

## Mitsubishi Logistics Corporation

Flash Report as of and for the year ended March 31, 2005  
(Consolidated basis)

## 1. Financial Highlights

## (1) Results of operation

	(Round down to millions of Yen)		Percentage change
	Year ended March 31, 2005	Year ended March 31, 2004	
Revenue	¥156,398	¥151,517	3.2%
Operating Income	10,120	11,275	(10.2%)
Ordinary Income	11,165	11,890	(6.1%)
Net Income	(1,722)	6,099	-
	(In Yen)		
Net Income per Share	¥(10.26)	¥36.05	
Diluted Net Income per Share	-	34.42	
	(As a Percentage)		
Return on Shareholders' Equity	(1.1%)	4.2%	
Ratio of Ordinary Income to Total Assets	3.4%	3.8%	
Ratio of Ordinary Income to Revenue	7.1%	7.8%	

## (Notes)

- a) Equity in earnings of unconsolidated subsidiaries and affiliates for the years ended March 31, 2005 and 2004 are as follows:
- |                            |              |
|----------------------------|--------------|
| Year ended March 31, 2005: | ¥541 million |
| Year ended March 31, 2004: | ¥593 million |
- b) Average numbers of shares outstanding during the years ended March 31, 2005 and 2004 on a consolidated basis are as follows:
- |                            |                    |
|----------------------------|--------------------|
| Year ended March 31, 2005: | 167,899,469 shares |
| Year ended March 31, 2004: | 167,940,722 shares |
- c) There have been changes in accounting policy during the year ended March 31, 2005, that would affect the reported results (see 3. Changes in accounting policy).
- d) Presentation of percentage change in the above list shows increase or decrease ratio in comparison with the previous fiscal year.
- e) Net Income for the year is loss of ¥1,722 million, which resulted from extraordinary losses on impairment loss from the early application of accounting for impairment of fixed assets and the special depreciation from change in the depreciation method etc. of commercial facilities for lease.

(2) Financial conditions

	(Round down to millions of Yen)	
	March 31, 2005	March 31, 2004
Total Assets	¥320,217	¥328,203
Shareholders' Equity	153,184	157,189
	(As a Percentage)	
Ratio of Shareholders' Equity to Total Assets	47.8%	47.9%
	(In Yen)	
Shareholders' Equity per Share	¥912.48	¥935.80

(Note)

Numbers of shares outstanding at March 31, 2005 and 2004 on a consolidated basis are as follows:

Year ended March 31, 2005: 167,877,467 shares

Year ended March 31, 2004: 167,924,794 shares

(3) Conditions of cash flows

	(Round down to millions of Yen)	
	March 31, 2005	March 31, 2004
Cash Flows from Operating Activities	¥9,982	¥9,851
Cash Flows from Investing Activities	(15,637)	(11,884)
Cash Flows from Financing Activities	3,178	(2,000)
Cash and Cash Equivalents at the end of the period	31,823	34,228

(4) The numbers of consolidated subsidiaries, and unconsolidated subsidiaries and affiliates accounted for by the equity method are as follows:

Consolidated subsidiaries:	19
Unconsolidated subsidiaries accounted for by the equity method:	8
Affiliates accounted for by the equity method:	3

(5) Changes in the number of consolidated subsidiaries and companies accounted for by the equity method:

Consolidated subsidiaries:	(Newly included)	None
	(Excluded)	None
Companies accounted for by the equity method:	(Newly included)	None
	(Excluded)	1

**2. Business forecast for the six months ending September 30, 2005 and for the year ending March 31, 2006 on a consolidated basis**

	(In millions of Yen)	
	Six months ending September 30, 2005	Year ending March 31, 2006
Revenue	¥79,500	¥164,000
Ordinary Income	5,800	11,500
Net Income	3,500	6,700

(Notes)

Estimated Net Income per share for the year ending March 31, 2006 is ¥39.91.

Actual results could differ from the above forecast because the forecast is made based on judgments using the information available as of the date of release and subject to risks and uncertainties.

**3. Changes in accounting policy**

(1) Change in the Depreciation Method etc. of Commercial Facilities for Lease

The Company had applied a declining balance method over the estimated useful lives of the assets provided by Japanese Corporate Tax Law for depreciation of commercial facilities for lease (buildings) in the same way as other tangible fixed assets. However, since commercial facilities for lease are built on the presumption that a specific tenant uses the facilities for the specific contract terms, it is difficult to renew the contract or lease the facilities to another tenant after the expiration of the contract term. Thus, it is preferable to depreciate the leased commercial facilities matched against revenue from leases over the contract term of the lease.

The Company depreciates leased commercial facilities (buildings) by a straight-line method over the economic useful lives of the assets (20-year period is considered to be a standard economic useful life, however it varies depending on the contract terms etc.). The depreciation is computed assuming the residual value of the assets is nil.

The Company recalculated the accumulated depreciation for existing commercial facilities for lease at the beginning of this fiscal year assuming that a new depreciation method and economic useful lives were applied retroactively, and recorded the difference of as special depreciation presented in the extraordinary loss section.

Because of the change in the depreciation method etc., the depreciation expense is increased by ¥511 million (increased by ¥693 million with change in the useful lives of assets and decreased by ¥181 million with change from a declining balance method to a straight-line method) and recorded ¥ 3,430 million as special depreciation presented in the extraordinary loss section. As a result of this increase of depreciation expense and special depreciation presented in the extraordinary loss section, operating income and ordinary income are decreased by ¥511 million

and income before income taxes is decreased by ¥3,941 million for the year ended March 31, 2005.

(2) Early Application of accounting for Impairment of Fixed Assets

The Company adopted early the new accounting standard for impairment of fixed Assets (“Opinion Concerning Establishment of Accounting Standard for Impairment of Fixed Assets” issued by the Business Accounting Deliberation Council on August 9, 2002) and the implementation guidance for the accounting standard for impairment of fixed assets (the Financial Accounting Standard Implementation Guidance No. 6 issued by the Accounting Standards Board of Japan on October 31, 2003) in the year ended March 31, 2005, because this new accounting standard and implementation guidance are able to be adopted in periods ended on or after March 31, 2004.

As a result of impairment loss of ¥10,716 million presented in the extraordinary loss section at the beginning of this period which entails decrease of depreciation expense of ¥605 million for the year ended March 31, 2005, operating income and ordinary income are increased by ¥605 million and income before income taxes is decreased by ¥10,110 million for the year ended March 31, 2005.

(3) Change in the Classification of Salaries and wages and other expense , advertisement expenses for Real estate business

Salaries and wages and other expenses incurred for the Real estate business had previously been included in Selling, general and administrative expenses (“SGA”). However, effective April 1, 2004, the Company included the portion of salaries and wages and other expenses that were matched against revenues in “Cost of services” as “Salaries and wages” and other appropriate categories in the same manner as with other operations.

Effective October 1, 2004, the Company changed its accounting policy for advertisement costs incurred for the Real estate business from recognizing such costs as incurred to recognizing them when construction of a related condominium is completed and ready for sale. The change was made with the intent to better match revenue and the related advertising costs and to present the Company’s operating results more appropriately. This is because the importance of the effect on the income statement difference in the timing of recognizing condominium sales and the related advertising costs has increased in light of recent expansion of the Company’s Real estate business, increased size of condominium projects and extended construction periods.

As a result, in the year ended March 31, 2005, “Selling, general and administrative expenses” decreased by ¥421 million and “Cost of services” as “Salaries and wages” increased by ¥292 million compared with what would have been reported using the previous accounting policy. As a result, in the year ended March 31, 2005, gross profit is decreased by ¥292 million, operating income, ordinary income and income before income taxes are increased by ¥129 million respectively.

As the estimated amounts of and the expected timing of incurring advertising costs for large-scale condominium projects became known in the latter half of the year ended March 31, 2005, the change in the accounting policy was made effective October 1, 2004.

As a result, operating income, ordinary income and income before income taxes for the first half of the year ended March 31, 2005 were reported ¥13 million less, respectively, than what would have been reported under the new accounting policy.