

JFTC News

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Forecasts of Japan's Trade Balance and Current Accounts for 2005

I. Forecasts of Japan's Exports and Imports by Item (Custom-cleared basis)

1. Exports

Fiscal 2004

According to Japan Foreign Trade Council, Inc. (JFTC), exports from Japan for fiscal 2004 are growing remarkably from a year earlier due to favorable business conditions around the world, chiefly those of machinery and equipment to other countries and regions of Asia.

However, a slowdown is expected during the second half in line with the deceleration of the global economy.

Given that capital investment is increasing in the auto and information technology (IT)-related sectors, particularly in Asia, exports of power generating machinery and metal processing equipment are increasing.

Office machinery (such as personal computers (PCs)) will, however, stay in slight rise resulting from the expansion of overseas production in Asia.

Semiconductors and other electronic products will go up, but their prices will be in a weak tone resulting from inventory adjustments for cellular phones and digital home appliances. Growth will slow down in exports of said products.

Visual apparatus will become sluggish during the second half as a reaction to growth in demand during 2004's Olympic Games in Athens and owing to inventory adjustments in the U.S., among other factors.

Parts for audio and visual apparatus will continue to surge due to progress of international division of industry under which parts exported from Japan are assembled in other Asian countries and regions.

Underpinned by rises in price of steel and other

metals, exports of metals and metal products to other Asian countries and regions have increased.

As the global economy is anticipated to decelerate during the second half, exports of automobiles will increase slightly.

On the other hand, auto parts is soaring in line with the expansion of overseas production by Japan-based automakers.

Fiscal 2005

JFTC foresees that exports from Japan in general will increase in fiscal 2005 despite a mild slowdown of the growth of global economy.

Semiconductors and other electronic products will make a comeback during the second half, when inventory adjustments are completed for cellular phones and digital home appliances, returning to an upward trend. Exports of visual apparatus will go up again from the second half when inventory adjustments are completed by the middle of the fiscal 2005.

Demand for digital home appliances, which are yet to be fully popularized, will stay on a growth track on a medium-term basis.

Exports of audio and visual apparatus parts will continue to rise resulting from the advancement of the international division of industry.

Commodities such as power generating machinery and metal processing equipment will keep improving although growth will be smaller.

Exports of office machinery will fall as demand for PCs takes a pause.

Automobile exports will grow as much as the previous fiscal year; however, those of auto parts will continue to increase as overseas productions by Japan-based automakers expand.

2. Imports

Fiscal 2004

Imports to Japan for fiscal 2004 are projected by JFTC to register an upsurge against the background of the aggressive international commodity market and relatively favorable domestic demand.

Mineral fuels have made a drastic increase due to rising import prices.

Declines in prices are projected to put downward pressure on imports of office machinery, while with growing demand among the corporate sector, they are estimated to increase in volume.

Imports of semiconductors and other electronic products are thought to go up; during the second half, however, the growth is anticipated to slow down.

Metals and metal products are foreseen to improve supported by gains in import prices of steel.

As a whole, imports of final products are anticipated to account for 60.7% of total imports, a fall of 1.6% from fiscal 2003, as crude fuels are expected to increase due

to the brisk international commodity market.

Fiscal 2005

JFTC foresees imports to Japan will slow down in fiscal 2005, as the international commodity market cools down.

Imports of mineral fuels, which soared in fiscal 2004, will fall because of decline in import prices.

Demand for coal will continue to exceed supply, raising prices of long-term contracts again; therefore, imports of coal will continue to expand.

The Japanese economy will avoid getting in a stall, and imports of machinery and equipment will stay on an upward trend.

Office machinery imports will slowdown in volume as

[Customs-Cleared Basis]

Item	FY2003 Results		Forecasts for FY2004		Forecasts for FY2005	
	hundred million yen	growth rate	hundred million yen	growth rate	hundred million yen	growth rate
Trade Balance	112,279	(16.2%)	108,730	(▲ 3.2%)	121,800	(12.0%)
Exports	560,609	(6.3%)	612,090	(9.2%)	634,590	(3.7%)
Quantum Index		6.3%		8.7%		5.0%
Unit Value		0.0%		0.5%		▲ 1.2%
Imports	448,330	(4.1%)	503,360	(12.3%)	512,790	(1.9%)
Quantum Index		7.4%		5.5%		3.6%
Unit Value		▲ 3.0%		6.5%		▲ 1.6%

[Balance of Payment Basis]

Item	FY2003 Results		Forecasts for FY2004		Forecasts for FY2005	
	hundred million yen	growth rate	hundred million yen	growth rate	hundred million yen	growth rate
Goods and Services	96,053	(51.0%)	84,240	(▲12.3%)	95,470	(13.3%)
Trade Balance	132,992	(14.7%)	132,820	(▲ 0.1%)	145,810	(9.8%)
Exports	533,663	(6.5%)	582,670	(9.2%)	604,090	(3.7%)
Imports	400,671	(4.0%)	449,850	(12.3%)	458,280	(1.9%)
Services	▲ 36,939	(▲29.4%)	▲ 48,580	(31.5%)	▲ 50,340	(3.6%)
Income	85,120	(6.1%)	92,195	(8.3%)	95,475	(3.6%)
Current Transfers	▲ 8,201	(▲17.5%)	▲ 8,345	(1.8%)	▲ 8,360	(0.2%)
Current Account	172,972	(29.2%)	168,090	(▲ 2.8%)	182,585	(8.6%)

[Assumptions]

Item	FY2003 Results	Forecasts for FY2004	Forecasts for FY2005
Global Trade (C.Y.)	5.5 %	9.5 %	7.3 %
Global Economy (real growth rate / C.Y.)	3.9 %	4.8 %	4.2 %
U.S. Economy (real growth rate / C.Y.)	3.0 %	4.3 %	3.3 %
EU Economy (real growth rate / C.Y.)	1.1 %	2.2 %	2.0 %
Asian Economies (real growth rate / C.Y.)	7.1 %	7.2 %	6.7 %
Japanese Economy (nominal growth rate)	0.8 %	1.1 %	0.4 %
[based on the 1995 results] (real growth rate)	3.2 %	3.0 %	1.9 %
Yen Exchange Rate (against U.S. dollar)	113.03 yen	108.00 yen	106.00 yen
At-Arrival Crude Oil Price (dollar/barrel)	29.5 dollars	39.0 dollars	36.0 dollars

(Note) The performances of the global trade and economy for fiscal 2003 are based on the World Economic Outlook September 2004 published by IMF. The results and forecasts for Asia have been summed up by JFTC, based upon those "Asia", which has been defined by the IMF, consisting of a total of 29 nations and regions, which include 25 developing countries/regions and NIEs. EU includes 15 nations.

growth in demand subsidies; however, the growth in amount will be kept as high as fiscal 2004 as the import prices will stop to fall.

A slight improvement is expected for imports of semiconductors and other electric products.

Imports of aircraft will increase as the number of airplanes to be delivered to domestic airlines will increase.

Imports of final products will hold a share of 62.2% of total imports, an increase of 1.5 percentage points; the major reason is decline in import of raw materials and fuels across the board resulting from the calmer international commodity market.

II. Forecasts for Japan's Current Accounts (International Monetary Fund (IMF) basis)

Fiscal 2004

Due partly to increase in imports supported by the brisk international commodity market, JFTC anticipates that for fiscal 2004 Japan will register a trade surplus in goods of ¥13.282 trillion, a decline of 0.1% from the previous fiscal year.

As regards the service trade, the number of tourists traveling overseas is expected to expand the tourism-related deficit.

Concerning income from abroad, surplus is estimated to swell further due to the robust business activities abroad.

As a consequence, Japan's current account surplus will be ¥16.809 trillion, a decrease of 2.8% from fiscal 2003.

Fiscal 2005

Japan is projected to enjoy a trade surplus in goods of ¥14.581 trillion in fiscal 2005, an increase of 9.8% from the previous fiscal year.

The deficit in service trade will go up slightly as the number of travelers going abroad will continue to recover.

The surplus in overseas income is likely to become greater thanks to the maintenance of growth in the global economy.

As a result, Japan is forecast to set a new record, achieving a current account surplus of ¥18.259 trillion, an increase of 8.6% from fiscal 2004.

III. Forecasts for Economic Circumstances as the Premise

1. Global Economy

JFTC presumes that the global economy will mark a growth rate of 4.8% for fiscal 2004 and 4.2% for fiscal 2005 in real terms.

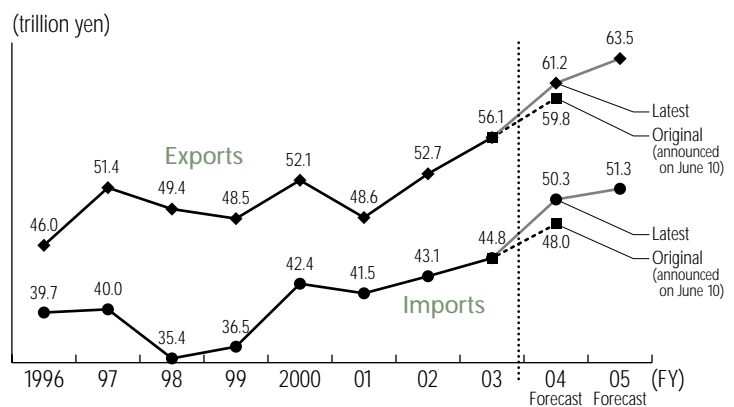
The first half of fiscal 2004 witnessed favorable economic conditions, particularly in the U.S. and China; low interest rates and stable commodity prices contributed to simultaneous brisk economies around the world.

From the middle of fiscal 2004 to fiscal 2005, during which the U.S. interest rate rise, investment control in China and high crude oil prices are seen, the global economy decelerates without causing negative impacts on favorable market conditions.

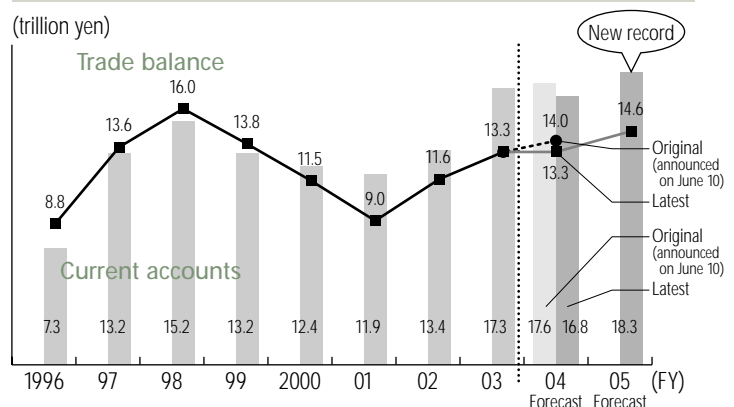
In the U.S., both personal consumption and capital investment will expand, enabling the economy to remain steady.

The U.S. economy will register a real term growth rate of 4.3% for fiscal 2004 and 3.3% for fiscal 2005. Commodity prices will remain stably despite the expanding economy, and increase in interest rate is

Forecasts for Exports and Imports (Customs-Cleared Basis)



Forecasts for Current Accounts



expected to be gradual, which will contribute to the expansion of the U.S. economy.

The EU economy will continue to grow mildly as the employment situation is expected to be sluggish and the domestic demand will be weak; it will be largely led by overseas demand. An actual growth rate of 2.2% is projected for fiscal 2004 and 2% for fiscal 2005.

The European Central Bank (ECB) will maintain rather easy monetary policies against the backdrop of the stable commodity prices on the one hand, and the possible down-turn risk of the economy on the other. However, the recent appreciation of the Euro against the U.S. dollar has an adverse effect on the EU economy which might materialize an economic down-turn.

In Asia, many countries and regions will accomplish an economic expansion thanks to favorable business conditions around the world and growing demand for IT products. The Asian economies will enjoy a real growth rate of 7.2% for fiscal 2004 and 6.7% for fiscal 2005.

For the purpose of preventing an economic overheat, China is in the process of controlling investment of fixed assets in specific sectors.

However, the Chinese economy will continue to enjoy high growth though the rate will be slightly smaller.

The Newly Industrialized Economies (NIEs) – Hong Kong, Singapore, South Korea and Taiwan – will grow across the board, with balanced domestic and overseas demand.

Four Association of Southeast Asian Nations (ASEAN) members – Indonesia, Malaysia, the Philippines and Thailand – will make an economic growth relying on the domestic demand.

2. Japanese Economy

Japan's economic growth will slow down from the middle of fiscal 2004 in step with the deceleration of the global economy.

An real growth rate of 3% is projected for fiscal 2004 and 1.9% for fiscal 2005 (both a yearly basis).

1. Exports

(hundred million yen)

Commodity	FY2003		FY2004				FY2005			
	Results		The First Half Results		The Latter Half Forecasts		Forecasts			
Grand Total	560,609	6.3%	306,740	12.9%	305,349	5.7%	612,090	9.2%	↑634,590	3.7%
Foodstuff	2,703	3.2%	1,351	8.4%	1,509	3.6%	2,860	5.8%	↑ 2,930	2.4%
Textiles	9,001	▲ 2.1%	4,771	4.9%	4,569	2.6%	9,340	3.8%	↑ 9,444	1.1%
Chemicals	46,450	8.2%	25,933	15.1%	23,794	▲ 0.5%	49,727	7.1%	↓ 48,435	▲ 2.6%
Non-Metallic Manufactures	6,154	8.9%	3,405	15.4%	3,512	9.6%	6,917	12.4%	↑ 7,429	7.4%
Metals	35,019	6.8%	20,455	19.6%	21,004	17.3%	41,460	18.4%	↑ 42,569	2.7%
Iron & Steel Products	21,432	8.0%	12,605	20.2%	13,236	20.9%	25,841	20.6%	↑ 27,513	6.5%
Machinery Other Than Electric	113,319	5.8%	63,510	16.1%	63,408	8.1%	126,917	12.0%	↑133,009	4.8%
Office Machinery	26,105	▲10.5%	13,081	▲ 1.0%	13,285	3.0%	26,366	1.0%	↓ 25,575	▲ 3.0%
Electrical Machinery	133,489	10.0%	73,216	13.1%	73,038	6.2%	146,254	9.6%	↑153,761	5.1%
Thermionic, etc.	41,832	6.6%	22,747	9.3%	21,446	2.0%	44,193	5.6%	↑ 45,519	3.0%
Telecommunications Apparatus	6,234	6.5%	2,868	▲ 9.8%	3,500	14.6%	6,368	2.1%	↑ 6,600	3.7%
Transport Equipment	134,038	2.3%	69,089	5.8%	70,847	3.0%	139,936	4.4%	↑145,953	4.3%
Motor Vehicles	89,224	0.6%	45,747	3.9%	45,529	0.7%	91,276	2.3%	↑ 94,288	3.3%
Parts of Motor Vehicles	23,455	8.4%	12,980	14.1%	13,290	10.0%	26,270	12.0%	↑ 29,186	11.1%
Vessels	11,490	4.5%	6,005	6.3%	6,083	4.2%	12,088	5.2%	↓ 11,775	▲ 2.6%
Precision Instruments	22,679	11.5%	13,374	27.1%	13,254	9.0%	26,628	17.4%	↑ 27,160	2.0%
Scient. & Op. Equ.	21,511	12.5%	12,796	28.8%	12,730	10.0%	25,526	18.7%	↑ 26,062	2.1%
Others	57,758	6.5%	31,635	12.4%	30,415	2.7%	62,050	7.4%	↑ 63,900	3.0%

* Values are rounded up/off to the nearest hundred million yen; year-on-year comparisons are based on figures rounded to the nearest millions.

* (↑) indicates an improvement from a year earlier; (↓), a decrease; (→), a leveling off (an improvement or a decrease of less than 1%).

(Reference)

Machinery & Equipment	403,525	6.2%	219,188	12.3%	220,547	5.9%	439,736	9.0%	↑459,883	4.6%
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* Machinery & Equipment = Machinery Other Than Electric + Electrical Machinery + Transport Equipment + Precision Instruments

As for the money market, stock prices will generally stay stable due partly to the continuation of the Bank of Japan (BOJ)'s quantitative monetary easing policies. Sentiment of corporate managers will be stable, while brisk capital investment will be maintained against the background of favorable corporate profits and a home digital appliance boom, among other factors.

However, increase in workers' wages will only have limited impacts on personal consumption, which will not be strong enough to lead to eliminate deflation.

3. Foreign Exchange Rates and Crude Oil Prices

As regards the yen/dollar exchange rate for fiscal 2004, the yen is rising high against the U.S. dollar; contributing factors includes a reduced sense of uncertainty about the future of the Japanese economy and heightened concern about the U.S.' "twin" deficits (budget and current account deficits).

Concern about the twin deficits indicate that the appreciation of the yen may persist on a long-term basis.

JFTC estimates that the average yen/dollar exchange rate for fiscal 2004 will be ¥108/\$1 and for fiscal 2005, ¥106/\$1.

Crude oil prices will be calmed down from their peaks; however, they will remain at rather high level due to the continuation of growth in demand and unstable supply. As such, the average crude oil price at the time of arrival in Japan are estimated to remain at considerably high level, being \$39 per barrel for fiscal 2004 and \$36 for fiscal 2005.

2. Imports

(hundred million yen)

Commodity	FY2003		FY2004				FY2005			
	Results		The First Half Results		The Latter Half Forecasts		Forecasts			
Grand Total	448,330	4.1%	245,846	11.0%	257,514	13.5%	503,360	12.3%	↑512,790	1.9%
Foodstuff	51,392	▲ 1.4%	26,951	3.1%	25,823	2.3%	52,774	2.7%	→ 52,774	0.0%
Meat	9,823	4.0%	5,376	1.9%	4,093	▲10.0%	9,469	▲ 3.6%	→ 9,469	0.0%
Fish & Shellfish	14,903	▲ 9.1%	7,628	1.5%	7,500	1.5%	15,128	1.5%	↑ 15,500	2.5%
Others	26,666	1.5%	13,948	4.4%	14,230	6.9%	28,178	5.7%	↓ 27,805	▲ 1.3%
Raw Materials	26,865	4.1%	15,994	18.3%	14,945	12.0%	30,939	15.2%	↑ 31,890	3.1%
Iron Ore, Non-Ferrous Metal Ore	9,052	8.7%	5,969	34.1%	5,531	20.3%	11,500	27.0%	↑ 13,288	15.5%
Others	17,813	2.0%	10,025	10.5%	9,414	7.7%	19,439	9.1%	↓ 18,602	▲ 4.3%
Mineral Fuels	90,752	1.4%	52,319	15.8%	61,899	35.9%	114,218	25.9%	↓109,024	▲ 4.5%
Coal	7,566	▲ 2.1%	5,995	56.7%	6,080	62.6%	12,075	59.6%	↑ 15,885	31.6%
Petroleum, Crude and Partly Refined	51,320	▲ 0.4%	29,623	17.0%	34,973	34.5%	64,596	25.9%	↓ 57,937	▲10.3%
Petroleum Products	9,855	7.0%	5,552	23.0%	8,244	54.3%	13,796	40.0%	↓ 12,430	▲ 9.9%
L.P.G, L.N.G	21,452	3.2%	10,623	▲ 6.1%	11,986	18.3%	22,609	5.4%	↓ 21,681	▲ 4.1%
Chemicals	35,331	6.7%	19,122	9.4%	19,282	8.0%	38,405	8.7%	→ 38,187	▲ 0.6%
Textile	28,384	3.3%	14,886	3.5%	14,314	2.2%	29,200	2.9%	↑ 29,500	1.0%
Non-Metallic Manufactures	5,580	1.2%	2,966	6.7%	2,999	7.1%	5,965	6.9%	↑ 6,223	4.3%
Metals	20,019	13.8%	12,964	33.8%	13,006	25.9%	25,970	29.7%	↑ 27,346	5.3%
Machinery & Equipment	144,265	7.6%	76,271	9.3%	79,529	6.7%	155,800	8.0%	↑165,000	5.9%
Office Machinery	28,110	7.8%	13,747	3.2%	15,953	7.9%	29,700	5.7%	↑ 31,000	4.4%
Thermionic, Transistors, etc.	21,069	9.7%	11,929	16.4%	11,147	3.0%	23,075	9.5%	↑ 23,306	1.0%
Motor Vehicles	8,896	12.4%	4,196	5.7%	4,168	▲15.4%	8,364	▲ 6.0%	→ 8,364	0.0%
Aircraft	5,040	11.3%	2,350	▲26.3%	1,650	▲11.0%	4,000	▲20.6%	↑ 4,300	7.5%
Others	81,150	6.3%	44,050	12.8%	46,611	10.7%	90,661	11.7%	↑ 98,030	8.1%
Others (including Gold)	45,742	0.5%	24,372	8.1%	25,717	10.9%	50,089	9.5%	↑ 52,846	5.5%

* Values are rounded up/off to the nearest hundred million yen; year-on-year comparisons are based on figures rounded to the nearest millions.

* (▲) indicates an improvement from a year earlier; (▼), a decrease; (→), a leveling off (an improvement or a decrease of less than 1%).

(Reference)

Products	279,320	6.1%	150,582	10.2%	154,847	8.5%	305,429	9.3%	↑319,102	4.5%
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* Products = Chemicals + Textile + Non-Metallic Manufactures + Metals + Machinery & Equipment + Others

Financial Results of Shoshas for the Six Months Ended September 30, 2004

Financial Results of Shoshas I

for the Six Months Ended September 30, 2004

(Millions of Yen, Percentage changes from the previous year)

Non-Consolidated Financial Results	ITOCHU CORPORATION		MARUBENI CORPORATION		MITSUBISHI CORPORATION		MITSUI & CO., LTD.		SOJITZ HOLDINGS CORPORATION		SUMITOMO CORPORATION	
Total Assets	2,398,522	(▲ 4.4%)	2,476,053	(▲ 6.5%)	4,844,080	(5.3%)	4,339,022	(2.7%)	431,855	(▲ 14.5%)	3,405,889	(2.1%)
Liabilities	2,140,742	(▲ 5.8%)	2,104,233	(▲ 7.6%)	4,060,355	(4.6%)	3,602,510	(2.3%)	370,106	(1039.0%)	2,719,596	(▲ 1.4%)
Shareholders' Equity	202,241	(0.0%)	231,789	(0.0%)	126,635	(0.0%)	192,492	(0.0%)	151,106	(0.3%)	219,278	(29.4%)
Total Shareholders' Equity	257,780	(8.3%)	371,820	(▲ 0.0%)	783,724	(8.8%)	736,511	(4.8%)	61,748	(▲ 86.9%)	686,292	(18.8%)
Trading Transactions	2,802,079	(▲ 8.7%)	2,617,372	(▲ 7.1%)	4,784,041	(8.9%)	5,123,768	(4.4%)	1,080	(▲ 14.2%)	3,213,508	(7.6%)
Gross Trading Profit	67,468	(20.5%)	53,648	(0.4%)	96,727	(5.6%)	117,330	(10.0%)	1,080	(▲ 14.2%)	88,290	(7.8%)
Gross Trading Profit Ratio	2.41%	—	2.05%	—	2.02%	—	2.29%	—	100.00%	—	2.75%	—
Selling, General and Administrative Expenses	54,348	(▲ 7.8%)	48,395	(3.9%)	86,832	(▲ 9.8%)	103,184	(5.4%)	842	(▲ 17.8%)	81,168	(0.1%)
Operating Income	13,120	—	5,253	(▲ 23.1%)	9,895	—	14,146	(61.6%)	237	(0.9%)	7,122	(852.1%)
Financial Balance	19,137	(16.6%)	6,477	(12.3%)	39,777	(55.8%)	74,238	(148.8%)	164	(8100.0%)	10,607	(▲ 24.8%)
Ordinary Profit	32,606	(289.2%)	12,498	(20.6%)	45,974	(114.0%)	85,664	(128.3%)	165	(161.9%)	17,729	(27.0%)
Income Taxes	10,836	(439.4%)	7,900	(38.6%)	3,459	(▲ 49.4%)	13,475	(110.4%)	19	(▲ 42.4%)	1,200	(▲ 62.5%)
Net Income	20,080	(454.1%)	8,505	(29.1%)	17,168	(5.7%)	40,646	(535.4%)	▲411,652	—	18,867	(66.5%)
Cash Dividends	0.0 yen	—	0.0 yen	—	6.0 yen	—	5.0 yen	—	0.0 yen	—	4.0 yen	—

Consolidated Financial Results	ITOCHU CORPORATION		MARUBENI CORPORATION		MITSUBISHI CORPORATION		MITSUI & CO., LTD.		SOJITZ HOLDINGS CORPORATION		SUMITOMO CORPORATION	
Total Assets	4,441,361	(▲ 1.0%)	4,073,032	(▲ 4.3%)	8,541,266	(5.3%)	7,024,720	(4.6%)	2,703,954	(▲ 12.1%)	5,308,160	(5.9%)
Liabilities	3,970,861	(▲ 2.3%)	3,665,623	(▲ 5.1%)	7,249,191	(3.2%)	5,989,986	(4.1%)	2,642,265	(▲ 4.3%)	4,442,102	(3.7%)
Shareholders' Equity	202,241	(0.0%)	231,789	(0.0%)	126,635	(0.0%)	192,493	(0.0%)	151,106	(0.3%)	219,279	(29.4%)
Total Shareholders' Equity	470,500	(11.3%)	407,409	(3.7%)	1,292,075	(19.0%)	1,034,734	(7.4%)	61,688	(▲ 80.5%)	866,058	(18.5%)
Trading Transactions	4,603,147	(▲ 1.5%)	3,742,718	(▲ 2.2%)	8,190,099	(9.0%)	6,722,917	(13.1%)	2,254,215	(▲ 25.4%)	4,786,384	(10.4%)
Gross Trading Profit	303,768	(10.7%)	211,359	(6.5%)	420,473	(11.2%)	352,508	(20.5%)	119,717	(▲ 2.1%)	271,453	(12.0%)
Gross Trading Profit Ratio	6.60%	—	5.65%	—	5.13%	—	5.24%	—	5.31%	—	5.67%	—
Selling, General and Administrative Expenses	225,869	(▲ 1.4%)	167,909	(4.3%)	320,005	(2.8%)	250,799	(5.5%)	86,783	(▲ 9.3%)	216,335	(4.5%)
Operating Income	76,075	(88.1%)	39,526	(1.5%)	98,088	(48.2%)	98,020	(91.9%)	32,934	(23.8%)	52,041	(51.6%)
Financial Balance	▲ 4,457	(▲ 33.3%)	▲ 7,647	(18.4%)	25,363	(960.3%)	14,028	(50.4%)	▲ 14,491	(4.8%)	204	(▲ 88.8%)
Net Income	44,135	(130.3%)	24,159	(22.6%)	89,396	(47.6%)	62,101	(140.5%)	▲241,071	(1276.8%)	43,527	(43.3%)

Financial Results of Shoshas II

for the Six Months Ended September 30, 2004

(Millions of Yen, Percentage changes from the previous year)

Non-Consolidated Financial Results	HITACHI HIGH-TECHNOLOGIES CORPORATION	INABATA & CO., LTD.	NAGASE & CO., LTD.	SUMIKIN BUSSAN CORPORATION	TOMEN CORPORATION	TOYOTA TSUSHO CORPORATION
Total Assets	310,909 (2.3%)	126,421 (4.5%)	253,054 (▲ 0.3%)	325,967 (▲ 2.5%)	558,082 (▲ 2.8%)	881,109 (3.5%)
Liabilities	180,420 (1.9%)	99,304 (2.9%)	131,563 (▲ 1.8%)	311,504 (▲ 2.7%)	500,861 (▲ 3.6%)	693,977 (2.6%)
Shareholders' Equity	7,938 (0.0%)	5,992 (3.5%)	9,699 (0.0%)	8,077 (0.0%)	44,199 (0.0%)	26,748 (0.0%)
Total Shareholders' Equity	130,489 (2.9%)	27,116 (11.1%)	121,490 (1.4%)	14,462 (1.4%)	57,220 (5.1%)	187,131 (6.8%)
Trading Transactions	341,600 (22.9%)	135,608 (12.7%)	222,524 (4.3%)	449,052 (21.3%)	505,088 (▲ 4.1%)	1,293,311 (14.6%)
Gross Trading Profit	40,409 (24.7%)	6,726 (15.3%)	14,432 (▲ 5.3%)	15,625 (▲ 11.1%)	16,019 (▲ 0.9%)	35,340 (8.6%)
Gross Trading Profit Ratio	11.83% —	4.96% —	6.49% —	3.48% —	3.17% —	2.73% —
Selling, General and Administrative Expenses	31,162 (8.2%)	4,926 (5.0%)	11,604 (▲ 3.6%)	12,150 (▲ 14.8%)	9,971 (▲ 9.6%)	27,353 (6.1%)
Operating Income	9,248 (157.9%)	1,799 (57.1%)	2,828 (▲ 11.7%)	3,474 (5.2%)	6,048 (17.7%)	7,986 (18.5%)
Financial Balance	2,468 (81.2%)	571 (10.9%)	1,556 (▲ 6.5%)	44 —	▲ 50 (▲ 96.0%)	8,353 (45.7%)
Ordinary Profit	9,670 (84.6%)	2,308 (28.6%)	5,022 (▲ 7.8%)	3,047 (21.5%)	5,409 (150.0%)	16,340 (31.0%)
Income Taxes	2,255 (6.7%)	1,112 (217.7%)	1,607 (406.9%)	137 (▲ 84.4%)	1,578 (10.9%)	5,125 (114.0%)
Net Income	5,459 (74.7%)	899 (190.9%)	3,607 (164.8%)	738 (42.7%)	2,407 (15.9%)	9,359 (24.7%)
Cash Dividends	10.0 yen —	3.0 yen —	0.0 yen —	1.5 yen —	0.0 yen —	5.0 yen —

Consolidated Financial Results	HITACHI HIGH-TECHNOLOGIES CORPORATION	INABATA & CO., LTD.	NAGASE & CO., LTD.	SUMIKIN BUSSAN CORPORATION	TOMEN CORPORATION	TOYOTA TSUSHO CORPORATION
Total Assets	450,514 (▲ 2.7%)	206,741 (6.7%)	319,997 (3.0%)	363,660 (▲ 2.7%)	735,853 (▲ 4.3%)	1,107,114 (7.2%)
Liabilities	284,042 (▲ 6.1%)	151,438 (5.6%)	160,773 (4.0%)	349,709 (▲ 3.1%)	701,661 (▲ 5.2%)	893,535 (5.9%)
Shareholders' Equity	7,938 (0.0%)	5,992 (3.5%)	9,699 (0.0%)	8,077 (0.0%)	44,199 (0.0%)	26,748 (0.0%)
Total Shareholders' Equity	166,472 (3.7%)	55,302 (9.9%)	159,223 (1.9%)	13,950 (9.7%)	34,191 (18.0%)	213,578 (13.1%)
Trading Transactions	490,562 (27.4%)	183,088 (17.4%)	279,812 (6.5%)	492,628 (19.8%)	774,080 (▲ 4.8%)	1,609,833 (18.4%)
Gross Trading Profit	64,234 (29.2%)	12,879 (24.4%)	30,354 (9.8%)	29,919 (▲ 2.8%)	41,217 (▲ 22.0%)	84,289 (20.0%)
Gross Trading Profit Ratio	13.09% —	7.03% —	10.85% —	6.07% —	5.32% —	5.24% —
Selling, General and Administrative Expenses	48,419 (10.5%)	9,736 (14.2%)	23,856 (11.8%)	24,512 (▲ 8.8%)	28,508 (▲ 25.8%)	58,272 (11.5%)
Operating Income	15,815 (167.2%)	3,143 (71.9%)	6,497 (2.9%)	5,406 (37.5%)	12,709 (▲ 11.8%)	26,016 (44.7%)
Financial Balance	173 (▲ 20.6%)	▲ 159 (48.6%)	453 (▲ 19.0%)	▲ 899 (▲ 17.7%)	▲ 2,643 (▲ 43.1%)	2,986 (▲ 19.7%)
Net Income	7,300 (149.3%)	3,388 (110.8%)	7,667 (71.3%)	1,522 (58.7%)	4,560 (▲ 28.5%)	18,586 (47.3%)

What is "SHOSHA" ?

SHOSHA is consistently changing to meet the requirements of each era. Its function, activities and vision are explained in detail in English at <http://www.jftc.or.jp/shosha/english/index.html>

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JFTC publishes monthly reports covering wide variety of topics for the members and subscribers.
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From November 2004 issue

1. Foreword "Ko gen gi gi" (praise of the Buddha...The light of your face is unsurpassed in Majesty)
– Mr. Akiji Makino, President, Iwatani International Corporation
2. Toward close cooperation between Japan & India – Mr. Yasukuni Enoki, Ambassador of Japan to India
3. Suggestions for expanding Japan-India economy – Mr. Nobuo Ohashi, Chairman, Mitsui & Co., Ltd.
4. Round-table talk "Current state and future of rapidly growing Indian market"
5. International Letter "Rapidly changing Dalian"
– Mr. Hiroshi Yamaoka, General Manager, Dalian Office, Sumikin Bussan Corporation

From December 2004 issue

1. Foreword "Is the steel industry revived?" – Mr. Hiroo Naruki, President, JFE Shoji Holdings, Inc.
2. Changes in consumption and industry structure due to declining birthrate and aging population
– Ministry of Economy, Trade and Industry
3. Grasping business chances in senior markets – Mr. Shinji Yamasaki, CEO, Senior Communication Co., Ltd.
4. New businesses in affluent elderly society – Ms. Keiko Ojima, Ms Yumiko Fukaya
5. Senior businesses in the shosha
– Iwatani International Corporation, Nagase & Co., Ltd., Hitachi High-Technologies Corporation
6. Experiencing senior life – Mr. Toyohiko Ohmichi, Coordinator, Action for a Better International Community
7. Questionnaire survey – Exploring the needs of active senior people
8. How to face with declining birthrate and aging population
– Mr. Akihiko Matsutani, Professor, National Graduate Institute for Policy Studies

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