10.68%            |
|                     | Japan Trustee Services Bank (trust account)                | 4.56%             |
|                     | Morgan Stanley & Co.                                       | 2.29%             |
|                     | Financial institutions and brokers 26.61%                  | Foreigners 20.46% |



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- \* These materials were prepared for the purpose of presenting operating results for the first half of fiscal year ending March 31, 2006 and the company's business strategies. This presentation is not a solicitation to purchase any securities issued by the company.
- \* Information in these materials is current as of November 22, 2005.
- \* Opinions, plans, estimates and other forward-looking statements are based on management's judgments as of the time this presentation was prepared and are not guarantees or promises regarding future results. The company makes no guarantees or promises that this information is accurate or complete.
- \* Information in these materials may be altered at any time without prior notification.

# **I. Overview of First Half Ended September 30, 2005**





# Overview of First Half 06/3

## Consolidated Income Statements (vs. original plan)

(¥ mil)

|                  | First half 06/3<br>(original plan) | margin | First half 06/3<br>(actual) | margin      | difference | Major reasons   |
|------------------|------------------------------------|--------|-----------------------------|-------------|------------|---|
| Net sales        | 59,200                             |        | <b>74,136</b>               |             | 14,936     | <ul style="list-style-type: none"> <li>· Securitization (¥15.9bil ¥29.9bil)</li> <li>· Condo development (¥35.4bil ¥36.8bil)</li> </ul> |
| Cost of sales    | 48,300                             | 81.6   | <b>58,684</b>               | <b>79.2</b> | 10,384     |   |
| Gross income     | 10,900                             | 18.4   | <b>15,451</b>               | <b>20.8</b> | 4,551      | · More securitization revenue<br>(higher gross margin)  |
| SG & A           | 5,900                              | 10.0   | <b>6,385</b>                | <b>8.6</b>  | 485        | · More securitization revenue<br>(lower SG&A ratio)   |
| Operating income | 5,000                              | 8.4    | <b>9,066</b>                | <b>12.2</b> | 4,066      |   |
| Ordinary income  | 3,600                              | 6.1    | <b>7,690</b>                | <b>10.4</b> | 4,090      |   |
| Net income       | 5,900                              | 10.0   | <b>8,930</b>                | <b>12.0</b> | 3,030      | · ¥7.6bil extraordinary income from L Kakuei<br>by repaying rehabilitation liabilities early  |



# Overview of First Half 06/3

## Cash Flow Statements

(¥ mil)

|                        |
|------------------------|
| <b>First half 06/3</b> |
|------------------------|

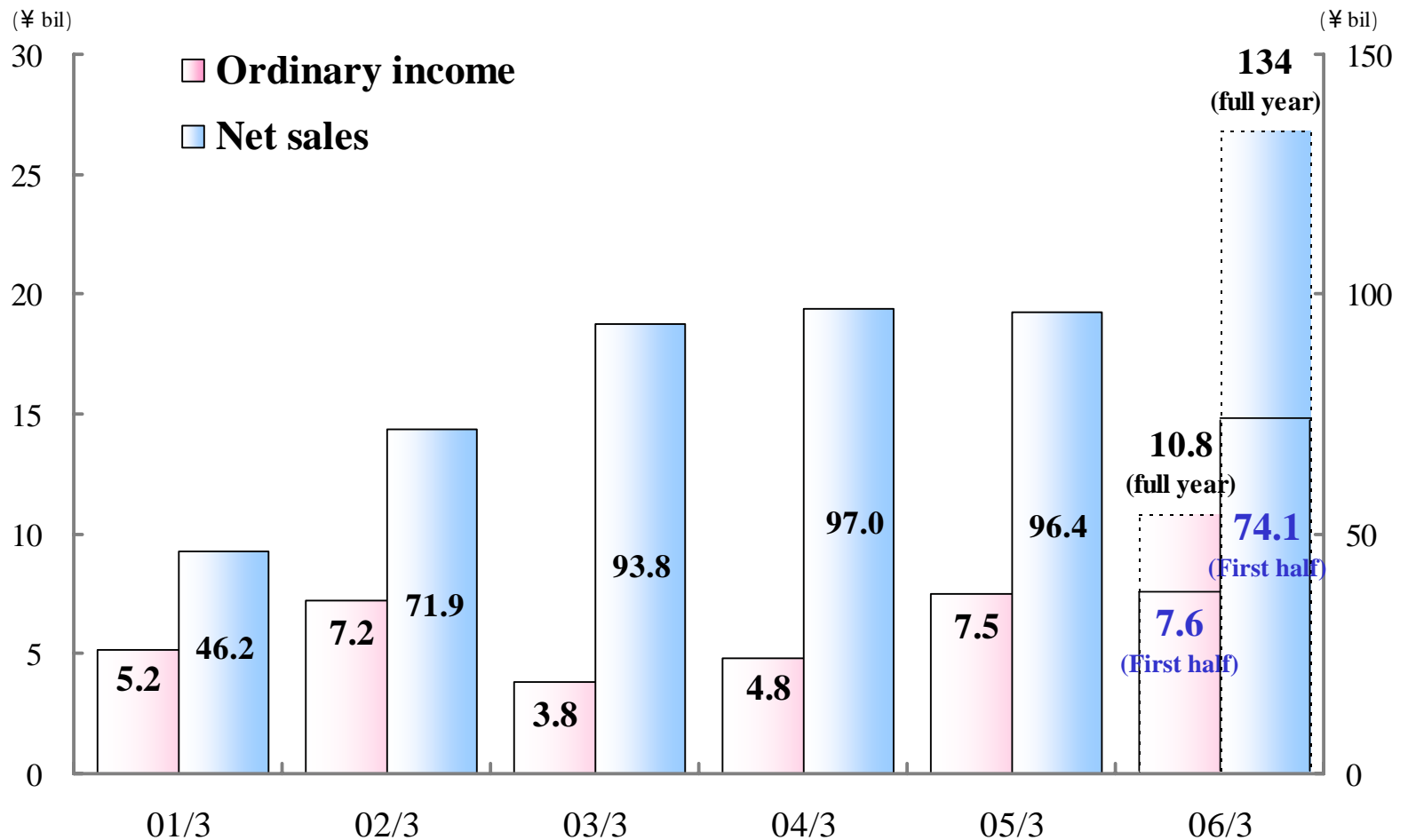
|                      |
|----------------------|
| <b>Major reasons</b> |
|----------------------|

|  |               |
|--|---------------|
| Cash flows from operating activities           | <b>3,890</b>  |
| Cash flows from investing activities           | <b>539</b>    |
| Cash flows from financing activities           | <b>4,126</b>  |
| Net increase in cash and cash equivalents      | <b>7,477</b>  |
| Cash and cash equivalents at beginning of year | <b>31,747</b> |
| Cash and cash equivalents at half year         | <b>39,224</b> |

|                                 |               |
|---------------------------------|---------------|
|                                 |               |
|                                 |               |
| Loans, debt issuance            | <b>47,259</b> |
| Loan repayment, debt redemption | <b>31,659</b> |

# Overview of First Half 06/3

## Consolidated sales and ordinary income (01/3 – 1<sup>st</sup> half 06/3)



# Securitization



# Overview of First Half 06/3

## Breakdown of sales and operating income (securitization)

### First half 06/3

(¥ mil)

|   | Net sales     |               | Operating income | Operating margin |             |
|---|---------------|---------------|------------------|------------------|-------------|
|   |               | Y o Y         |                  |                  | Y o Y       |
| <b>Property sales revenue</b>   | <b>27,089</b> | <b>17,685</b> | <b>3,933</b>     | <b>14.5%</b>     | <b>9.7p</b> |
| <b>Other</b><br>(AM/PM fee)<br>(Leasing revenue)<br>(Dividends from SPCs) | <b>2,688</b>  | <b>1,816</b>  | <b>1,488</b>     | <b>55.4%</b>     | <b>3.1p</b> |
| <b>Total</b>  | <b>29,777</b> | <b>-</b>      | <b>5,421</b>     | <b>-</b>         | <b>-</b>    |
| Consolidation adjustment  | 194           | -             | 16               | -                | -           |
| <b>Total</b>  | <b>29,971</b> | <b>19,390</b> | <b>5,404</b>     | <b>18.0%</b>     | <b>9.3p</b> |

# Overview of First Half 06/3

## Properties sold (securitization)



**SPACIA GINZA**

|              |                               |
|--------------|-------------------------------|
| Location     | 3-chome Ginza, Chuo-ku, Tokyo |
| Units        | 136 units                     |
| Layout       | STUDIO · 1LDK                 |
| Floor area   | 32.55 ~ 49.70m <sup>2</sup>   |
| Monthly rent | 153,000 ~ 279,000 yen         |
| Completion   | February 2005                 |



**SPACIA KITASHINJUKU**

|              |  |
|--------------|--|
| Location     | 1-chome Kitashinjuku, Shinjuku-ku, Tokyo |
| Units        | 42 units                                 |
| Layout       | STUDIO · 1LDK · 2LDK                     |
| Floor area   | 24.90 ~ 87.80m <sup>2</sup>              |
| Monthly rent | 118,000 ~ 385,000 yen                    |
| Completion   | October 2004                             |



# Overview of First Half 06/3

## Assets of Joint Reit Investment Corp. (securitization)

| Assets                   |                          |             |
|--------------------------|--------------------------|-------------|
| Name                     | Location                 | Type        |
| SPACIA GINZA             | Chuo-ku, Tokyo           | Residential |
| SPACIA AZABUJUBAN        | Minato-ku, Tokyo         | Residential |
| SPACIA AZABUJUBAN        | Minato-ku, Tokyo         | Residential |
| SPACIA EBISU             | Shibuya-ku, Tokyo        | Residential |
| SPACIA EBISU             | Shibuya-ku, Tokyo        | Residential |
| SPACIA KANDA             | Chiyoda-ku, Tokyo        | Residential |
| SPACIA SENDAGAYA         | Shinjuku-ku, Tokyo       | Residential |
| SPACIA KITASHINJUKU      | Shinjuku-ku, Tokyo       | Residential |
| SPACIA MEGUROFUDOMAE     | Shinagawa-ku, Tokyo      | Residential |
| SPACIA MACHIDA           | Machida-city, Tokyo      | Residential |
| SPACIA KAWASAKI          | Kawasaki-city, Kanagawa  | Residential |
| FITL KOMAGATA (L Kakuei) | Taito-ku, Tokyo          | Residential |
| IMAIKE IRIS NIBANKAN     | Nagoya-city, Aichi       | Residential |
|                          |                          |             |
| b-town JINGUMAE          | Shibuya-ku, Tokyo        | Commercial  |
| HAMAMATSU Plaza          | Hamamatsu-city, Shizuoka | Commercial  |
| RINKU HAGURAZAKI Plaza   | Sennan-gun, Osaka        | Commercial  |



**SPACIA GINZA**



**SPACIA AZABUJUBAN**



**HAMAMATSU Plaza**

# Overview of First Half 06/3

## Properties sold and to be sold (securitization)

| Properties sold (02/3-05/3) |              |             |                               |                               |
|-----------------------------|--------------|-------------|-------------------------------|-------------------------------|
| Location                    |              | #           | Type and # of bldg            |                               |
| Central and southern Tokyo  | Chiyoda-ku   | 3           | Residential 2<br>Commercial 1 |                               |
|                             | Chuo-ku      | 2           | Residential 1<br>Commercial 1 |                               |
|                             | Minato-ku    | 7           | Residential 5<br>Commercial 2 |                               |
|                             | Bunkyo-ku    | 1           | Residential 1<br>Commercial 0 |                               |
|                             | Shibuya-ku   | 10          | Residential 5<br>Commercial 5 |                               |
|                             | Setagaya-ku  | 4           | Residential 4<br>Commercial 0 |                               |
|                             | Meguro-ku    | 2           | Residential 1<br>Commercial 1 |                               |
|                             | Shinagawa-ku | 1           | Residential 1<br>Commercial 0 |                               |
|                             | Ota-ku       | 1           | Residential 1<br>Commercial 0 |                               |
|                             | Other        | Shinjuku-ku | 6                             | Residential 5<br>Commercial 1 |
| Taito-ku                    |              | 1           | Residential 1<br>Commercial 0 |                               |
| Machida-city                |              | 1           | Residential 1<br>Commercial 0 |                               |
| Kawasaki-city               |              | 1           | Residential 0<br>Commercial 1 |                               |

| Properties to be sold (06/3) |              |             |                               |                               |  |
|------------------------------|--------------|-------------|-------------------------------|-------------------------------|--|
| Location                     |              | #           | Type and # of bldg            |                               |  |
| Central and southern Tokyo   | Chuo-ku      | 1           | Residential 1<br>Commercial 0 |                               |  |
|                              | Minato-ku    | 1           | Residential 0<br>Commercial 1 |                               |  |
|                              | Bunkyo-ku    | 2           | Residential 2<br>Commercial 0 |                               |  |
|                              | Shibuya-ku   | 4           | Residential 1<br>Commercial 3 |                               |  |
|                              | Setagaya-ku  | 1           | Residential 0<br>Commercial 1 |                               |  |
|                              | Meguro-ku    | 2           | Residential 1<br>Commercial 1 |                               |  |
|                              | Shinagawa-ku | 1           | Residential 0<br>Commercial 1 |                               |  |
|                              | Other        | Shinjuku-ku | 2                             | Residential 2<br>Commercial 0 |  |
|                              |              | Toshima-ku  | 2                             | Residential 0<br>Commercial 2 |  |
|                              |              | Koto-ku     | 1                             | Residential 1<br>Commercial 0 |  |
| Kita-ku                      |              | 1           | Residential 0<br>Commercial 1 |                               |  |
|                              | Karuizawa    | 1           | Residential 0<br>Commercial 1 |                               |  |

# Overview of First Half 06/3

## Commercial development (securitization)

1. b-town JINGUMAE (sold on Sep 04)
2. b-town JINGUMAE (sold on Jul 05)
3. JINGUMAE 6 chome project (land acquired in Jul 04)



|            |   |
|------------|---|
| Location   | 4-chome Jingumae, Shibuya-ku, Tokyo         |
| Structure  | 1 underground level (RC), 2 floors (steel)  |
| Use        | Three building for retail stores and others |
| Floor area | 1,128.98㎡                                   |
| Completion | March 2004                                  |

| JINGUMAE 6 chome project |                                      |
|--------------------------|--------------------------------------|
| Location                 | 6-chome, Jingumae, Shibuya-ku, Tokyo |
| Description              | Commercial                           |
| Structure                | 2 underground level, 6 floors        |
| Floor area               | 4,517.00㎡                            |
| Tenant                   | Retail stores and others             |

|            |  |
|------------|--|
| Location   | 5-chome, Jingumae, Shibuya-ku, Tokyo       |
| Structure  | 1 underground level (RC), 2 floors (steel) |
| Use        | Retail store                               |
| Floor area | 283.83㎡                                    |
| Completion | May 2005                                   |

# Overview of First Half 06/3

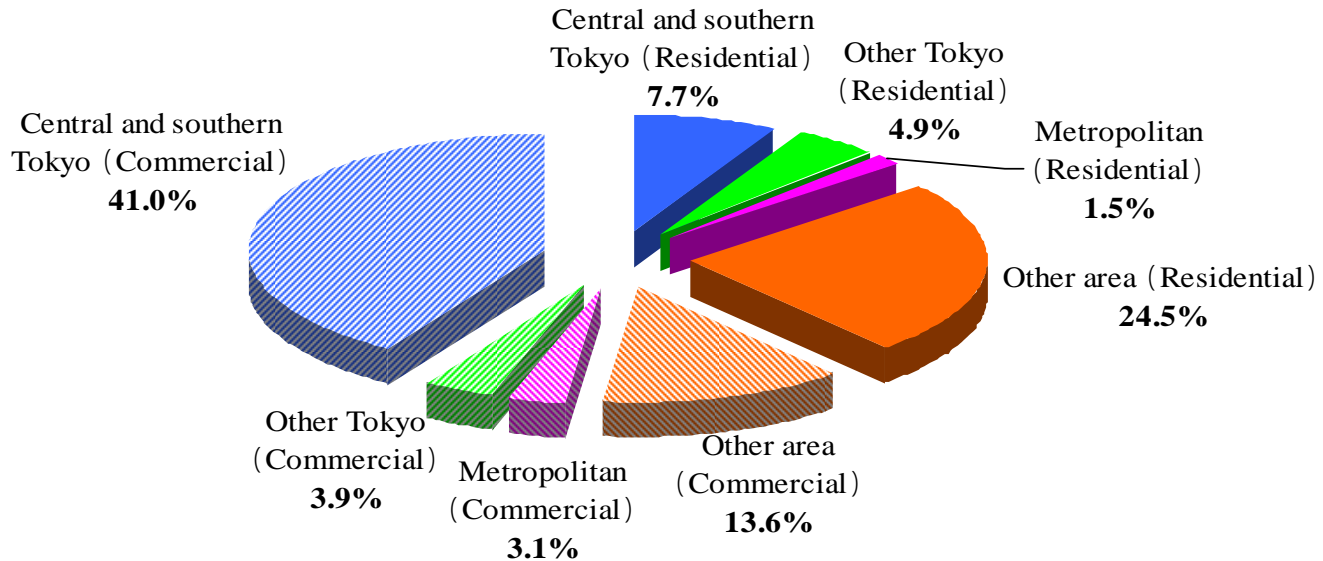
## Breakdown of properties in SPCs (securitization)

**Total: ¥41.9bil (Sep 05)**

on-balance and off-balance properties

### Commercial

### Residential



# Condo development



JOINT CORPORATION  
株式会社ジョイント・コーポレーション

# Overview of First Half 06/3

## Major condo sales for 06/3

|                                   |                 |
|-----------------------------------|-----------------|
| Broad city TOKYO (L Kakuei)       | 180units        |
| <b>J Park MUSASHINO</b>           | <b>163units</b> |
| J Park NISHIFUNABASHI             | 90units         |
| Adenium GOTANNO                   | 73units         |
| J Park SHINKOIWA                  | 70units         |
| Jpark Court FUTAKOTAMAGAWA Grande | 63units         |
| J Park TAMAGAWA Riverge           | 61units         |
| Adenium FUNABASHI HOTEN           | 53units         |

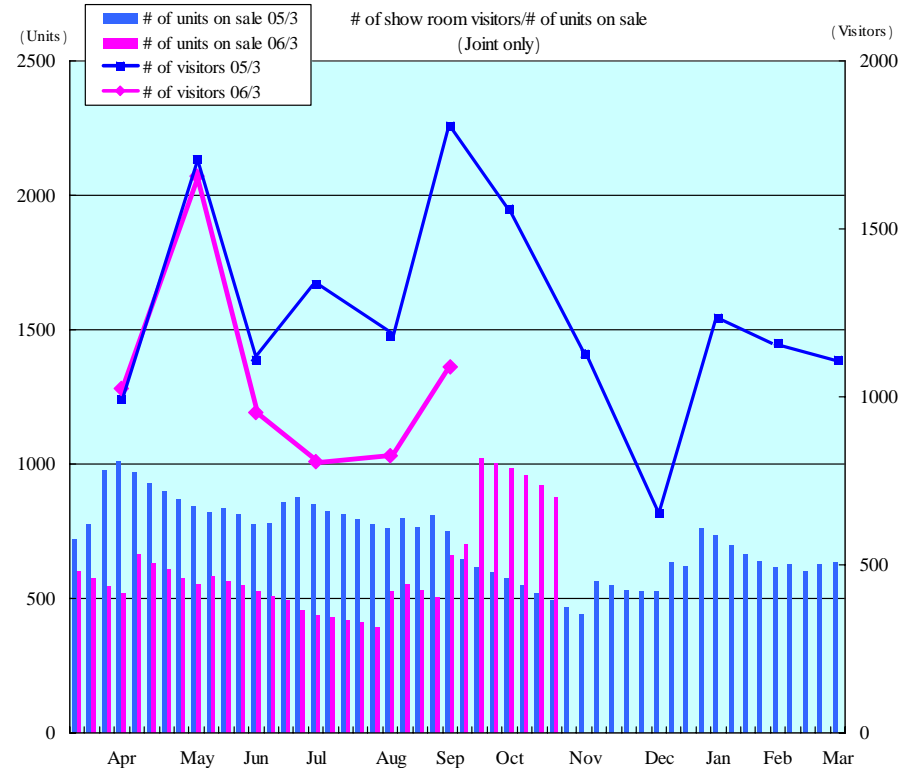
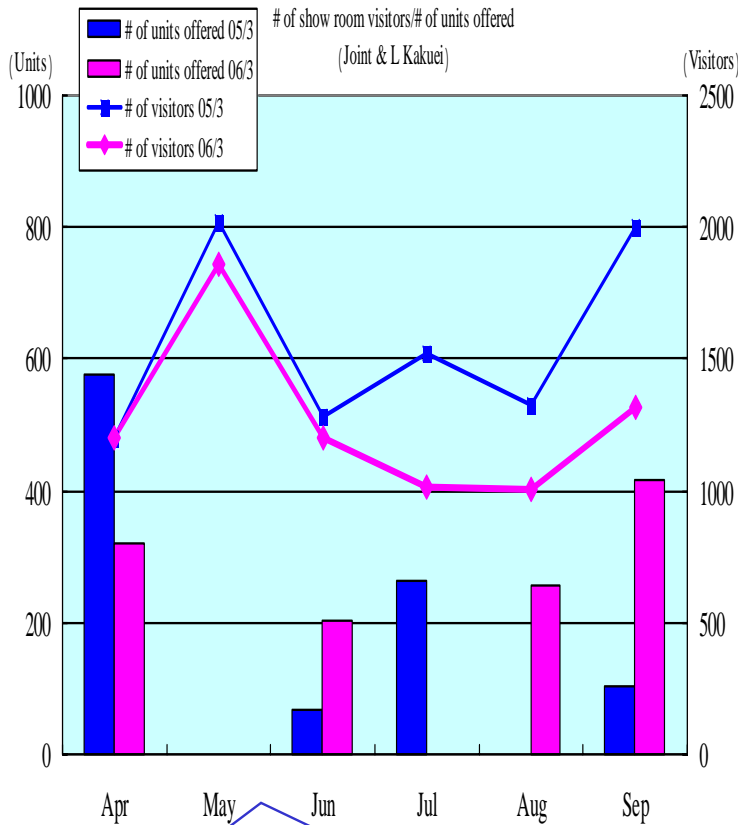
### J Park MUSASHINO



|          |  |
|----------|--|
| Name     | J Park MUSASHINO                           |
| Location | 4 chome Sekimachi Minami, Nerima-ku, Tokyo |
| Units    | 163units                                   |
| Layout   | 2LDK · 3LDK · 4LDK                         |

# Overview of First Half 06/3

## # of visitors to show room (condo development)



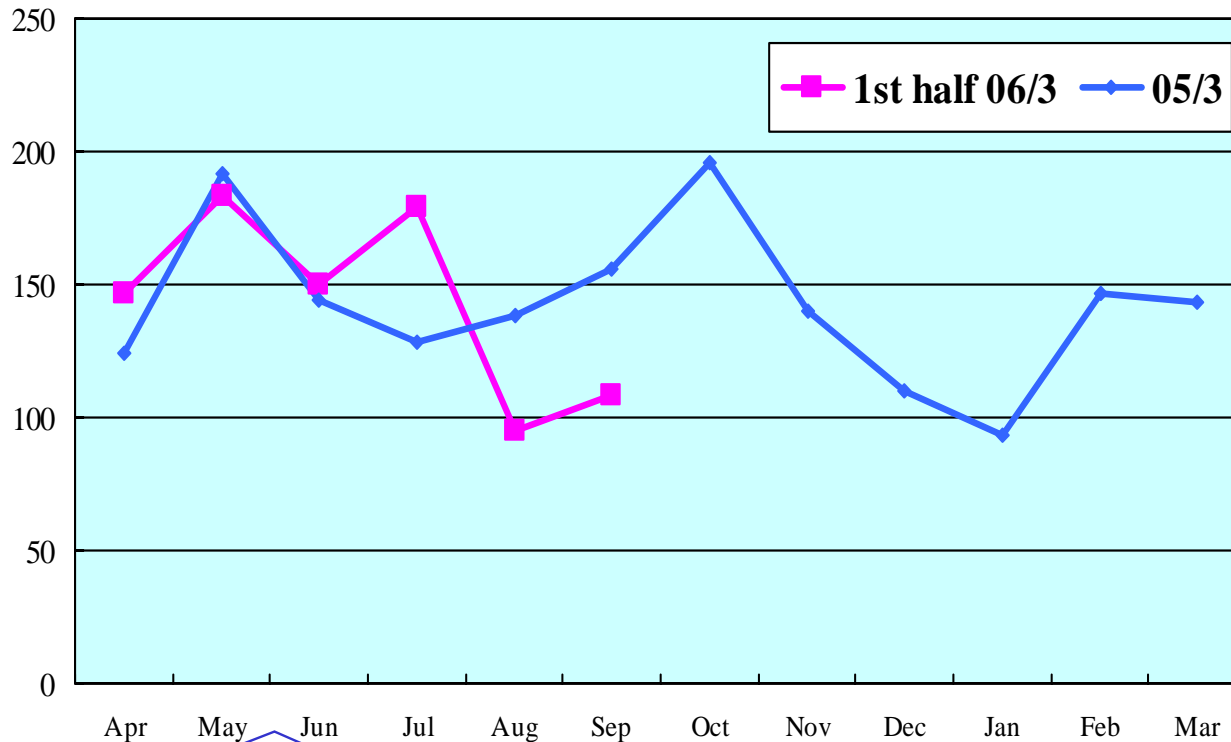
# of show room visitors: **-19% Y o Y**

• Decline in # of units on sale might have affected attendance

# Overview of First Half 06/3

## # of condo contracts (condo development)

# of condo contracts  
(Joint & L Kakuei)



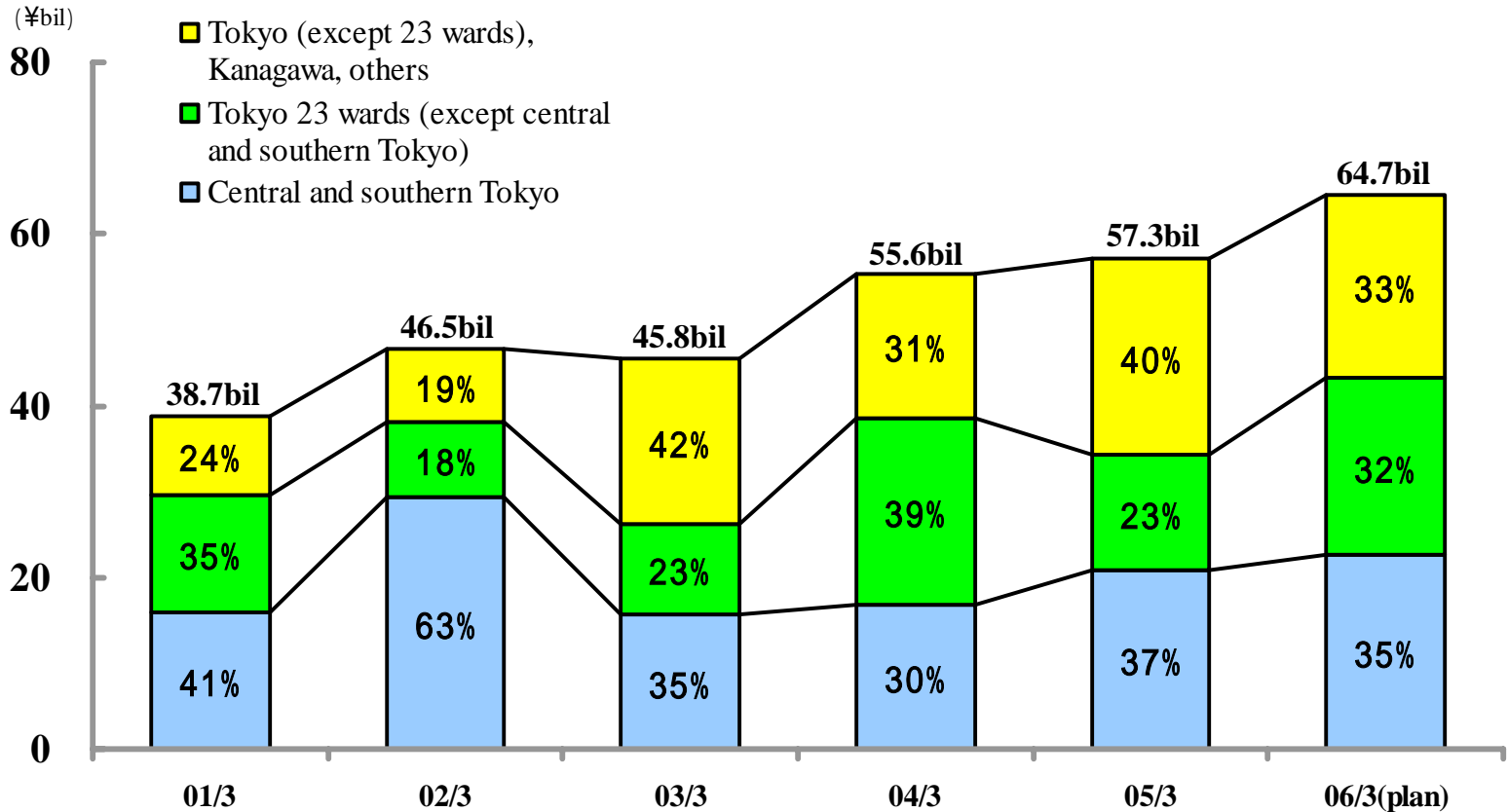
# of condo contracts: **-3% Y o Y**

· Decline in # of units on sale might have affected drop in # of contracts

# Overview of First Half 06/3

## Condo regional breakdown (condo development)

### Sales and sales plan



# Group Companies





# Overview of First Half 06/3

*L Kakuei*

## Results

|                                    | First half 06/3 | Y o Y         | vs. original plan |
|------------------------------------|-----------------|---------------|-------------------|
| <b>Net sales</b>                   | <b>¥23.4bil</b> | <b>74.9%</b>  | <b>13.3%</b>      |
| <b>Ordinary income</b>             | <b>¥1.9bil</b>  | <b>-15.0%</b> | <b>64.9%</b>      |
| <b>Securitization Net sales</b>    | <b>¥9.2bil</b>  | <b>65.5%</b>  |                   |
| <b>Condo development Net sales</b> | <b>¥13.0bil</b> | <b>99.1%</b>  |                   |

### *Major reasons*

- **Highly profitable property sale in previous year makes comparison difficult**
- **Higher condo sales led to better sales/ordinary income vs. original plan**

# Overview of First Half 06/3

## Joint Rent

### Results

|                                   | First half 06/3   | Y o Y         | vs. original plan |
|-----------------------------------|-------------------|---------------|-------------------|
| <b>Net sales</b>                  | <b>¥2.5bil</b>    | <b>29.9%</b>  | <b>2.1%</b>       |
| <b>Ordinary income</b>            | <b>¥0.1bil</b>    | <b>-23.8%</b> | <b>8.3%</b>       |
| <b>Rental property management</b> | <b>8,491units</b> | <b>33.5%</b>  |                   |
| From Joint group                  | <b>1,396units</b> |               |                   |
| From other sources                | <b>7,095units</b> |               |                   |

### Major reasons

- Investment on new business, head count increase led to higher SG&A
- As sales/income are usually back-load ended, Joint Rent expects to achieve 36% increase (ordinary income) Y o Y



# Overview of First Half 06/3

## J · COMS

|                                    | First half 06/3    | Y o Y        |
|------------------------------------|--------------------|--------------|
| <b># of condo under management</b> | <b>24,094units</b> | <b>9.3%</b>  |
| <b>From Joint group</b>            | <b>12,541units</b> |              |
| <b>From other sources</b>          | <b>11,553units</b> |              |
| <b># of bldg under management</b>  | <b>215bldg</b>     | <b>-6.5%</b> |
| <b>From Joint group</b>            | <b>30bldg</b>      |              |
| <b>From other sources</b>          | <b>185bldg</b>     |              |

### *Joint Land*

**Started condo development business  
from 05/3 with “IXIA” brand**





# *Overview of First Half 06/3*

## *Financing activities*

### **(1) Commitment line**

**Total ¥11.5bil**

**New commitment line: up to ¥7.5bil**

**To respond more quickly to changing market**

### **(2) Bonds issuance**

**¥17.5bil outstanding at Sep 05**

**Public issue: ¥ 5bil (¥10bil under shelf registration)**

**Private issue: ¥ 12.5bil**

### **(3) Rating (JCR, Oct 05)**

**Short term J-2 (CP, up to ¥5bil)**

**Long term BBB<sup>-</sup> (Shelf registration, senior long-term debt)**

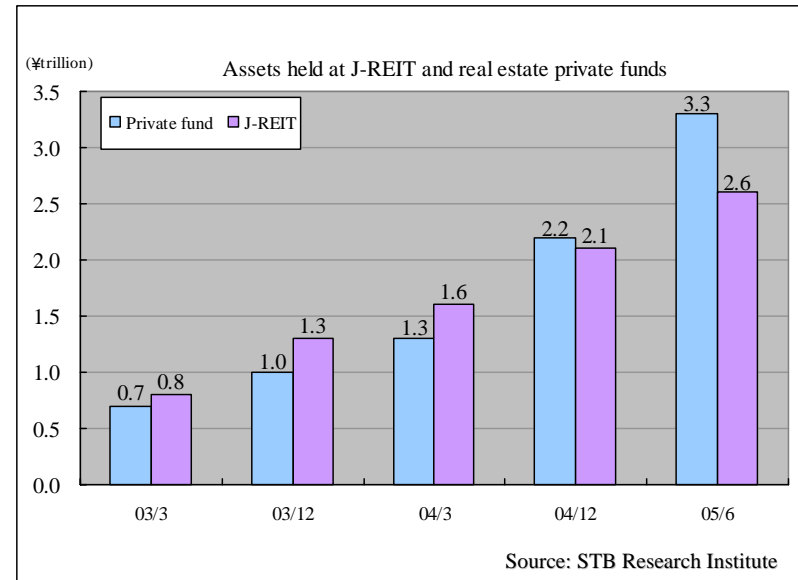
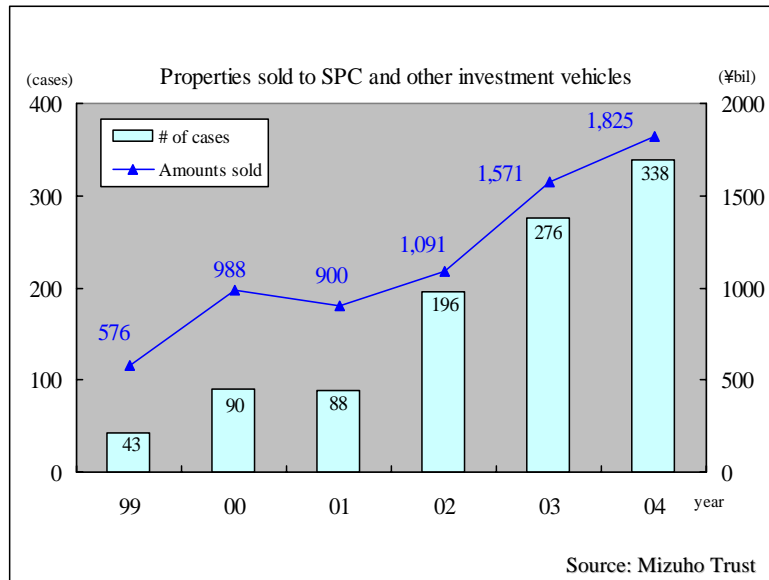
## II. Mid-Term Plan



# Mid-Term Plan

## Operating environment (securitization)

### Booming real estate securitization market

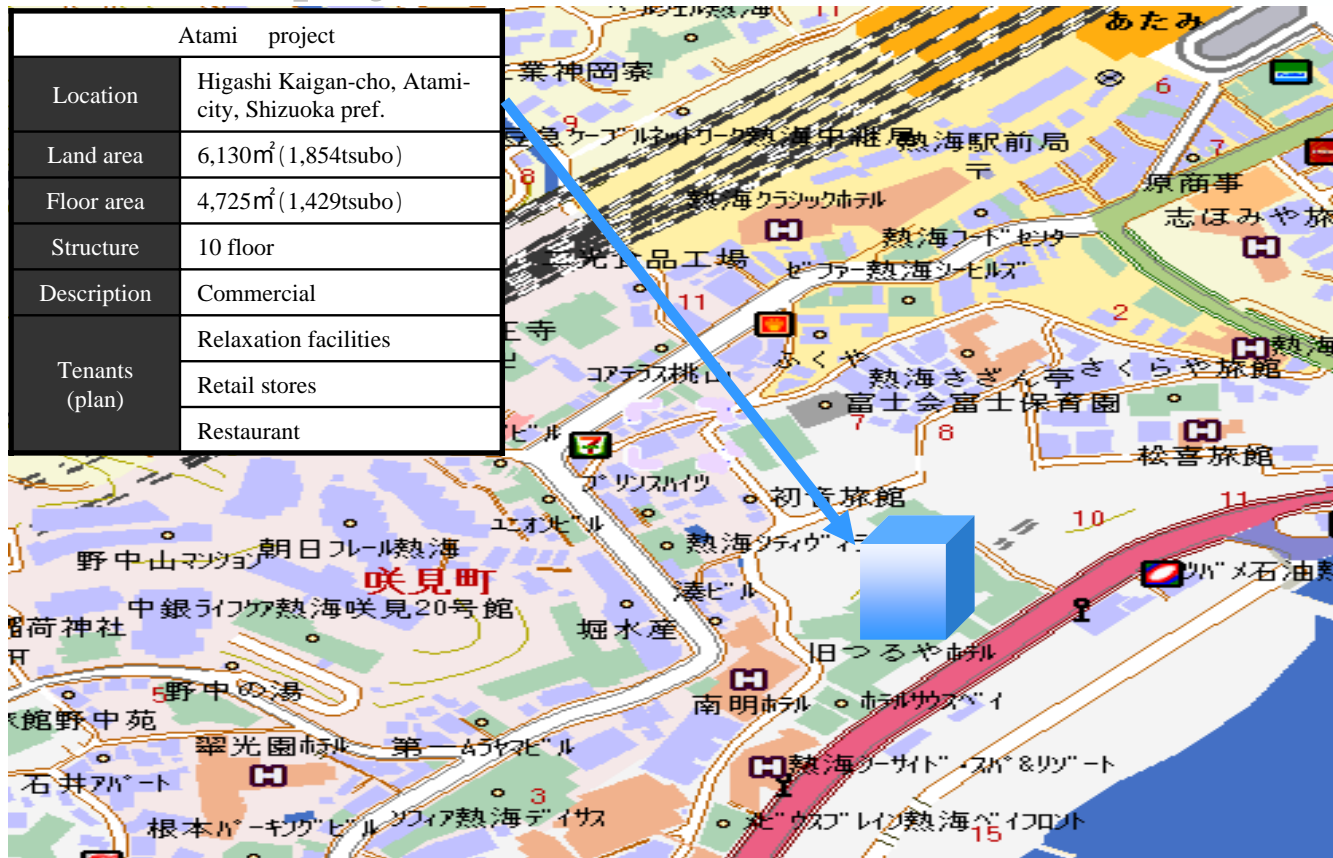


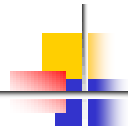
# Mid-Term Plan

## New Project (securitization: commercial property development)

### Atami project

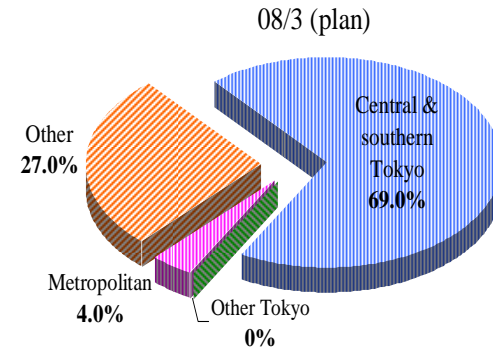
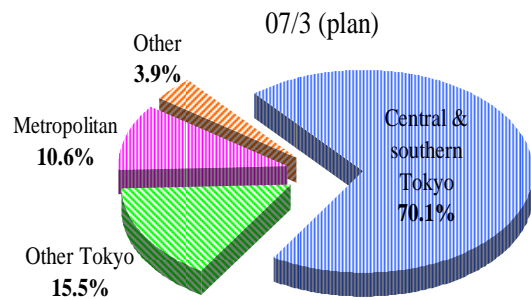
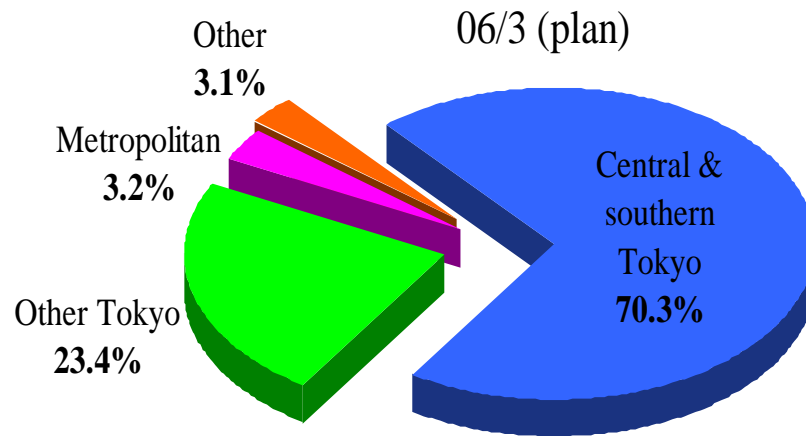
| Atami project  |  |
|----------------|--|
| Location       | Higashi Kaigan-cho, Atami-city, Shizuoka pref. |
| Land area      | 6,130㎡ (1,854tsubo)                            |
| Floor area     | 4,725㎡ (1,429tsubo)                            |
| Structure      | 10 floor                                       |
| Description    | Commercial                                     |
| Tenants (plan) | Relaxation facilities                          |
|                | Retail stores                                  |
|                | Restaurant                                     |

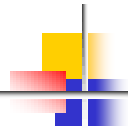




# Mid-Term Plan

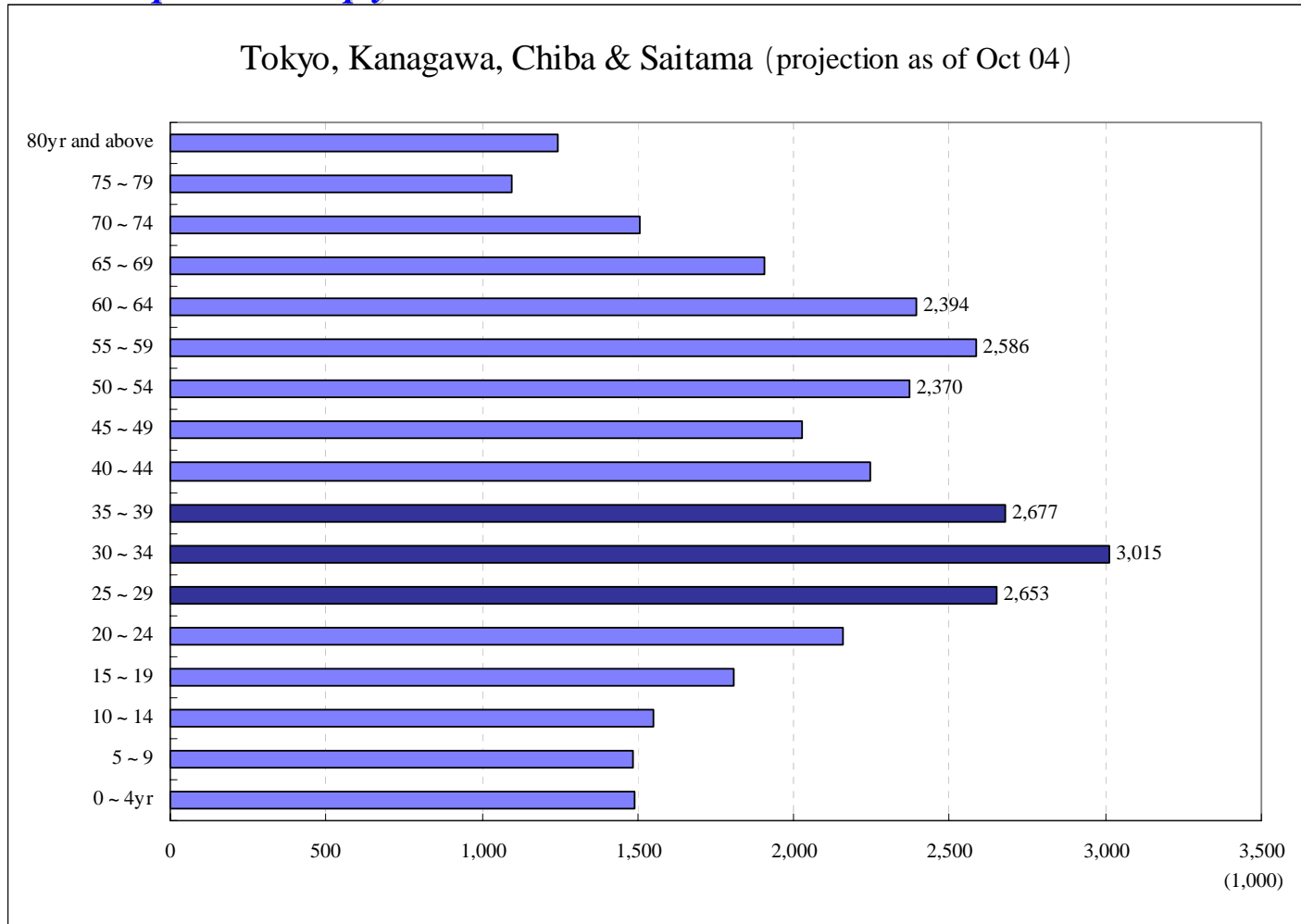
## Land bank by region (securitization, Sep 05)





# Mid-Term Plan

## Population pyramid

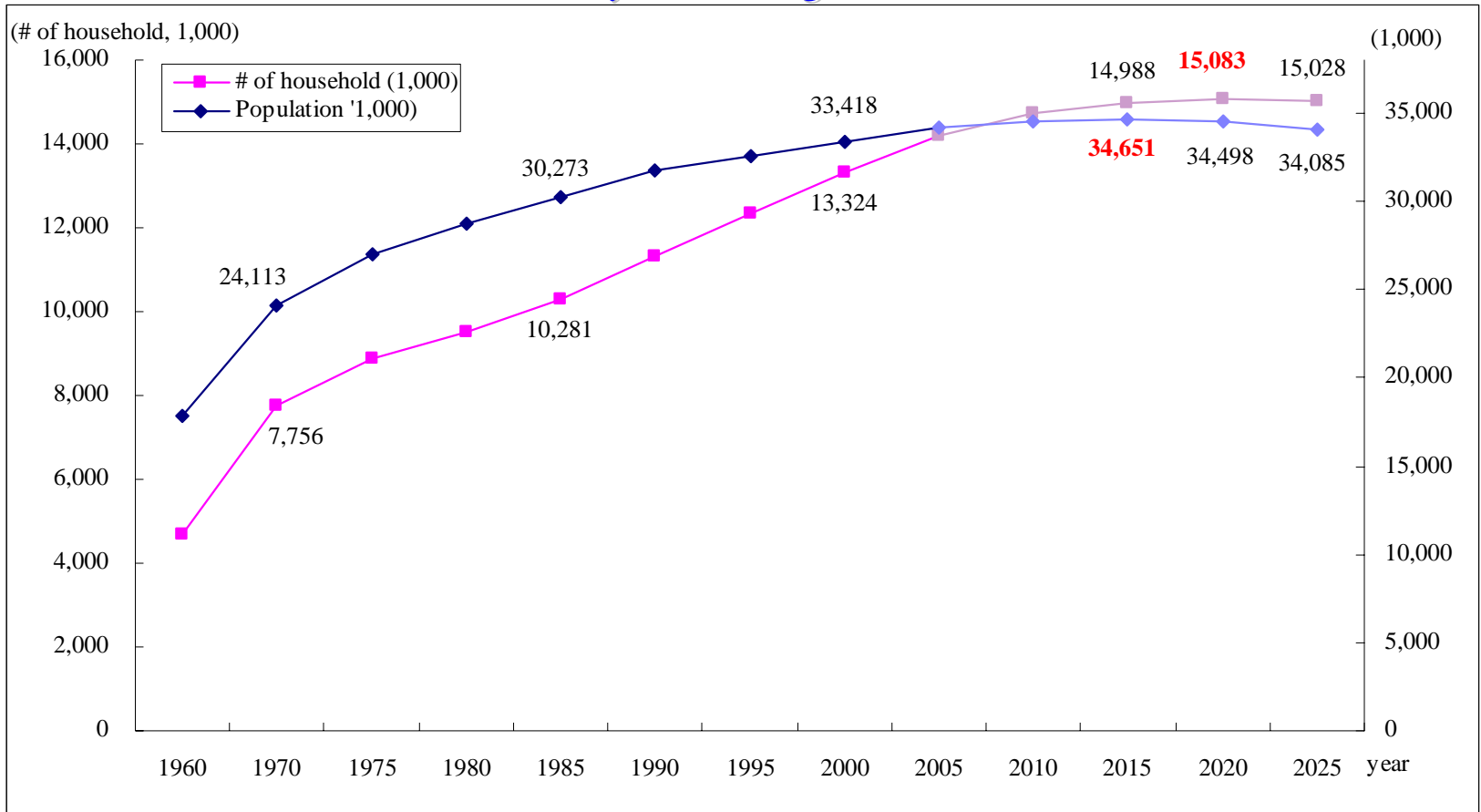


(Source) Ministry of Internal Affairs and Communications



# Mid-Term Plan

## # of household & population in Tokyo, Kanagawa, Chiba & Saitama



(Source) Actual: National Census

Projection: National Institute of Population and Social Security Research



# Mid-Term Plan

## New “Adenium” (condo development)



**THE KOSUGI TOWER**

First high-rise for Joint!

|                       |  |
|-----------------------|--|
| Location              | Nakahara-ku, Kawasaki-city, Kanagawa pref.                     |
| Units                 | 689units   |
| Floor area            | 58.36 ~ 122.77m <sup>2</sup>                                   |
| Layout                | 2LDK ~ 4LDK  |
| Completion            | Jun 08   |
| Joint venture partner | Tokyo Tatemono, Itochu Property Development, Joint Corporation |



**A D E N I U M**

**Adenium ATAMI  
Ocean suite**



|            |  |
|------------|--|
| Location   | Kasuga-cho, Atami-city, Shizuoka pref. |
| Units      | 95units                                |
| Floor area | 56.46 ~ 89.03m <sup>2</sup>            |
| Layout     | 1LDK ~ 2LDK                            |
| Completion | Mar 06                                 |



**Adenium KICHIJOJI**

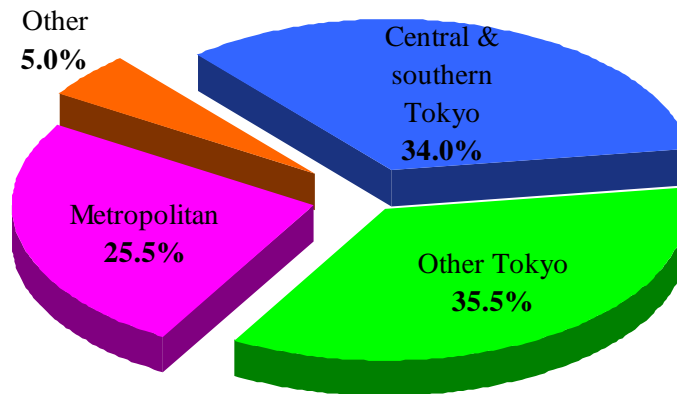
Taste of Asian resort !

|            |                                  |
|------------|----------------------------------|
| Location   | Shimorenjaku, Mitaka-city, Tokyo |
| Units      | 216units                         |
| Floor area | 75.00 ~ 103.00m <sup>2</sup>     |
| Layout     | 3LDK ~ 4LDK                      |
| Completion | Mar 07                           |

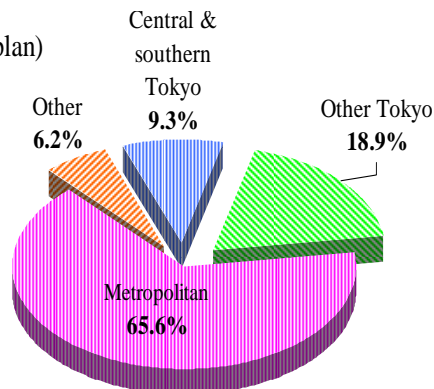
# Mid-Term Plan

## Land bank by region (condo development, Sep 05)

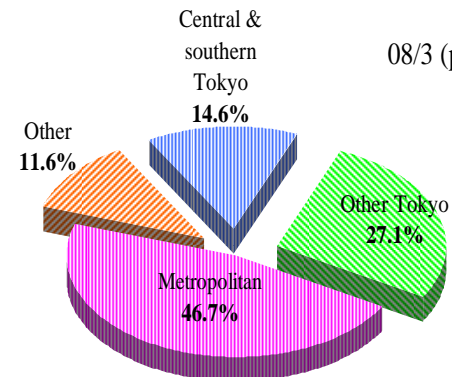
06/3 (plan)



07/3 (plan)

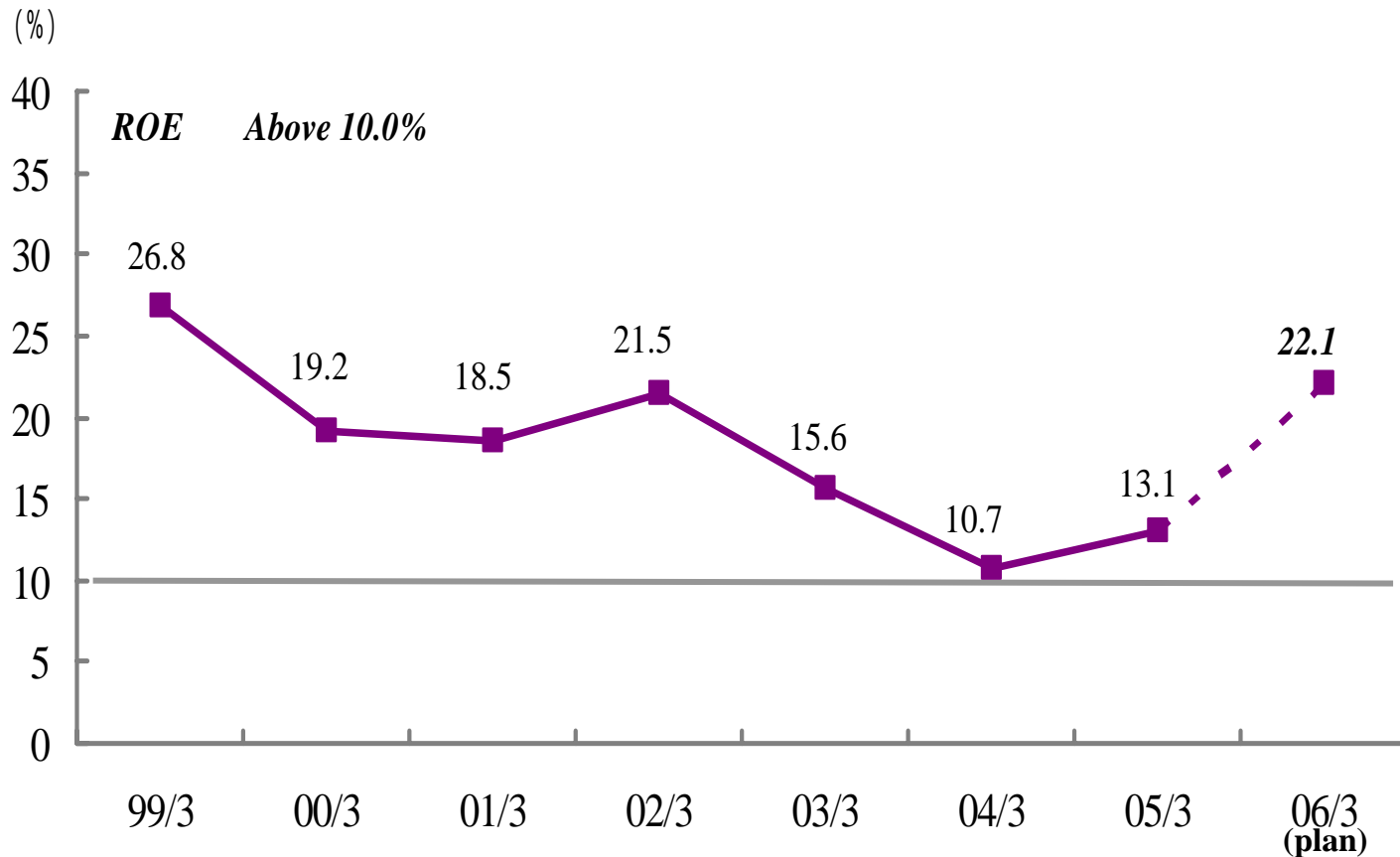


08/3 (plan)

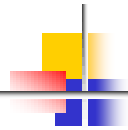


# Mid-Term Plan

## Targets for financial indicators



06/3 number include ¥7.6bil extraordinary income (L Kakuei paid rehabilitation liabilities early)

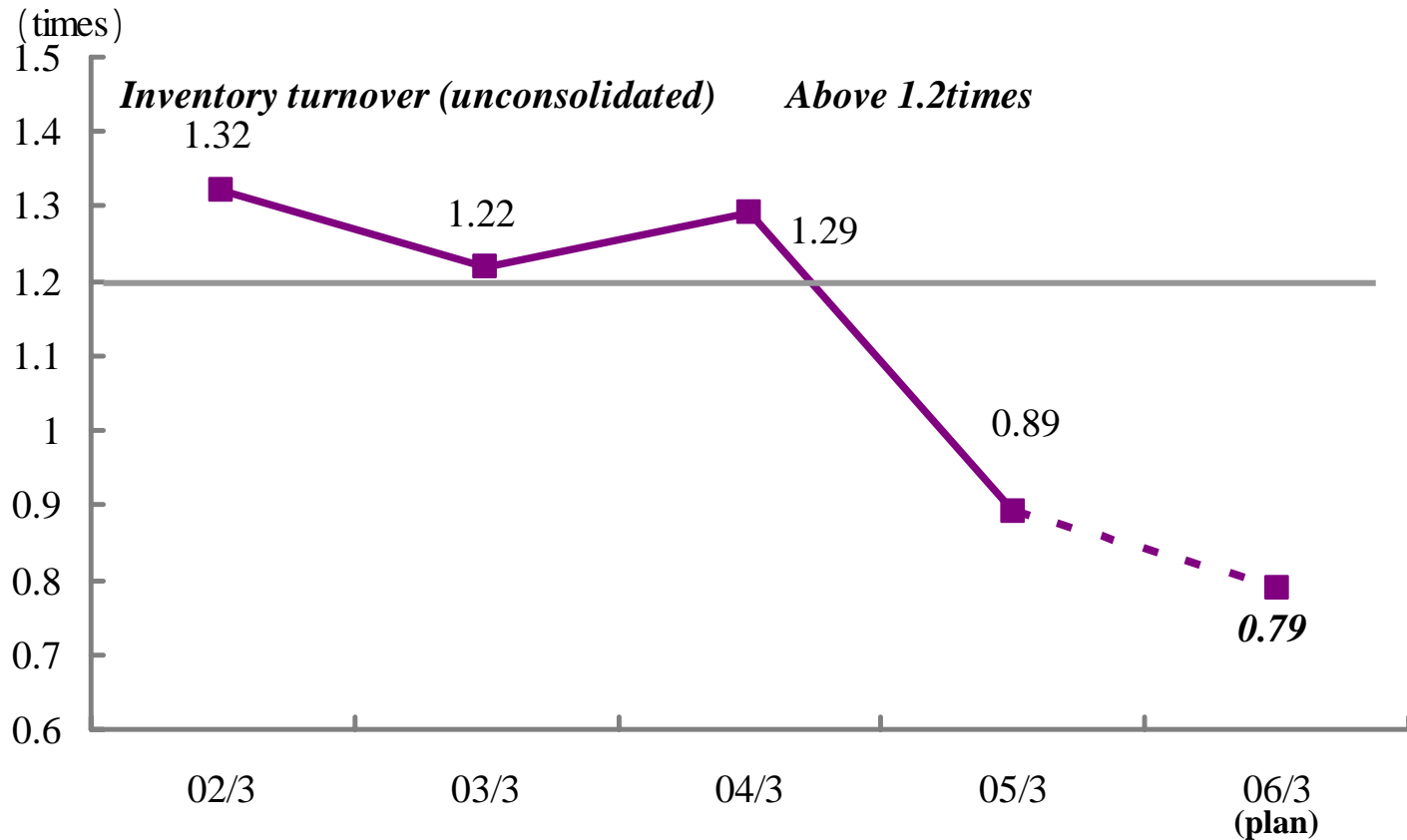


# Mid-Term Plan

## Targets for financial indicators

*Reflects aggressive land bank acquisition and larger condo size*

*Trying to do more off-balance transaction*



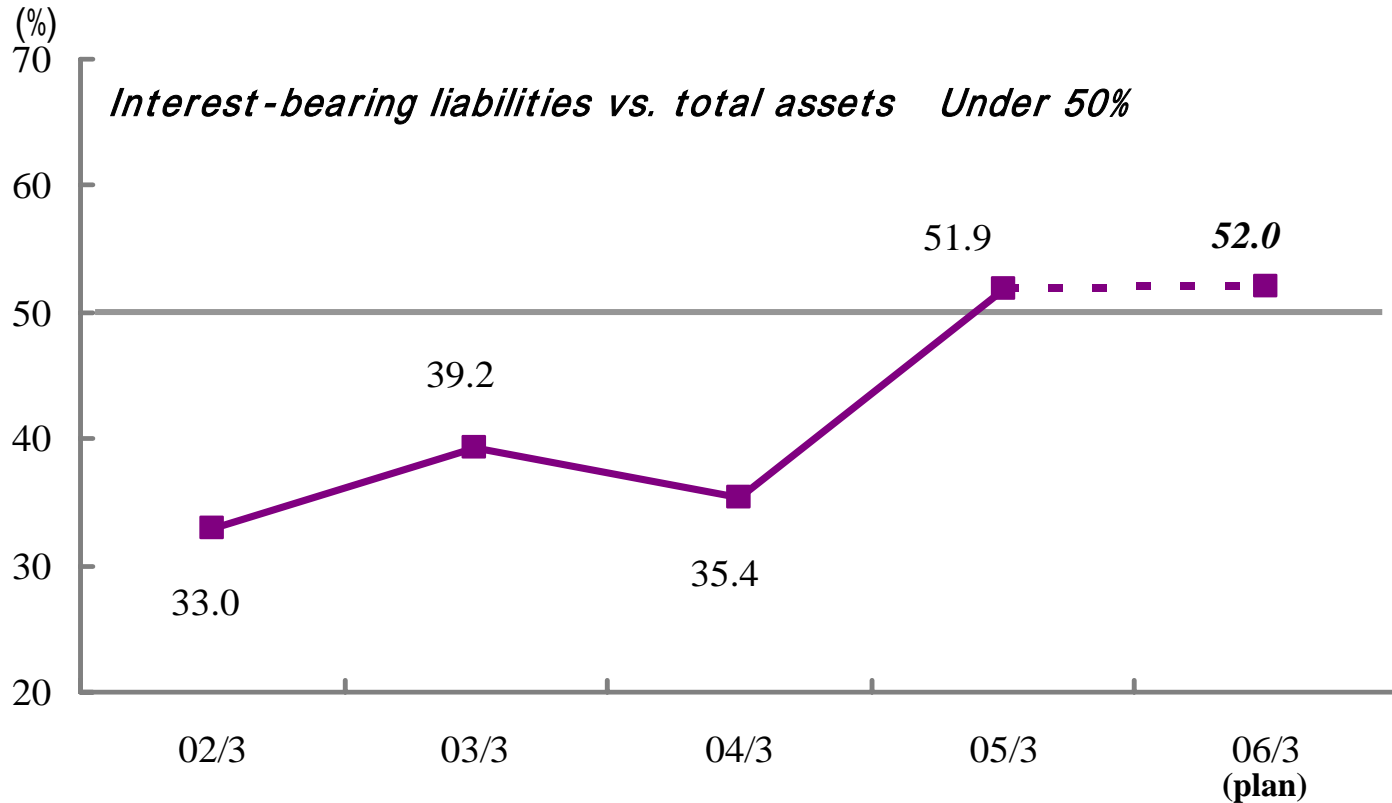


# Mid-Term Plan

## Targets for financial indicators

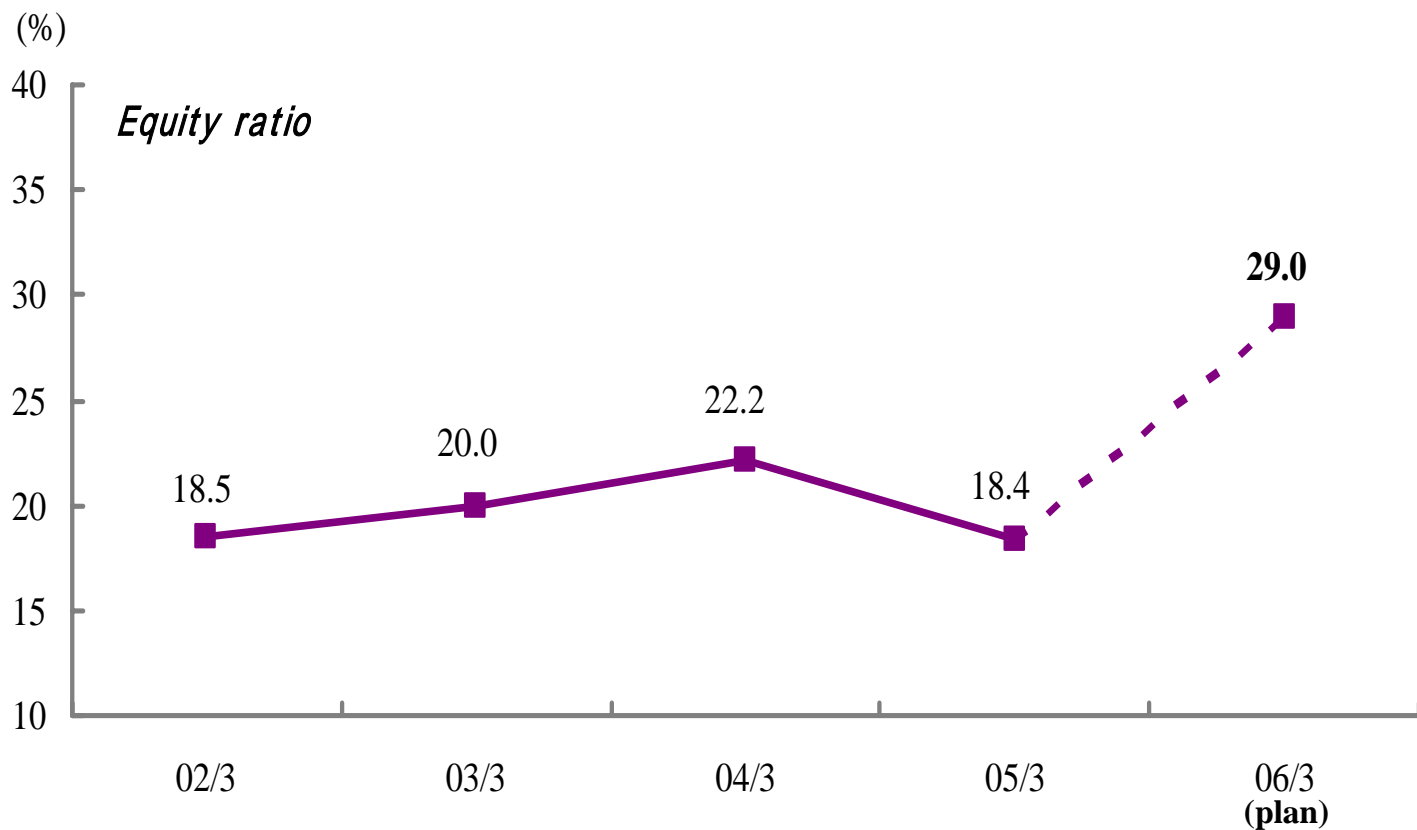
*Balance between aggressive acquisition and financial prudence*

*Trying to do more off-balance transaction*



# Mid-Term Plan

## Reference



# Other Information

# Other Information

## Condo sales data (consolidated)

(¥mil)

|  | First half 05/3         |        | First half 06/3         |        | 06/3 (plan)             |               |
|--|-------------------------|--------|-------------------------|--------|-------------------------|---------------|
| <b>Units offered for sale</b>            | 20 bldg<br>(1,049units) | 39,602 | 18 bldg<br>(1,248units) | 39,649 | 34 bldg<br>(2,533units) | <b>84,580</b> |
| <b>Contracts signed</b>                  | 30 bldg<br>(950units)   | 32,467 | 32 bldg<br>(923units)   | 32,016 | 53 bldg<br>(2,278units) | <b>78,472</b> |
| <b>Condo sold (delivered)</b>            | 7 bldg<br>(468units)    | 17,220 | 11 bldg<br>(939units)   | 31,701 | 27 bldg<br>(1,843units) | <b>64,755</b> |
| <b>Backlog at the end of fiscal year</b> | 30 bldg<br>(970units)   | 34,502 | 33 bldg<br>(722units)   | 26,404 | 38 bldg<br>(1,173units) | <b>39,807</b> |



# Other Information

## Unconsolidated income statements

(¥mil)

|                  | First half 05/3 |        | First half 06/3 |               | Difference | Note |
|------------------|-----------------|--------|-----------------|---------------|------------|------|
|                  | Amount          | Margin | Amount          | Margin        |            |      |
| Net sales        | 19,448          | 100.0% | <b>39,352</b>   | <b>100.0%</b> | 19,904     |      |
| Gross income     | 3,689           | 19.0%  | <b>7,639</b>    | <b>19.4%</b>  | 3,950      |      |
| Operating income | 1,395           | 7.2%   | <b>5,205</b>    | <b>13.2%</b>  | 3,810      |      |
| Ordinary income  | 810             | 4.2%   | <b>4,317</b>    | <b>11.0%</b>  | 3,506      |      |
| Net income       | 474             | 2.4%   | <b>2,433</b>    | <b>6.2%</b>   | 1,958      |      |



# Other Information

## Unconsolidated balance sheets

(¥mil)

|                                     | 05/3           |               | First half 06/3 |               | Difference | Note |
|-------------------------------------|----------------|---------------|-----------------|---------------|------------|------|
|                                     | Amount         | %             | Amount          | %             |            |      |
| Cash and deposits                   | 18,491         |               | <b>23,018</b>   |               | 4,527      |      |
| Inventories                         | 80,086         | 68.5%         | <b>63,332</b>   | <b>55.4%</b>  | 16,754     |      |
| Other current assets                | 9,684          |               | <b>16,412</b>   |               | 6,728      |      |
| Fixed assets                        | 8,651          |               | <b>11,592</b>   |               | 2,941      |      |
| <b>Total assets</b>                 | <b>116,913</b> | <b>100.0%</b> | <b>114,356</b>  | <b>100.0%</b> | 2,557      |      |
| Interest-bearing liabilities        | 72,996         | 62.4%         | <b>75,485</b>   | <b>66.0%</b>  | 2,489      |      |
| Other liabilities                   | 18,010         |               | <b>10,320</b>   |               | 7,690      |      |
| <b>Total liabilities</b>            | <b>91,006</b>  | <b>77.8%</b>  | <b>85,805</b>   | <b>75.0%</b>  | 5,201      |      |
| Paid-in capital                     | 7,672          |               | <b>7,746</b>    |               | 74         |      |
| Others                              | 18,234         |               | <b>20,803</b>   |               | 2,569      |      |
| <b>Total shareholders' equity</b>   | <b>25,906</b>  | <b>22.2%</b>  | <b>28,550</b>   | <b>25.0%</b>  | 2,644      |      |
| <b>Total liabilities and equity</b> | <b>116,913</b> | <b>100.0%</b> | <b>114,356</b>  | <b>100.0%</b> | 2,557      |      |



# Other Information

## L Kakuei income statements

(¥mil)

|                  | First half 05/3 |        | First half 06/3 |               | Difference | Note  |
|------------------|-----------------|--------|-----------------|---------------|------------|---|
|                  | Amount          | Margin | Amount          | Margin        |            |   |
| Net sales        | 13,377          | 100.0% | <b>23,404</b>   | <b>100.0%</b> | 10,026     |   |
| Gross income     | 3,192           | 23.9%  | <b>3,828</b>    | <b>16.4%</b>  | 636        |   |
| Operating income | 2,400           | 17.9%  | <b>2,259</b>    | <b>9.7%</b>   | 141        |   |
| Ordinary income  | 2,280           | 17.0%  | <b>1,938</b>    | <b>8.3%</b>   | 341        |   |
| Net income       | 1,448           | 10.8%  | <b>5,873</b>    | <b>25.1%</b>  | 4,425      | ¥7.6bil extraordinary income by repaying rehabilitation liabilities early |



# Other Information

## L Kakuei balance sheets

(¥mil)

|                                     | 05/3          |               | First half 06/3 |               | Difference | Note   |
|-------------------------------------|---------------|---------------|-----------------|---------------|------------|--|
|                                     | Amount        | %             | Amount          | %             |            |  |
| Cash and deposits                   | 7,617         |               | 8,552           |               | 934        |  |
| Inventories                         | 37,830        | 72.7%         | 38,993          | 71.5%         | 1,162      |  |
| Other current assets                | 2,192         |               | 2,669           |               | 477        |  |
| Fixed assets                        | 4,396         |               | 4,314           |               | 81         |  |
| <b>Total assets</b>                 | <b>52,037</b> | <b>100.0%</b> | <b>54,529</b>   | <b>100.0%</b> | 2,492      |  |
| Interest-bearing liabilities        | 10,099        | 19.4%         | 19,935          | 36.6%         | 9,836      |  |
| Bankruptcy liabilities              | 24,525        | 47.1%         | 0               | 0%            | 24,525     |  |
| Other liabilities                   | 6,867         |               | 18,175          |               | 11,308     | Includes remaining rehabilitation liabilities of ¥5bil |
| <b>Total liabilities</b>            | <b>41,491</b> | <b>79.7%</b>  | <b>38,110</b>   | <b>69.9%</b>  | 3,380      |  |
| Paid-in capital                     | 3,000         |               | 3,000           |               | -          |  |
| Others                              | 7,545         |               | 13,419          |               | 5,873      |  |
| <b>Total shareholders' equity</b>   | <b>10,545</b> | <b>20.3%</b>  | <b>16,419</b>   | <b>30.1%</b>  | 5,873      |  |
| <b>Total liabilities and equity</b> | <b>52,037</b> | <b>100.0%</b> | <b>54,529</b>   | <b>100.0%</b> | 2,492      |  |