

MITSUI & CO LTD
Form 6-K
December 10, 2004

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FORM 6-K

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Report of Foreign Private Issuer

Interim Business Report first half of the fiscal year ending March 31, 2005

**Pursuant to Rule 13a-16 or 15d-16
of the Securities Exchange Act of 1934**

For the month of December 10, 2004

Commission File Number 09929

Mitsui & Co., Ltd.

(Translation of registrant's name into English)

2-1, Ohtemachi 1-chome Chiyoda-ku, Tokyo 100-0004 Japan

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

Form 20-F

Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Note: Regulation S-T Rule 101(b)(1) only permits the submission in paper of a Form 6-K if submitted solely to provide an attached annual report to security holders.

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Note: Regulation S-T Rule 101(b)(7) only permits the submission in paper of a Form 6-K if submitted to furnish a report or other document that the registrant foreign private issuer must furnish and make public under the laws of the jurisdiction in which the registrant is incorporated, domiciled or legally organized (the registrant's home country), or under the rules of the home country exchange on which the registrant's securities are traded, as long as the report or other document is not a press release, is not required to be and has not been distributed to the registrant's security holders, and, if discussing a material event, has already been the subject of a Form 6-K submission or other Commission filing on EDGAR.

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

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Yes

No

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82- ____

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Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: December 10, 2004

MITSUI & CO., LTD.

By: /s/ Tasuku Kondo
Name: Tasuku Kondo
Title: Executive Director
Executive Vice President
Chief Financial Officer

To Our Shareholders

Interim Business Report First half of the fiscal year Ending March 31, 2005

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To Our Shareholders:

We regret to report on the discovery that false data had been produced and submitted to the Tokyo Metropolitan Government with respect to products manufactured by our wholly owned subsidiary, resulting in the provision of products whose filtration ratios did not meet the regulatory standard. The product is Diesel Particulate Filter (DPF), which reduces the particulate matters contained in the emissions of diesel vehicles. We express our utmost regret to our shareholders, as well as all other parties concerned, for the occurrence of this incident.

While making best efforts to fully investigate this incident, we will undertake to replace our DPFs for free by engaging in a series of activities, including, supplying products of other manufacturers, reforming our existing products and developing alternative products.

In order to prevent the recurrence of similar cases in the future, we will carry out a company-wide effort to reinforce the existing compliance programs and to ensure higher corporate ethics, and ask for the kind understanding and support of our shareholders.

Shoei Utsuda
President and Chief Executive Officer

December 6, 2004

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MITSUI & CO., LTD.

Interim Business Report

**First half of the fiscal year
ending March 31, 2005**

**April 1, 2004 to
September 30, 2004**

The 86th financial year of Mitsui & Co., Ltd.

Translated document

This report has been prepared in English solely for the convenience of foreign readers, based on the *Chukanhokokusho* for the first half of Mitsui's 86th year. The original statements in Japanese are definitive.

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From the President

We are delighted to bring you our Interim Business Report for the 86th year of Mitsui & Co., Ltd. (Mitsui), the fiscal year ending March 31, 2005.

In the interim period from April 1, 2004 to September 30, 2004 we achieved record results, with consolidated net income of 62.1 billion yen and unconsolidated net income of 40.6 billion yen. In reflection of these results we revised our full year consolidated net income forecasts upwards to 110.0 billion yen.

The interim dividend payment has also been increased to 5 yen per share, 1 yen per share higher than for the previous interim period. Moreover, based on our new dividend policy of targeting a consolidated payout ratio of 20%, we intend to increase the final dividend for the year above the 8 yen per share paid in the previous fiscal year by improving our business performance. Achieving our consolidated net income target of 110.0 billion yen would equate to a dividend of 14 yen per share for the full year.

In the second half of this year we will continue making every effort to build the earning power of Mitsui. We look forward to your support.

Shoei Utsuda

President and Chief Executive Officer

December 2004

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Operating Environment

General Economic Conditions

Global economic conditions improved during the interim period under review, with growth in the major developed economies as well as in emerging countries such as China, India, and Russia. Contributing factors included the effects of historically low interest rates, higher demand for digital home appliances such as flat-screen televisions, a recovery in demand for personal computers and other IT-related items, and significant growth in demand for motor vehicles and infrastructure developments particularly in China but also in other emerging economies. These factors contributed to a substantial increase in global trade, with a considerable lift in commodity markets such as oil and mineral resources. In addition, momentum grew in corporations' efforts to engage constructively in CSR (corporate social responsibility).

The Japanese Economy

The Japanese economy continued to recover, underpinned by strong exports and capital expenditure. Key contributing factors included global growth in demand for highly competitive Japanese products such as digital electronics and hybrid vehicles, and strong ongoing growth in Japan's key export markets in Asia. Personal consumption also showed a mild upturn, with recovery in the labor market and stronger consumer sentiment. Increased activity in international commodity markets led to higher prices for raw and intermediate materials, but the impact of this on finished product prices was delayed and consumer prices remained weak.

Japan's economic recovery is characterized by progress in the clearing up non-performing loans in the financial sector, widespread corporate restructuring, and other aspects of longer-term economic reform that have strengthened corporate financial fundamentals. More stable and sustainable economic growth can be expected, as quantitative monetary easing continues, the government undertakes further fiscal and regulatory reform, and individual companies pursue their own reform programs and direct resources into growth areas.

Recognition of our Operating Environment

As the pace of globalization increases, the influence of new and rapidly developing economies, in particular the so-called BRICS countries of Brazil, Russia, India and China, is rapidly growing. At the same time the unification of regional economies is progressing in Asia, Europe and the Americas. The ongoing infiltration of information technology into every industry, meanwhile, is propelling a shift from supply-driven economies to consumer-driven economies. In addition, global trends concerning health, safety and environmental protection are strengthening, and companies are increasingly expected to demonstrate high levels of accountability and transparency.

Based on awareness of the operating environment as described above, Mitsui is engaging in a range of activities with the aim of further increasing earnings growth.

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**Management policy and New Medium-term
Strategic and Financial Plan
Management Philosophy**

In August of this year we elaborated our management philosophy to create the following Mission, Vision and Values.

Mission

We will contribute to the creation of a future where the dreams of the inhabitants of our irreplaceable Earth can be fulfilled.

Vision

We aim to become a global business enabler that can meet the needs of our customers throughout the world.

Values

- 1 Making it a principle to be fair and humble, we, with sincerity and in good faith, will strive to be worthy of the trust society places in us.
- 1 With lofty aspirations and from an honest perspective, we will pursue business that benefits society.
- 1 Always taking on the challenge of new fields, we will dynamically create business that can lead the times.
- 1 Making the most of our corporate culture that fosters Freedom and Open-mindedness, we will fully demonstrate our abilities as a corporation as well as individuals.
- 1 In order to nurture human resources full of creativity and a superior sense of balance, we will provide our people with a workplace for self-development as well as self-realization.

In line with this management philosophy, we are currently in the process of reshaping our operations with aim of making use of our business engineering capabilities and worldwide network to generate new value as a *global business enabler*. Through measures such as revising our business structure and allocating resources to areas of strategic importance we are seeking to increase earning power and maximize corporate value.

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New Medium-Term Strategic and Financial Plan

(1) Summary of Medium-term Strategic and Financial Plan to March 31, 2006

In the previous fiscal year, ended March 2004, we achieved record consolidated net income of 68.4 billion yen. At the same time we made steady and substantial qualitative improvements through measures such as creating more effective management and sales structures, allocating management resources to areas of strategic importance, reviewing subsidiaries and related companies, and engaging in business process engineering. Based on these results, in May 2004 we announced Global Growth 2006, our new medium-term strategic and financial plan for the two years to March 31, 2006 that provides a blueprint for a new stage of growth across our entire organization. The key elements of this plan are as follows.

1. Quantitative targets

Mitsui's target for the final year of the plan, ending March 2006, is consolidated net income of 100 billion yen with a 9% return on equity and a net debt-to-equity ratio of around 3 times. Our aim is to maintain strong financial fundamentals while expanding our earnings foundation to generate sustainable growth.

2. Key initiatives

Key initiatives in Global Growth 2006 include the following.

(a) Continuously reviewing Mitsui's business portfolio

With the aim of making optimum use of our available management resources, we will concentrate on and invest in core and growing business areas, continuously review subsidiaries and associated companies, and reallocate human resources. Specific measures over the two years to March 2006 include 400 billion yen of investment, comprising 300 billion yen in core mineral, energy and plant project business, with 100 billion yen being targeted towards fueling growth in key strategic areas such as retail and foods businesses, consumer products and services businesses, lifestyle-related businesses, and automobile-related businesses.

(b) Developing a new growth model and leveraging our comprehensive capabilities

We intend to generate further growth, strengthening our existing core businesses while anticipating structural changes within Japan and around the world to take the lead in developing new business opportunities. Through the three strategies of *value chain*, *cross border*, and *innovation* we intend to make powerful use of our comprehensive group capabilities.

(c) Implementation of global strategy

In response to the development of unified regional economies in Asia, Europe and the Americas, we will strengthen operations in growth areas such as Greater China, Central and Eastern Europe, Russia /CIS, Brazil and Chile, forming strategic alliances with leading domestic and international companies as appropriate. At the same time we will take steps to inculcate the Mitsui culture throughout our operations, training and recruiting people globally.

(d) Strengthening corporate governance and CSR

We will strengthen corporate governance and internal controls and focus on CSR in our business management processes, with the aim of increasing the quality and transparency of our management processes and meeting the trust placed in us by stakeholders.

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(2) Initiatives during the six-month period ended September 30, 2004

During the fiscal period under review, specific measures implemented based on the medium-term strategic and financial plan outlined above were as follows.

1. Enhancement of management system

Corporate governance and internal control has been strengthened through the following measures.

- 1 In April this year three advisory committees to the board of directors (the Governance Committee, the Nomination Committee, and the Remuneration Committee) were introduced while maintaining the corporate auditor system.
- 1 The term of appointment for directors and executive officers has been reduced, and the number of external directors increased.
- 1 In working toward the establishment of a consolidated compliance system covering domestic and international Group businesses including compliance with the Sarbanes-Oxley Act and other responsibilities an Internal Control Committee was established in April 2004.
- 1 Also in April 2004 a CSR Promotion Committee was established. (Further information on Mitsui's approach to CSR management systems can be found on page 8 of this document).

2. Reorganization of business units

In April 2004 we adopted the following organizational structure, with the aim of increasing speed and efficiency in executing our global strategy, and optimizing the allocation of management resources from a groupwide perspective.

- 1 We reorganized business units and reduced them in number from 19 to 13.
- 1 We created a Consumer Services Business Unit, containing operations that reflect the rapid expansion in Japan of service industries such as knowledge-based businesses, health care and services to the elderly. The mission of this unit is to develop new business models based on identifying consumer needs.
- 1 With the aim of building on our global logistics capability as a general trading company and developing new business opportunities, a separate Transportation Logistics Business Unit has been created.

1

We have also taken steps to enhance the efficiency and capabilities of our domestic business network by introducing a new management structure in April 2004 in which each Chief Operating Officer (instead of the general manager of each branch or office) is responsible for the management of business activities in domestic branches and offices based on product lines.

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3. Strategic allocation of management resources

We have continued to prioritize the allocation of resources into core and growth business areas. Specific examples include:

- 1 Acquiring interests in the development of the Enfield oil project in Western Australia
- 1 Participating in the acquisition of the overseas power plant portfolio held by US company Edison Mission Energy
- 1 Investing in Quintiles Transnational Japan, a company that provides outsourcing services for the pharmaceutical industry
- 1 Forming a capital and business alliance with Duskin Co., Japan's leading home services provider

4. Boosting consolidated Group value: rigorous review of subsidiaries and associated companies

In the fiscal year ended March 31, 2004 we undertook a comprehensive review of 702 subsidiaries and associated companies throughout the Group, and having decided to exit from 190 of these took definitive action on 104 companies. Out of approximately 50 companies scheduled for exit during the year ending March 31, 2005, we have taken definitive action on 19 companies during the interim period under review.

5. Executing our Global strategy: Start of Pan-Asian management organization

Since the entry of China and Taiwan into the WTO we have placed increasing importance on the growing Greater China and Association of Southeast Asian Nations (ASEAN) free trade regions. In October 2004 we appointed a Regional Managing Director, Asia, who supervises the operations of foreign trading subsidiaries and branches in Asia, with the aim of enhancing the gaining and sharing of knowledge within the region to allow better leveraging of our capabilities and promote a new stage of business expansion in the region.

6. Business Process Re-engineering

Over the past three years, we have been carrying out Business Process Re-engineering with the aim of standardizing our business procedures through the use of Enterprise Resource Planning. The objectives are to improve productivity and enhance knowledge sharing, thereby enabling faster management decisions and value creation. In April 2004 we began operations at our Shared Service Center, which handles all cash settlements and delivery tasks in Mitsui, and in November 2004 we plan to begin full-scale operation of MICAN, a new information system infrastructure.

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Corporate Social Responsibility (CSR)

Basic Approach to CSR

We fully recognize the importance of CSR as a management issue, and are committed to CSR management systems. In April 2004 we established a CSR Promotion Committee with members from a range of functions, which is the central body coordinating our CSR-oriented management program and CSR initiatives. In pursuit of socially responsible management we believe it is important to strengthen our management foundation of corporate governance and internal controls, to increase each employee's awareness of CSR and commitment to Mitsui's mission, vision and values, and to create an environment in which people *do good work*. In September 2004 we published *Mitsui's Basic Approach to CSR*, as one part of measures to raise awareness of CSR among all employees.

Mitsui's Basic Approach to CSR

- 1) We aim to carry out our business activities with integrity, working to continuously raise our corporate value by giving due consideration to both our economic role and our role in society and remaining highly aware of our relationship with the environment.
- 2) We seek to increase each employee's awareness of CSR, and by further strengthening corporate governance and internal control build a strong CSR-based management foundation as a company that actively contributes to society.
- 3) We place high value on dialogue with stakeholders. We intend to engage in a continuous cycle of explanation to stakeholders, feedback from stakeholders, and subsequent improvement of our CSR initiatives.

Support for United Nations Global Compact

In October 2004 we announced our support for the ten principles of the United Nations Global Compact. The Global Compact asks companies to embrace, support and enact, within their sphere of influence, these ten principles in the area of human rights, labor standards, the environment, and anti-corruption. We intend to conduct periodic internal reviews covering our adherence to these principles, through which we will reveal any deficiencies in our approach, implement corrective initiatives, and clearly disclose what we have done. By making this cycle part of our normal operational process we are aiming to continuously improve the transparency and integrity of our business methods. We have also published a revised edition of our Mitsui Business Conduct Guidelines for Executives and Employees, which includes a new section on CSR-oriented management.

Centered on the CSR Promotion Committee, we intend to continue our pursuit of CSR management systems, promote CSR initiatives throughout the Group, and engage in ongoing dialogue with our stakeholders.

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Operating performance
Consolidated Interim Operating Results

The operating performance of Mitsui and its subsidiaries (the companies) for the six-month period ended September 30, 2004 is summarized as follows:

Total Trading Transactions

Total trading transactions for the six-month period ended September 30, 2004 increased ¥776.8 billion, or 13.1% over the corresponding six-month period of the previous year, to ¥6,722.9 billion mainly attributable to:

the increase in transactions of steel products driven by demand from Chinese and other Asian markets and the increase in offshore trading transactions of iron ore in the Metal Products & Minerals Segment;

the increase at an energy related subsidiary and steel products related subsidiaries in the United States reflecting the rising prices of crude oil and steel products in the Americas Segment; and

higher overall market prices for petrochemicals in the Chemical Segment.

See note 2 to Trends in Company Performance (Consolidated) for an explanation on total trading transactions.

Earnings

Gross profit increased ¥60.0 billion to ¥352.5 billion mainly attributable to:

the increase at overseas iron and steel raw material related subsidiaries against strong demand from China and other Asian countries as well as higher prices of these commodities in the Metal Products & Minerals Segment;

higher oil price in this six-month period and the increase in the trading profit in crude oil trading at overseas subsidiaries and oil product trading at Mitsui in the Energy Segment; and

the increase of trading profit in commodity trading such as raw sugar and grain and the sale of large commercial facility in the United States in the Consumer Products & Services Segment.

Selling, general and administrative expenses increased ¥13.0 billion to ¥250.8 billion across the whole segments reflecting overall expanding business activities including acquisitions of subsidiaries such as Mitsui Norin Co., Ltd., which outweighed the decrease in employee pension benefit costs at Mitsui.

Dividend income increased ¥2.9 billion to ¥13.7 billion reflecting the increase in dividend from liquefied natural gas projects in the Middle East.

Gain on sales of securities net increased ¥13.3 billion to ¥24.3 billion due to the sale of the stocks of an IT related subsidiary Telepark Corp. (formerly Mitsui & Associates Telepark Corporation) at its initial public offering and the sale of the marketable securities of a domestic telecommunication company.

Impairment loss of long-lived assets increased ¥1.6 billion to ¥8.6 billion due to a loss on the land held for development in Japan.

Other expense net was ¥1.2 billion, improved by ¥10.1 billion compared with the loss of ¥11.3 billion in the corresponding six-month period of the previous year which contained the charges for the settlement of an antitrust lawsuit in the United States.

As a result of the above, income from continuing operations before income taxes, minority interests and equity in earnings increased ¥72.8 billion to ¥119.0 billion.

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Equity in earnings of associated companies net (after income tax effect) increased ¥10.1 billion to ¥26.2 billion, due to the strong performance of overseas mineral resources related associated companies. In addition, domestic associated companies reported overall improvement compared with the corresponding six-month period of the previous year.

As a result of these developments, net income increased ¥36.3 billion, or 140.5% over the corresponding six-month period of the previous year, to ¥62.1 billion, after the addition of income from discontinued operations net of ¥0.7 billion which showed an improvement from a ¥5.1 billion loss mainly caused by a loss from the disposal of golf courses for the corresponding six-month period of the previous year.

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(Millions of yen)

| | Six-month period ended September 30, 2004 | Six-month period ended September 30, 2003 | Six-month period ended September 30, 2002 | Six-month period ended September 30, 2001 |
|----------------------------|--|--|--|--|
| Total Trading Transactions | ¥ 6,722,917 | ¥ 5,946,101 | ¥ 5,455,283 | ¥ 5,594,166 |
| Operating Income | 98,020 | 51,068 | 49,076 | 45,937 |
| Net Income | 62,101 | 25,822 | 24,789 | 23,418 |

Notes:

- The figures shown in this table have been prepared on the basis of accounting principles generally accepted in the United States of America.
- Total Trading Transactions are a voluntary disclosure as permitted by Financial Accounting Standards Board Emerging Issues Task Force Issue (EITF) No. 99-19, and represent the gross transaction volume or the aggregate nominal value of the sales contracts in which the companies act as principal and transactions in which the companies serve as agent. Total Trading Transactions should not be construed as equivalent to, or a substitute or a proxy for, revenues, or as an indicator of the companies' operating performance, liquidity or cash flows generated by operating, investing or financing activities. The companies have included the gross transaction volume information because similar Japanese trading companies have generally used it as an industry benchmark. As such, management believes that Total Trading Transactions are a useful supplement to the results of operations information for users of the consolidated financial statements.
- Operating Income reflects the companies' a) Gross Profit, b) Selling, general and administrative expenses, and c) Provision for doubtful receivables.
- In accordance with Statement of Financial Accounting Standards (SFAS) No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets, the prior period figures relating to discontinued operations have been reclassified.
- Figures are rounded to the nearest million yen.

Trends in Company Performance (Non-Consolidated)

(Millions of yen, except Net Income per Share)

| | Six-month period ended September 30, 2004 | Six-month period ended September 30, 2003 | Six-month period ended September 30, 2002 | Six-month period ended September 30, 2001 |
|-------|--|--|--|--|
| Sales | ¥ 5,123,768 | ¥ 4,908,778 | ¥ 4,433,304 | ¥ 4,647,381 |

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|----------------------------|---|--------|---|-------|---|-------|---|-------|
| Net Income | | 40,646 | | 6,397 | | 8,506 | | 7,106 |
| Net Income per Share (yen) | ¥ | 25.68 | ¥ | 4.04 | ¥ | 5.37 | ¥ | 4.48 |

Notes:

1. Net Income per Share is calculated based on the average number of shares outstanding for the period. Beginning with the six-month period ended September 30, 2002, the average number of shares for the period has been calculated based on the number of shares issued minus treasury stock.
2. Figures less than ¥1 million and figures less than ¥1/100 (in the case of Net Income per Share) are truncated.

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Table of Contents**Group information (as of September 30, 2004)****Principal Business**

Mitsui & Co., Ltd. and its subsidiaries are general trading companies operating in the sectors of Metal Products & Minerals, Machinery, Electronics & Information, Chemical, Energy, Consumer Products & Services, and Transportation Logistics & Financial Markets. We carry out a variety of activities in each sector, including domestic sales, import and export, and international trading, and also operate a diverse range of service businesses. In addition, we engage in natural resource development, strategic business investment, and a broad range of other business initiatives.

Principal Offices & Trading Subsidiaries

| | | | |
|---|------------------|--------------------|--|
| n | Domestic: | Head Office | Chiyoda-ku, Tokyo |
| | | Offices | Sapporo, Sendai, Nagoya, Osaka, Hiroshima, Fukuoka |
| | | Branches | Niigata, Shizuoka, Toyama, Takamatsu |

Note: There are 11 business sites in Japan other than the above (as of October 1, 2004).

| | | | |
|---|------------------|-----------------------------|---|
| n | Overseas: | Branches | Singapore, Kuala Lumpur, Manila |
| | | Trading Subsidiaries | Mitsui & Co. (U.S.A.), INC. Mitsui & Co. Europe Plc. (England) Mitsui & Co. (Australia) Ltd. Mitsui & Co. (Thailand) Ltd. Mitsui & Co. (Middle East) E.C. (Bahrain) |

Note: There are 151 business sites overseas other than the above (as of October 1, 2004).

Affiliated Companies of Mitsui & Co., Ltd.

| | |
|--|-----|
| Number of consolidated subsidiaries: | 428 |
| Number of associated companies accounted for by the equity method: | 310 |

Employees

| | |
|--|--|
| Total number of employees Mitsui & Co., Ltd. and its subsidiaries: | 36,410 (of which, 6,024 are employees of Mitsui & Co., Ltd.) |
|--|--|

Note: The total number of employees does not include 10,099 non-regular employees

Shares of Mitsui & Co., Ltd.

| | | |
|-----|------------------------------|---------------|
| (1) | Number of shares authorized | 2,500,000,000 |
| (2) | Number of shares outstanding | 1,583,687,322 |
| (3) | Number of shareholders | 110,115 |

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| Name | Title | Principal position / Area of operation |
|--------------------|---------------------------------------|--|
| Nobuo Ohashi | Chairman and Director | |
| Shoei Utsuda* | President and Chief Executive Officer | Chief Executive Officer |
| Tasuku Kondo* | Director | Chief Financial Officer |
| Katsuto Momii* | Director | Iron & Steel Products Business Unit; Iron & Steel Raw Materials and Non-Ferrous Metals Business Unit; Energy Business Unit |
| Tetsuya Matsuoka* | Director | Power, Transportation & Plant Projects Business Unit; Machinery Business Unit; Information, Electronics and Telecommunication Business Unit; Financial Markets Business Unit; Transportation Logistics Business Unit |
| Masataka Suzuki* | Director | Food & Retail Business Unit; Lifestyle Business Unit; Consumer Service Business Unit |
| Gempachiro Aihara* | Director | Regional Managing Director, Asia Organic Chemicals Business Unit; Plastics & Inorganic Chemicals Business Unit |
| Yushi Nagata* | Director | Corporate Staff Division (Corporate Planning & Strategy Division, Corporate Communications Division, Investor Relations Division, Corporate Administrative Division, Business Process Re-Engineering Division); Overall Administrative Divisions of Business Units; New Business Development; Chief Operating Officer, Business Process Re-Engineering Project Headquarters |
| Yasunori Yokote* | Director | Chief Compliance Officer Corporate Staff Division (Human Resources Division, Legal Division, General Affairs Division, Secretariat, Compliance & Operational Control Division) |

| | | |
|----------------|----------|---|
| Akishige Okada | Director | Chairman of the Board, Sumitomo Mitsui Financial Group, Inc., and Chairman of the Board, Sumitomo Mitsui Banking Corporation |
|----------------|----------|---|

| | | |
|---------------|----------|---|
| Akira Chihaya | Director | Representative Director and Chairman of the Board of Directors of Nippon Steel Corporation |
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Corporate Auditors

Name Principal position / Area of operation

Makoto
Ejima

Ko Matsukata Senior Advisor to Board of Mitsui Marine and Fire Insurance Co., Ltd.

Yasutaka Okamura Attorney at law

Hiroshi Matsuura

Hideharu Kadowaki Chairman of the Japan Research Institute, Limited.

Notes:

1. *Akishige Okada and Akira Chihaya are external directors, as provided for in Item 7-2, Clause 2, Article 188 of the Commercial Code of Japan.*
2. *Ko Matsukata, Yasutaka Okamura, and Hideharu Kadowaki are the external Corporate Auditors, as provided for in Clause 1, Article 18, of the Law Concerning Special Measures under the Commercial Code with Respect to Audit, etc. of Corporations. Makoto Ejima and Hiroshi Matsuura are the Corporate Auditors as provided for in Clause 2, Article 18, of the aforementioned law.*
3. *Representative directors are indicated with an asterisk.*

Table of Contents**Executive Officers (as of November 1, 2004)**

| Name | Title | Principal position / Area of operation |
|-----------------------|--|--|
| Shoei Utsuda* | President and Chief Executive Officer | |
| Tasuku Kondo* | Executive Vice President | Chief Financial Officer |
| Katsuto Momii* | Executive Vice President | Iron & Steel Products Business Unit; Iron & Steel Raw Materials and Non-Ferrous Metals Business Unit; Energy Business Unit |
| Yasuo Hayashi | Executive Vice President | Managing Director of Mitsui & Co. Europe Plc |
| Tetsuya Matsuoka* | Senior Executive Managing Officer | Power, Transportation & Plant Projects Business Unit; Machinery Business Unit; Information, Electronics and Telecommunication Business Unit; Financial Markets Business Unit; Transportation Logistics Business Unit |
| Masataka Suzuki* | Senior Executive Managing Officer | Foods & Retail Business Unit; Lifestyle Business Unit; Consumer Service Business Unit |
| Gempachiro Aihara* | Senior Executive Managing Officer | Regional Managing Director, Asia Organic Chemicals Business Unit; Plastics & Inorganic Chemicals Business Unit |
| Yushi Nagata* | Senior Executive Managing Officer | Corporate Staff Division (Corporate Planning and Strategy Division, Corporate Communications Division, Investor Relations Division, Corporate Administrative Division, Business Process Re-Engineering Division); Overall Administrative Divisions of Business Units; New Business Promotion; Chief Operating Officer, Business Process Re-Engineering Project Headquarters |
| Jun Moriyama | Executive Managing Officer | General Manager, Nagoya Office |
| Hiroshi Tada | Executive Managing Officer | Chairman for the Americas |

| | | |
|----------------------|----------------------------|---|
| Motokazu Yoshida | Executive Managing Officer | Chief Operating Officer, Machinery Business Unit |
| Yoshiyuki Kagawa | Executive Managing Officer | Chief Operating Officer, Energy Business Unit |
| Yasunori Yokote* | Executive Managing Officer | Chief Compliance Officer Corporate Staff Division (Human Resources Division, Legal Division, General Affairs Division, Secretariat, Compliance & Operational Control Division) |
| Yoshiyuki Izawa | Executive Managing Officer | General Manager, Osaka Office |
| Osamu Mori | Executive Managing Officer | Chief Operating Officer, Financial Markets Business Unit |
| Kazuya Imai | Executive Managing Officer | General Manager, Internal Auditing Division Deputy Chief Operating Officer, Business Process Re-Engineering Project Headquarters |
| Toshihiro Soejima | Executive Managing Officer | Chief Representative of Mitsui & Co., Ltd., in China |
| Satoru Miura | Executive Managing Officer | Chief Operating Officer, Iron & Steel Products Business Unit |
| Masayoshi Sato | Executive Managing Officer | Chief Operating Officer, Foods & Retail Business Unit |
| Kenji Dewa | Executive Managing Officer | Chief Operating Officer, Organic Chemicals Business Unit |
| Michio Matsuda | Executive Managing Officer | Chief Operating Officer, Power, Transportation & Plant Projects Business Unit |

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| | | |
|---------|----------------------------|--|
| Ken Abe | Executive Managing Officer | Chief Operating Officer, Iron & Steel Raw Materials and Non-Ferrous Metals Business Unit |
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| Takeshi Ohyama | Managing Officer | General Representative of Mitsui & Co., Ltd., in Indonesia |
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| | | |
|--------------------|------------------|---|
| Takao Sunami | Managing Officer | General Manager, Fukuoka Office |
| <hr/> | | |
| Hirokazu Mizukami | Managing Officer | Deputy Chief Operating Officer, Foods & Retail Business Unit |
| <hr/> | | |
| Junichi Matsumoto | Managing Officer | Chief Operating Officer, Transportation Logistics Business Unit |
| <hr/> | | |
| Kazuo Tasaka | Managing Officer | Deputy Chief Operating Officer, Iron & Steel Raw Materials and Non-Ferrous Metals Business Unit |
| <hr/> | | |
| Shunichi Miyazaki | Managing Officer | General Manager, Consumer Products & Services Administrative Division |
| <hr/> | | |
| Shinjiro Ogawa | Managing Officer | Chief Operating Officer, Information Electronics and Telecommunication Business Unit |
| <hr/> | | |
| Toshimasa Furukawa | Managing Officer | General Manager, Machinery, Electronics & Information Administrative Division |
| <hr/> | | |
| Akio Ikeda | Managing Officer | Chairman & Managing Director, Mitsui & Co. (Australia) Ltd. |
| <hr/> | | |
| Hiroshi Ito | Managing Officer | Chief Operating Officer, Consumer Service Business Unit |
| <hr/> | | |
| Jitsuro Terashima | Managing Officer | President, Mitsui Global Strategic Studies Institute |
| <hr/> | | |
| Motonori Murakami | Managing Officer | General Manager, General Accounting & Risk Management Division |
| <hr/> | | |
| Kyoichi Endo | | Managing Director, Mitsui & Co. UK PLC |

Managing
Officer

| | | |
|--------------|---------------------|--|
| Toshio Awata | Managing Officer | Chief Information Officer General Manager, Business Process Re-Engineering Division |
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| Koji Nakamura | Managing Officer | Chief Operating Officer, Plastics & Inorganic Chemicals Business Unit |
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| Toru Kitamura | Managing Officer | Chief Operating Officer, Lifestyle Business Unit |
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| Kenichi Yamamoto | Managing Officer | General Manager, Human Resources Division |
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|---------------------|---------------------|--|
| Masaaki Murakami | Managing Officer | General Manger, Chemical Administrative Division |
|---------------------|---------------------|--|

Note: Representative directors are indicated with an asterisk.

Table of Contents**Consolidated Balance Sheets
(Unaudited)**

| <i>Millions of yen</i> | ASSETS | |
|--|--------------------|----------------|
| | September 30, 2004 | March 31, 2004 |
| Current Assets: | | |
| Cash and cash equivalents | ¥ 626,801 | ¥ 638,299 |
| Time deposits | 26,351 | 46,710 |
| Marketable securities | 35,484 | 29,337 |
| Trade receivables: | | |
| Notes and loans, less unearned interest | 488,797 | 467,380 |
| Accounts Associated companies | 1,736,014 | 1,706,850 |
| Allowance for doubtful receivables | 198,538 | 186,373 |
| Inventories | (21,314) | (22,498) |
| Advance payments to suppliers | 560,433 | 513,016 |
| Deferred tax assets current | 75,657 | 62,038 |
| Other current assets | 30,547 | 31,473 |
| Total current assets | 331,117 | 275,496 |
| | 4,088,425 | 3,934,474 |
| Investments and Non-current Receivables: | | |
| Investments in and advances to associated companies | 830,301 | 726,521 |
| Other investments | 603,483 | 617,189 |
| Non-current receivables, less unearned interest | 494,646 | 485,446 |
| Allowance for doubtful receivables | (108,404) | (110,098) |
| Property leased to others at cost, less accumulated depreciation | 210,196 | 230,311 |
| Total investments and non-current receivables | 2,030,222 | 1,949,369 |

Property and Equipment at Cost:

| | | | |
|---|-------------|---|-----------|
| Land, land improvements and timberlands | 215,042 | | 220,842 |
| Buildings, including leasehold improvements | 332,659 | | 329,405 |
| Equipment and fixtures | 418,391 | | 395,010 |
| Mineral rights | 77,645 | | 27,349 |
| Vessels | 15,674 | | 18,215 |
| Projects in progress | 28,995 | | 26,224 |
| Total | 1,088,406 | | 1,017,045 |
| Accumulated depreciation | (430,585) | | (417,906) |
| Net property and equipment | 657,821 | | 599,139 |
| Intangible Assets, less Accumulated Amortization | 95,837 | | 90,809 |
| Deferred Tax Assets Non-current | 31,589 | | 32,406 |
| Other Assets | 120,826 | | 109,831 |
| Total | ¥ 7,024,720 | ¥ | 6,716,028 |

Note: Mineral rights are classified as Property and Equipment at Cost at September 30, 2004, which were formerly included in Intangible Assets, less Accumulated Amortization. The figures at March 31, 2004 have been reclassified to conform to the current period presentation.

Table of Contents**LIABILITIES AND SHAREHOLDERS' EQUITY**

| | <i>Millions of yen</i> | September 30, 2004 | | March 31, 2004 |
|--|------------------------|--------------------|----------|------------------|
| Current Liabilities: | | | | |
| Short-term debt | ¥ | 592,685 | ¥ | 646,746 |
| Current maturities of long-term debt | | 261,731 | | 357,675 |
| Trade payables: | | | | |
| Notes and acceptances | | 125,377 | | 124,321 |
| Accounts | | 1,498,455 | | 1,467,516 |
| Associated companies | | 86,392 | | 76,360 |
| Accrued expenses: | | | | |
| Income taxes | | 36,792 | | 32,628 |
| Interest | | 22,311 | | 20,210 |
| Other | | 53,762 | | 39,522 |
| Advances from customers | | 94,603 | | 83,273 |
| Other current liabilities | | 266,038 | | 185,534 |
| Total current liabilities | | 3,038,146 | | 3,033,785 |
| Long-term Debt, less Current Maturities | | 2,730,739 | | 2,541,221 |
| Accrued Pension Costs and Liability for Severance | | | | |
| Indemnities | | 49,723 | | 52,296 |
| Deferred Tax Liabilities Non-current | | 86,820 | | 47,387 |
| Minority Interests | | 84,558 | | 78,061 |
| Shareholders Equity: | | | | |
| Common stock | | 192,493 | | 192,487 |
| Capital surplus | | 288,041 | | 287,763 |
| Retained earnings: | | | | |
| Appropriated for legal reserve | | 37,038 | | 36,633 |
| Unappropriated | | 604,892 | | 549,521 |
| Accumulated other comprehensive income (loss): | | | | |
| Unrealized holding gains and losses on available-for-sale securities | | 64,195 | | 69,729 |
| Foreign currency translation adjustments | | (142,962) | | (161,454) |
| Minimum pension liability adjustment | | (5,484) | | (5,743) |
| Net unrealized gains and losses on derivatives | | (2,778) | | (3,996) |
| Total accumulated other comprehensive loss | | (87,029) | | (101,464) |
| Treasury stock, at cost | | (701) | | (1,662) |
| Total shareholders equity | | 1,034,734 | | 963,278 |
| Total | ¥ | 7,024,720 | ¥ | 6,716,028 |

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Table of Contents**Statements of Consolidated Income****(Unaudited)**

| <i>Millions of yen</i> | Six-month period ended September 30, 2004 | Six-month period ended September 30, 2003 As restated |
|---|--|---|
| Revenues: | | |
| Sales of products | ¥ 1,466,835 | ¥ 1,204,048 |
| Sales of services | 207,772 | 205,802 |
| Other sales | 55,974 | 30,316 |
| Total revenues | 1,730,581 | 1,440,166 |
| Total Trading Transactions: | | |
| Six-month period ended September 30, 2004, ¥ 6,722,917 million | | |
| Six-month period ended September 30, 2003, ¥ 5,946,101 ,million | | |
| Cost of Revenues: | | |
| Cost of products sold | 1,327,416 | 1,111,810 |
| Cost of services sold | 28,674 | 20,016 |
| Cost of other sales | 21,983 | 15,880 |
| Total cost of revenues | 1,378,073 | 1,147,706 |
| Gross Profit | 352,508 | 292,460 |
| Other Expenses (Income): | | |
| Selling, general and administrative. | 250,799 | 237,803 |
| Provision for doubtful receivables | 3,689 | 3,589 |
| Interest (income) expense net | (357) | 1,507 |
| Dividend income | (13,671) | (10,836) |
| Gain on sales of securities net | (24,322) | (11,063) |
| Loss on write-down of securities | 8,036 | 6,561 |
| (Gain) loss on disposal or sales of property and equipment net | (443) | 462 |
| Impairment loss of long-lived assets | 8,597 | 6,961 |
| Other expense net | 1,158 | 11,303 |
| Total other expenses | 233,486 | 246,287 |
| Income from Continuing Operations before Income Taxes, Minority Interests and Equity in Earnings | 119,022 | 46,173 |
| Income Taxes: | | |
| Current | 40,274 | 18,874 |
| Deferred | 36,225 | 6,635 |
| Total | 76,499 | 25,509 |

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| | | | | |
|---|---|---------|---|---------|
| Income from Continuing Operations before Minority Interests and Equity in Earnings | | 42,523 | | 20,664 |
| Minority Interests in Earnings of Subsidiaries | | (7,367) | | (3,582) |
| Equity in Earnings of Associated Companies Net (After Income Tax Effect) | | 26,233 | | 16,096 |
| Income from Continuing Operations | | 61,389 | | 33,178 |
| Income (Loss) from Discontinued Operations Net (After Income Tax Effect) | | 712 | | (5,071) |
| Cumulative Effect of Change in Accounting Principle (After Income Tax Effect) | | | | (2,285) |
| Net Income | ¥ | 62,101 | ¥ | 25,822 |

Notes:

1. In accordance with the Securities and Exchange Commission Regulation S-X and EITF No. 99-19, the companies have classified their revenues by major class and reported certain revenue transactions with corresponding costs on a gross basis. The prior period figures of Revenues and Cost of Revenues have been restated to conform to the current period presentation.
2. In accordance with SFAS No. 144, the figures for the six-month period ended September 30, 2003 relating to discontinued operations have been reclassified.
3. Total trading transactions are a voluntary disclosure as permitted by EITF No. 99-19, and represent the gross transaction volume or the aggregate nominal value of the sales contracts in which the companies act as principal and transactions in which the companies serve as agent.

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Table of Contents**Statements of Consolidated Cash Flows****(Unaudited)**

| <i>Millions of yen</i> | Six-month period ended September 30, 2004 | Six-month period ended September 30, 2003 |
|---|--|--|
| Operating Activities: | | |
| Net income | ¥ 62,101 | ¥ 25,822 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 33,395 | 27,025 |
| Pension and severance costs, less payments | (12,933) | (416) |
| Provision for doubtful receivables | 3,689 | 3,589 |
| Gain on sales of securities net | (24,322) | (11,063) |
| Loss on write-down of securities | 8,036 | 6,561 |
| (Gain) loss on disposal or sales of property and equipment net | (443) | 462 |
| Impairment loss of long-lived assets | 8,597 | 6,961 |
| Deferred income taxes | 36,225 | 6,635 |
| Equity in earnings of associated companies, less dividends received | (5,764) | (9,291) |
| (Gain) loss from discontinued operations net (after income tax effect) | (712) | 5,071 |
| Cumulative effect of change in accounting principle (after income tax effect) | | 2,285 |
| Changes in operating assets and liabilities: | | |
| (Increase) decrease in trade receivables | (42,978) | 94,235 |
| (Increase) decrease in inventories | (37,183) | 5,938 |
| Increase (decrease) in trade payables | 31,077 | (73,990) |
| Other net | 26,339 | 12,461 |
| Net cash provided by operating activities | 85,124 | 102,285 |
| Investing Activities: | | |
| Net decrease in time deposits | 21,387 | 1,603 |
| Investments in and advances to associated companies | (68,956) | (141,712) |
| Sales of investments in and collection of advances to associated companies | 7,943 | 59,869 |
| Acquisitions of other investments | (60,968) | (77,749) |
| Proceeds from sales of other investments | 51,957 | 84,821 |
| Increase in long-term loan receivables | (23,650) | (21,722) |
| Collection of long-term loan receivables | 34,818 | 40,749 |
| Additions to property leased to others and property and equipment | (98,968) | (58,101) |
| Proceeds from sales of property leased to others and property and equipment | 23,256 | 21,915 |
| Net cash used in investing activities | (113,181) | (90,327) |

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Financing Activities:

| | | |
|---|-----------|-----------|
| Net decrease in short-term debt | (53,017) | (142,602) |
| Proceeds from long-term debt | 355,191 | 452,898 |
| Repayments of long-term debt | (284,367) | (340,442) |
| Purchases of treasury stock net | (229) | (99) |
| Payments of cash dividends | (6,325) | (6,327) |
| Net cash provided by (used in) financing activities | 11,253 | (36,572) |
| Effect of Exchange Rate Changes on Cash and Cash Equivalents | 5,306 | (7,236) |
| Net Decrease in Cash and Cash Equivalents | (11,498) | (31,850) |
| Cash and Cash Equivalents at Beginning of Period | 638,299 | 694,813 |
| Cash and Cash Equivalents at End of Period | ¥ 626,801 | ¥ 662,963 |

Note: In accordance with SFAS No. 144, the figures for the six-month period ended September 30, 2003 relating to discontinued operations have been reclassified.

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Table of Contents**Operating Segment Information****(Unaudited)**

The companies allocate their resources and review their performance by operating segments comprised of the business units of the Head Office, overseas branches and offices, and overseas trading subsidiaries. The companies' operating segments have been aggregated based on the nature of the products and other criteria into six product-focused reportable operating segments and three region-focused reportable operating segments.

Six-month period ended September 30, 2004 (from April 1, 2004 to September 30, 2004)

(Millions of yen)

| | Metal Products & Minerals | Machinery, Electronics & Information | Chemical | Energy | Consumer Products & Services | Logistics & Financial Markets |
|---------------------------------------|--|---|-----------------|---------------|---|--|
| Total Trading Transactions: | | | | | | |
| External customers | 1,268,372 | 1,320,317 | 904,448 | 660,348 | 1,332,067 | 42,774 |
| Intersegment | 117,362 | 73,514 | 205,854 | 52,826 | 55,373 | 2,100 |
| Total | 1,385,734 | 1,393,831 | 1,110,302 | 713,174 | 1,387,440 | 44,874 |
| Gross Profit | 57,088 | 62,533 | 39,214 | 41,831 | 77,726 | 22,189 |
| Operating Income (Loss) | 31,280 | 11,864 | 8,392 | 23,370 | 17,711 | 9,460 |
| Net Income | 22,014 | 16,847 | 6,375 | 23,739 | 9,736 | 6,630 |
| Total Assets at September 30, 2004 | 1,135,092 | 1,206,202 | 680,823 | 727,389 | 1,079,327 | 372,071 |

| | Americas | Europe | Other Overseas Areas | Total | All Other | Adjustments and Eliminations | Consolidated Total |
|---------------------------------------|-----------------|---------------|-------------------------------------|--------------|------------------|---|-------------------------------|
| Total Trading Transactions: | | | | | | | |
| External customers | 594,936 | 196,637 | 390,024 | 6,709,923 | 11,891 | 1,103 | 6,722,917 |
| Intersegment | 241,668 | 205,521 | 478,013 | 1,432,231 | 5,326 | (1,437,557) | |
| Total | 836,604 | 402,158 | 868,037 | 8,142,154 | 17,217 | (1,436,454) | 6,722,917 |
| Gross Profit | 23,325 | 10,389 | 12,596 | 346,891 | 5,776 | (159) | 352,508 |
| Operating Income (Loss) | 6,605 | 1,628 | 4,094 | 114,404 | (425) | (15,959) | 98,020 |
| Net Income | 6,997 | 2,545 | 6,992 | 101,875 | 167 | (39,941) | 62,101 |
| Total Assets at September 30, 2004 | 433,561 | 306,216 | 255,263 | 6,195,944 | 2,200,156 | (1,371,380) | 7,024,720 |

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Six-month period ended September 30, 2003 (from April 1, 2003 to September 30, 2003)

(Millions of yen)

| | Metal Products & Minerals | Machinery, Electronics & Information | Chemical | Energy | Consumer Products & Services | Logistics & Financial Markets |
|---------------------------------------|--|---|-----------------|---------------|---|--|
| Total Trading Transactions: | | | | | | |
| External customers | 1,054,524 | 1,274,942 | 734,116 | 675,051 | 1,267,959 | 41,928 |
| Intersegment | 133,501 | 78,863 | 192,119 | 54,172 | 59,509 | 16,099 |
| Total | 1,188,025 | 1,353,805 | 926,235 | 729,223 | 1,327,468 | 58,027 |
| Gross Profit | 36,725 | 62,014 | 43,235 | 25,266 | 64,128 | 15,584 |
| Operating Income (Loss) | 13,280 | 11,675 | 14,933 | 9,030 | 10,445 | 4,183 |
| Net Income (Loss) | 10,886 | 10,954 | 6,294 | 10,412 | 6,086 | 1,622 |
| Total Assets at September 30, 2003 | 943,239 | 1,206,563 | 588,226 | 536,641 | 1,073,408 | 290,022 |

| | Americas | Europe | Other Overseas Areas | Total | All Other | Adjustments and Eliminations | Consolidated Total |
|---------------------------------------|-----------------|---------------|-------------------------------------|--------------|------------------|---|-------------------------------|
| Total Trading Transactions: | | | | | | | |
| External customers | 422,614 | 170,808 | 301,027 | 5,942,969 | 11,594 | (8,462) | 5,946,101 |
| Intersegment | 229,268 | 155,341 | 384,978 | 1,303,850 | 4,858 | (1,308,708) | |
| Total | 651,882 | 326,149 | 686,005 | 7,246,819 | 16,452 | (1,317,170) | 5,946,101 |
| Gross Profit | 20,905 | 9,121 | 11,594 | 288,572 | 4,759 | (871) | 292,460 |
| Operating Income (Loss) | 4,465 | 979 | 3,232 | 72,222 | (1,547) | (19,607) | 51,068 |
| Net Income (Loss) | (112) | 444 | 5,309 | 51,895 | (1,499) | (24,574) | 25,822 |
| Total Assets at September 30, 2003 | 388,981 | 213,527 | 208,133 | 5,448,740 | 2,080,722 | (1,058,469) | 6,470,993 |

Notes:

- In accordance with SFAS No. 144, the figures of Consolidated Total for the six-month period ended September 30, 2003 have been reclassified. The reclassifications to Income (Loss) from Discontinued Operations Net (After Income Tax Effect) are included in Adjustments and Eliminations.
- Effective April 1, 2004, the companies integrated the business operations of their domestic branches and offices into business units in the Head Office, reorganized business units in the Head Office, and the composition of reportable operating segments was changed in the six-month period ended September 30, 2004. The operating segment information for the six-month period ended September 30, 2003 has been restated to conform to the current period presentation. The primary changes are as follows:
 - The former Domestic Branches and Offices was abolished and transferred to each product-focused operating segment in the Head Office based on the nature of previous operations.
 -

Certain operations, which had been included in Metal Products and Minerals and All Other, were reported as Logistics & Financial Markets.

- (c) The media-related businesses oriented to consumers, which had been included in Machinery, Electronics & Information, were transferred to Consumer Products & Services.
3. All Other includes business activities which primarily provides services, such as development and marketing of systems, financing service, and operation services to external customers and/or to the companies and associated companies. Total assets of All Other at September 30, 2004 and 2003 consist primarily of cash and cash equivalents and time deposits related to financing activities, and assets of certain subsidiaries related to the above services.
4. Net loss of Adjustments and Eliminations includes income and expense items that are not allocated to specific reportable operating segments, such as certain expenses of the corporate departments, and eliminations of inter-segment transactions.
Net loss of Adjustments and Eliminations for the six-month period ended September 30, 2004 includes a) a charge of ¥19,118 million for the valuation allowance for deferred tax assets and b) ¥8,487 million in general and administrative expenses of the corporate departments (all amounts are after income tax effects).
Net loss of Adjustments and Eliminations for the six-month period ended September 30, 2003 includes a) a charge of ¥11,868 million for pension related items and b) ¥6,355 million in general and administrative expenses of the corporate departments excluding pension costs (all amounts are after income tax effects).
5. Transfers between operating segments are made at cost plus a markup.
6. Operating Income (Loss) reflects the companies a) Gross Profit, b) Selling, general and administrative expenses, and c) Provision for doubtful receivables.

Table of Contents**Non-Consolidated Balance Sheets**

| | ASSETS | | |
|--|------------------------|--------------------|----------------|
| | <i>Millions of yen</i> | September 30, 2004 | March 31, 2004 |
| Current Assets | | | |
| Cash and Time Deposits | ¥ | 233,021 | ¥ 329,591 |
| Notes Receivable, Trade | | 237,526 | 230,003 |
| Accounts Receivable, Trade | | 1,328,594 | 1,249,766 |
| Securities | | 212,847 | 164,730 |
| Inventories | | 192,073 | 189,322 |
| Advance Payments to Suppliers | | 35,547 | 38,257 |
| Short-Term Loans Receivable | | 217,573 | 185,172 |
| Deferred Tax Assets - Current | | 12,940 | 12,313 |
| Other | | 243,384 | 187,616 |
| Allowance for Doubtful Receivables | | (15,826) | (13,981) |
| Total Current Assets | | 2,697,682 | 2,572,792 |
| Non-Current Assets | | | |
| Tangible Assets (Net) | | 113,621 | 118,658 |
| Intangible Assets | | 25,908 | 22,792 |
| Investments and Other Assets | | | |
| Investments in Securities and Affiliated Companies | | 1,140,768 | 1,121,712 |
| Long-Term Loans Receivable | | 114,813 | 136,121 |
| Deferred Tax Assets - Non-Current | | 50,190 | 72,650 |
| Other | | 311,806 | 315,731 |
| Allowance for Doubtful Receivables | | (115,768) | (137,399) |
| Total Investments and Other Assets | | 1,501,810 | 1,508,817 |
| Total Non-Current Assets | | 1,641,339 | 1,650,269 |
| Total Assets | ¥ | 4,339,022 | ¥ 4,223,061 |

Table of Contents**LIABILITIES AND SHAREHOLDERS EQUITY**

| | <i>Millions of yen</i> | September 30, 2004 | | March 31, 2004 |
|---|------------------------|--------------------|---|----------------|
| Current Liabilities | | | | |
| Notes Payable, Trade | ¥ | 77,065 | ¥ | 79,696 |
| Accounts Payable, Trade | | 1,024,768 | | 957,808 |
| Short-Term Borrowings | | 214,257 | | 300,859 |
| Commercial Paper | | 50,000 | | 90,000 |
| Accounts Payable, Other | | 127,715 | | 141,216 |
| Advances from Customers | | 42,775 | | 48,665 |
| Other | | 103,863 | | 80,001 |
| Total Current Liabilities | | 1,640,446 | | 1,698,248 |
| Long-Term Liabilities | | | | |
| Bonds | | 548,400 | | 493,400 |
| Convertible Bonds | | 92,775 | | 92,786 |
| Long-Term Borrowings | | 1,264,074 | | 1,175,677 |
| Liability for Retirement Benefits | | 7,030 | | 6,458 |
| Other | | 49,783 | | 53,815 |
| Total Long-Term Liabilities | | 1,962,064 | | 1,822,138 |
| Total Liabilities | | 3,602,510 | | 3,520,386 |
| Shareholders Equity | | | | |
| Common Stock | | 192,492 | | 192,487 |
| Capital Surplus | | | | |
| Capital Reserve | | 218,979 | | 218,708 |
| Other Capital Surplus | | 13 | | 7 |
| Total Capital Surplus | | 218,992 | | 218,715 |
| Retained Earnings | | | | |
| Legal Reserve | | 27,745 | | 27,745 |
| Voluntary Reserves | | 188,305 | | 190,670 |
| Unappropriated Retained Earnings | | 42,180 | | 5,564 |
| Total Retained Earnings | | 258,231 | | 223,980 |
| Net Unrealized Gain on Available-for-Sale Securities | | 67,343 | | 69,003 |
| Treasury Stock | | (548) | | (1,511) |
| Total Shareholders Equity | | 736,511 | | 702,674 |
| Total Liabilities and Shareholders Equity | ¥ | 4,339,022 | ¥ | 4,223,061 |

Notes:

- Figures are rounded down to the nearest million yen.
- For the six-month period ended September 30, 2004, the amounts of the items listed below were as follows:

| | | |
|-----|---|--------------------|
| (1) | Accumulated depreciation of tangible assets: | ¥99,801 million |
| (2) | Pledged Assets: | ¥62,033 million |
| (3) | Guarantees and contingent liabilities: | |
| 1) | Guarantees: | ¥1,196,416 million |
| | (Including ¥102,778 million of commitments and other letters similar to guarantees) | |
| 2) | | ¥62,285 million |

Notes receivable
discounted:

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Table of Contents**Non-Consolidated Statements of Income**

| <i>Millions of yen</i> | Six-month period ended September 30, 2004 | Six-month period ended September 30, 2003 |
|--|--|--|
| Sales | ¥ 5,123,768 | ¥ 4,908,778 |
| Cost of Sales | 5,006,438 | 4,802,089 |
| Gross Profit | 117,330 | 106,689 |
| Selling, General and Administrative Expenses | 103,184 | 97,933 |
| Operating Profit | 14,146 | 8,755 |
| Non-Operating Income | | |
| Interest Income | 7,658 | 7,721 |
| Dividend Income | 74,484 | 29,191 |
| Other | 4,488 | 3,229 |
| Total Non-Operating Income | 86,631 | 40,142 |
| Non-Operating Expenses | | |
| Interest Expense | 7,904 | 7,068 |
| Other | 7,208 | 4,313 |
| Total Non-Operating Expenses | 15,113 | 11,381 |
| Ordinary Profit | 85,664 | 37,516 |
| Extraordinary Gains | | |
| Gain on Sales of Tangible Assets | 96 | 478 |
| Gain on Sales of Investments in Securities and Affiliated Companies | 19,748 | 13,422 |
| Total Extraordinary Gains | 19,844 | 13,901 |
| Extraordinary Losses | | |
| Loss on Sales of Tangible Assets | 466 | 620 |
| Loss on Devaluation of Tangible Assets | | 3,426 |
| Impairment Losses | 5,321 | |
| Loss on Sales of Investments in Securities and Affiliated Companies | 162 | 242 |
| Loss on Write-Down of Investments in Securities and Affiliated Companies | 16,804 | 20,399 |
| Provision for Doubtful Receivables from Affiliated Companies | 5,695 | 16,749 |
| Total Extraordinary Losses | 28,450 | 41,437 |
| Income before Income Taxes | 77,059 | 9,980 |
| Income Taxes Current | 13,475 | 6,404 |
| Income Taxes Deferred | 22,937 | (2,821) |
| Net Income | 40,646 | 6,397 |
| Unappropriated Retained Earnings at Beginning of Period | 1,534 | 136 |
| Unappropriated Retained Earnings at End of Period | ¥ 42,180 | ¥ 6,534 |

Notes:

- Figures are rounded down to the nearest million yen.
- Net income per share for the six-month period ended September 30, 2004: ¥25.68