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MITSUI & CO LTD
Form 6-K
November 13, 2002

FORM 6-K
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

REPORT OF FOREIGN PRIVATE ISSUER

CONSOLIDATED FINANCIAL RESULTS

FOR THE SIX-MONTH PERIOD ENDED SEPTEMBER 30, 2002

For the six-month ended September 30, 2002

PURSUANT TO RULE 13a-16 OR 15d-16
UNDER THE SECURITIES EXCHANGE ACT OF 1934

For the month of September 30, 2002

Commission File Number _____

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

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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.

Yes [] No [x]

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

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: November 13, 2002

MITSUI & CO., LTD.

By: /s/ Tasuku Kondo

Name: Tasuku Kondo
Title: Executive Director
Senior Executive Managing Officer
Chief Financial Officer

CONSOLIDATED FINANCIAL RESULTS FOR THE SIX-MONTH PERIOD ENDED SEPTEMBER 30, 2002

(Accounting Principles Generally Accepted in the United States of America)

Mitsui & Co., Ltd. and subsidiaries
(Web Site : <http://www.mitsui.co.jp>)

President and Chief Executive Officer, Shohei Utsuda

Investor Relations Contacts : Yuji Takagi, General Manager, Corporate
Communications Division TEL (03) 3285 - 7533

1. Consolidated financial results for the six-month period ended September 30,
2002 (from April 1, 2002 to September 30, 2002)

(1) Consolidated operating results information

TOTAL TRADING

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| | TRANSACTIONS | | MILLIO |
|---------------------------|-----------------|-------|--------|
| | MILLIONS OF YEN | (%) | |
| September 30, 2002 | 6,243,676 | (1.5) | 3 |
| September 30, 2001 | 6,338,966 | (4.8) | 4 |
| Year ended March 31, 2002 | 12,644,754 | | 6 |

| | NET INCOME | | NET INCOME PER | NET INCOME |
|---------------------------|-----------------|-------|----------------|-------------|
| | MILLIONS OF YEN | (%) | SHARE, BASIC | SHARE, DILU |
| | | | YEN | YEN |
| September 30, 2002 | 24,789 | 5.9 | 15.66 | 14.73 |
| September 30, 2001 | 23,418 | (2.7) | 14.79 | 13.92 |
| Year ended March 31, 2002 | 55,371 | | 34.97 | 32.85 |

Notes:

1. Equity in earnings of associated companies - net for the six-month periods ended September 30, 2002 and 2001, and for the fiscal year ended March 31, 2002 were Yen 11,209 million, Yen 3,586 million and Yen 23,783 million, respectively.

2. Average number of outstanding shares during the six-month periods ended September 30, 2002 and 2001, and for the fiscal year ended March 31, 2002 were 1,582,971,930, 1,583,674,837, and 1,583,427,407 respectively.

3. Change in accounting principles applied: No

4. Percentage figures for Total trading transactions, Income from continuing operations before income taxes, minority interests and equity in earnings, and Net income for the six-month period represent changes from the corresponding six-month period of the previous year.

5. Parentheses represent negative figures or decreases.

6. Effective April 1, 2002, Mitsui & Co., Ltd. and subsidiaries (the "companies") adopted SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." The above-mentioned figures for the six-month period ended September 30, 2001 and for the fiscal year ended March 31, 2002 have been reclassified to conform to the current period presentation of the statement of consolidated income.

(2) Consolidated financial position information

| TOTAL ASSETS | SHAREHOLDERS' | SHAREHOLDERS' | SHAREHOLDE |
|-----------------|-----------------|---------------|--------------|
| | EQUITY | EQUITY RATIO | EQUITY PER S |
| MILLIONS OF YEN | MILLIONS OF YEN | (%) | YEN |
| | | | |

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| | | | | |
|---------------------------|-----------|---------|------|--------|
| September 30, 2002 | 6,397,712 | 879,634 | 13.7 | 555.76 |
| September 30, 2001 | 6,593,177 | 843,243 | 12.8 | 532.46 |
| | ----- | ----- | ---- | ----- |
| Year ended March 31, 2002 | 6,668,366 | 914,970 | 13.7 | 577.93 |
| | ----- | ----- | ---- | ----- |

Note: Number of outstanding shares at September 30, 2002, September 30, 2001 and March 31, 2002 were 1,582,763,882, 1,583,674,837, and 1,583,179,977 respectively.

-1-

(3) Consolidated cash flows information

| | NET CASH PROVIDED BY OPERATING ACTIVITIES | NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES | NET CASH USED IN FINANCING ACT |
|---------------------------|---|---|--------------------------------------|
| | ----- | ----- | ----- |
| | MILLIONS OF YEN | MILLIONS OF YEN | MILLIONS OF |
| | ----- | ----- | ----- |
| September 30, 2002 | 73,642 | 37,966 | (14,80 |
| September 30, 2001 | 62,201 | (59,333) | (140,14 |
| | ----- | ----- | ----- |
| Year ended March 31, 2002 | 133,712 | (108,212) | (126,07 |
| | ----- | ----- | ----- |

2. Forecast of consolidated operating results for the fiscal year ending March 31, 2003 (fiscal year from April 1, 2002 to March 31, 2003)

| | TOTAL TRADING TRANSACTIONS | NET INCOME |
|-----------------------------------|----------------------------|-------------|
| | ----- | ----- |
| | MILLIONS OF YEN | MILLIONS OF |
| | ----- | ----- |
| Fiscal year ending March 31, 2003 | 13,000,000 | 65,000 |
| | ----- | ----- |

Note: Forecasted basic net income per share for the fiscal year ending March 31, 2003: Yen 41.07

A CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS:

This report contains statements (including figures) regarding Mitsui & Co., Ltd. ("Mitsui")'s views of future developments that are forward-looking in nature and are not simply reiterations of historical facts. These statements are presented to inform stakeholders of the views of Mitsui's management but should not be

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relied on solely in making investment and other decisions. You should be aware that a number of important risk factors could lead to outcomes that differ materially from those presented in such forward-looking statements. These include, but are not limited to, (i) change in economic conditions that may lead to unforeseen developments in markets for products handled by Mitsui, (ii) fluctuations in currency exchange rates that may cause unexpected deterioration in the value of transactions, (iii) adverse political developments that may create unavoidable delays or postponement of transactions and projects, (iv) changes in laws, regulations, or policies in any of the countries where Mitsui conducts its operations that may affect Mitsui's ability to fulfill its commitments, and (v) significant changes in the competitive environment. In the course of its operations, Mitsui adopts measures to control these and other types of risks, but this does not constitute a guarantee that such measures will be effective.

-2-

STATEMENTS OF CONSOLIDATED INCOME

(Millions of Yen)

| | SIX-MONTH PERIOD ENDED SEPTEMBER 30, 2002 ----- | SIX-MONTH PERIOD ENDED SEPTEMBER 30, 2001 ----- |
|---|--|--|
| TOTAL TRADING TRANSACTIONS | 6,243,676 | 6,338,966 |
| REVENUE -- GROSS TRADING PROFIT | 275,238 | 270,225 |
| (Revenue -- Gross Trading Profit Ratio) (%) | (4.41) | (4.26) |
| EXPENSES AND OTHER: | | |
| Selling, general and administrative | 221,757 | 221,925 |
| Provision for doubtful receivables | 6,291 | 4,167 |
| Interest expense, net of interest income | 3,347 | 8,000 |
| Dividend income | (10,161) | (10,798) |
| Gain on sales of securities -- net | (8,816) | (20,488) |
| Loss on the write-down of securities | 10,680 | 23,137 |
| Loss on disposal or sale of property and equipment -- net | 993 | 1,142 |
| Impairment loss of long-lived assets | 16,480 | 125 |
| Other expense -- net | 3,788 | (1,225) |
| Total | 244,359 | 225,985 |
| INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES, MINORITY INTERESTS AND EQUITY IN EARNINGS | 30,879 | 44,240 |
| INCOME TAXES: | | |
| Current | 22,479 | 18,097 |
| Deferred | (8,495) | 4,479 |
| Total Income Taxes | 13,984 | 22,576 |

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| | | |
|--|---------|---------|
| INCOME FROM CONTINUING OPERATIONS BEFORE MINORITY INTERESTS AND EQUITY IN EARNINGS | 16,895 | 21,664 |
| MINORITY INTERESTS IN EARNINGS OF SUBSIDIARIES | (2,250) | (241) |
| EQUITY IN EARNINGS OF ASSOCIATED COMPANIES -- NET (AFTER INCOME TAX EFFECT) | 11,209 | 3,586 |
| INCOME FROM CONTINUING OPERATIONS | 25,854 | 25,009 |
| LOSS FROM DISCONTINUED OPERATIONS -- NET (AFTER INCOME TAX EFFECT) | (1,065) | (1,591) |
| NET INCOME | 24,789 | 23,418 |

-3-

CONSOLIDATED BALANCE SHEETS

(Millions of Yen)

| | ASSETS | |
|--|-----------------------|-------------------|
| | SEPTEMBER 30, 2002 | MARCH 31, 2002 |
| | ----- | ----- |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | 697,527 | 607,987 |
| Time deposits | 34,059 | 78,211 |
| Marketable securities | 91,341 | 102,664 |
| Trade receivables: | | |
| Notes and loans, less unearned interest income | 453,741 | 532,708 |
| Accounts | 1,464,460 | 1,560,041 |
| Associated companies | 184,321 | 152,537 |
| Allowance for doubtful receivables | (19,401) | (20,625) |
| Inventories | 472,547 | 485,147 |
| Advance payments to suppliers | 77,199 | 66,785 |
| Deferred tax assets -- current | 37,867 | 31,120 |
| Other current assets | 182,864 | 187,182 |
| Total current assets | 3,676,525 | 3,783,757 |
| INVESTMENTS AND NON-CURRENT RECEIVABLES: | | |
| Investments in and advances to associated companies | 503,999 | 459,797 |
| Other investments | 707,241 | 804,983 |
| Non-current trade receivables and other receivables, less unearned interest income | 659,970 | 742,194 |
| Allowance for doubtful receivables | (149,244) | (139,478) |
| Property leased to others -- at cost, less accumulated depreciation | 209,103 | 240,590 |
| Total investments and non-current receivables | 1,931,069 | 2,108,086 |

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| | | |
|--|-----------|-----------|
| PROPERTY AND EQUIPMENT -- AT COST: | | |
| Land, land improvements and timberlands | 230,536 | 230,577 |
| Buildings, including leasehold improvements | 330,604 | 334,445 |
| Equipment and fixtures | 331,399 | 330,426 |
| Ships | 60,367 | 61,387 |
| Projects in progress | 40,612 | 35,791 |
| | ----- | ----- |
| Total | 993,518 | 992,626 |
| Accumulated depreciation | (381,984) | (377,501) |
| | ----- | ----- |
| Net property and equipment | 611,534 | 615,125 |
| | ----- | ----- |
| INTANGIBLE ASSETS, LESS ACCUMULATED AMORTIZATION | 56,964 | 45,155 |
| | ----- | ----- |
| DEFERRED TAX ASSETS -- NON-CURRENT | 26,888 | 24,668 |
| | ----- | ----- |
| OTHER ASSETS | 94,732 | 91,575 |
| | ----- | ----- |
| TOTAL | 6,397,712 | 6,668,366 |
| | ----- | ----- |

-4-

(Millions of Yen)

| | Liabilities and Shareholders' Equity | |
|--|--------------------------------------|-------------------|
| | SEPTEMBER 30, 2002 | MARCH 31, 2002 |
| | ----- | ----- |
| CURRENT LIABILITIES: | | |
| Short-term loans | 541,061 | 567,413 |
| Current maturities of long-term debt | 433,215 | 454,787 |
| Trade payables: | | |
| Notes and acceptances | 131,681 | 179,129 |
| Accounts | 1,342,158 | 1,407,512 |
| Associated companies | 71,648 | 68,926 |
| Accrued expenses: | | |
| Income taxes | 20,260 | 18,588 |
| Interest | 26,155 | 27,004 |
| Other | 40,525 | 41,735 |
| Advances from customers | 84,759 | 79,387 |
| Other current liabilities | 125,736 | 142,195 |
| Total current liabilities | 2,817,198 | 2,986,676 |
| | ----- | ----- |
| LONG-TERM DEBT, LESS CURRENT MATURITIES | 2,571,626 | 2,619,867 |
| | ----- | ----- |
| ACCRUED PENSION COSTS AND LIABILITY FOR SEVERANCE INDEMNITIES | 38,591 | 41,561 |
| | ----- | ----- |
| DEFERRED TAX LIABILITIES -- NON-CURRENT | 27,222 | 47,093 |
| | ----- | ----- |
| MINORITY INTERESTS | 63,441 | 58,199 |
| | ----- | ----- |

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SHAREHOLDERS' EQUITY:

| | | |
|---|-----------|-----------|
| Common stock | 192,487 | 192,487 |
| Capital surplus | 287,756 | 287,756 |
| Retained earnings: | | |
| Appropriated for legal reserve | 36,235 | 35,873 |
| Unappropriated | 494,168 | 476,074 |
| Accumulated other comprehensive income (loss): | | |
| Unrealized holding gains and losses on available-for-sale securities | 26,295 | 44,246 |
| Foreign currency translation adjustments | (154,355) | (118,669) |
| Minimum pension liability adjustment | 339 | (373) |
| Net unrealized gains and losses on derivatives | (2,683) | (2,122) |
| | ----- | ----- |
| Total accumulated other comprehensive loss | (130,404) | (76,918) |
| | ----- | ----- |
| Treasury stock, at cost | (608) | (302) |
| | ----- | ----- |
| Total shareholders' equity | 879,634 | 914,970 |
| | ----- | ----- |
| TOTAL | 6,397,712 | 6,668,366 |
| | ----- | ----- |

-5-

STATEMENTS OF CONSOLIDATED SHAREHOLDERS' EQUITY

(Millions of Yen)

| | SIX-MONTH PERIOD ENDED SEPTEMBER 30, 2002 | YEAR ENDED MARCH 31, 2002 |
|--|---|------------------------------|
| | ----- | ----- |
| COMMON STOCK: | | |
| Balance at beginning of year | 192,487 | 192,487 |
| | ----- | ----- |
| Balance at end of period | 192,487 | 192,487 |
| | ===== | ===== |
| CAPITAL SURPLUS: | | |
| Balance at beginning of year | 287,756 | 287,756 |
| | ----- | ----- |
| Balance at end of period | 287,756 | 287,756 |
| | ===== | ===== |
| RETAINED EARNINGS: | | |
| APPROPRIATED FOR LEGAL RESERVE: | | |
| Balance at beginning of year | 35,873 | 34,341 |
| Transfer from unappropriated retained earnings | 362 | 1,532 |
| | ----- | ----- |
| Balance at end of period | 36,235 | 35,873 |
| | ===== | ===== |
| UNAPPROPRIATED: | | |
| Balance at beginning of year | 476,074 | 437,548 |
| Net income | 24,789 | 55,371 |

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| | | |
|--|-----------|-----------|
| Cash dividends paid for period: | | |
| (dividend paid per share: | | |
| six-month period ended September 30, 2002: Yen 4.0 | | |
| year ended March 31, 2002: Yen 8.0) | (6,333) | (12,669) |
| Transfer to retained earnings appropriated for legal reserve | (362) | (1,532) |
| Effect of change in fiscal year-end of certain subsidiaries | -- | (2,644) |
| | ----- | ----- |
| Balance at end of period | 494,168 | 476,074 |
| | ===== | ===== |
| ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS) | | |
| (AFTER INCOME TAX EFFECT): | | |
| Balance at beginning of year | (76,918) | (117,705) |
| Unrealized holding gains and losses on available-for-sale securities | (17,951) | (51,384) |
| Foreign currency translation adjustments | (35,686) | 69,057 |
| Minimum pension liability adjustment | 712 | 24,514 |
| Net unrealized gains and losses on derivatives | (561) | (2,950) |
| Effect of change in fiscal year-end of certain subsidiaries | -- | 1,550 |
| | ----- | ----- |
| Balance at end of period | (130,404) | (76,918) |
| | ===== | ===== |
| TREASURY STOCK, AT COST | | |
| Balance at beginning of year | (302) | -- |
| Purchase of treasury stock | (306) | (302) |
| | ----- | ----- |
| Balance at end of period | (608) | (302) |
| | ----- | ----- |

NOTE: Appropriations of retained earnings are reflected in the financial statements for the following year upon shareholders' approval.

-6-

(Millions of Yen)

| | SIX-MONTH PERIOD ENDED SEPTEMBER 30, 2002 | YEAR ENDED MARCH 31, 2002 |
|--|---|------------------------------|
| | ----- | ----- |
| SUMMARY OF CHANGES IN EQUITY FROM NONOWNER SOURCES (COMPREHENSIVE INCOME (LOSS)): | | |
| Net income | 24,789 | 55,371 |
| | ----- | ----- |
| Other comprehensive income (loss) (after income tax effect): | | |
| Unrealized holding gains and losses on available-for-sale securities | (17,951) | (51,384) |
| Foreign currency translation adjustments | (35,686) | 69,057 |
| Minimum pension liability adjustment | 712 | 24,514 |
| Net unrealized gains and losses on derivatives | (561) | (2,950) |
| | ----- | ----- |
| Changes in equity from nonowner sources | (28,697) | 94,608 |
| | ----- | ----- |

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Note: Changes in equity from nonowner sources ("comprehensive income (loss)") for the fiscal year ended March 31, 2002, including the effect of a change in fiscal year-end of certain subsidiaries, was Yen 93,514 million. The difference between the amount and comprehensive income stated in the above table consisted of a charge to retained earnings of Yen 2,644 million and a credit to accumulated other comprehensive income of Yen 1,550 million to record the effect of a change in fiscal year-end of certain subsidiaries.

-7-

STATEMENTS OF CONSOLIDATED CASH FLOWS

(Millions of Yen)

SIX-MONTH
PERIOD ENDED
SEPTEMBER 30, 2

| | ----- |
|---|-----------|
| OPERATING ACTIVITIES: | |
| Net income | 24,789 |
| Adjustments to reconcile net income to net cash provided by operating activities: | |
| Loss from discontinued operations - net | 1,065 |
| Depreciation and amortization | 27,409 |
| Provision for doubtful receivables | 6,291 |
| Equity in earnings of associated companies, less dividends received | (5,285) |
| Deferred income taxes | (8,495) |
| Gain on sales of securities - net | (8,816) |
| Loss on the write-down of securities | 10,680 |
| Loss on disposal or sale of property and equipment - net | 993 |
| Impairment loss of long-lived assets | 16,480 |
| Decrease in trade receivables | 106,995 |
| (Increase) decrease in inventories | (4,230) |
| Decrease in trade payables | (98,162) |
| Net change in accrued pension costs and liability for severance indemnities | (3,518) |
| Other - net | 7,446 |
| | ----- |
| Net cash provided by operating activities | 73,642 |
| | ----- |
| INVESTING ACTIVITIES: | |
| Net decrease (increase) in time deposits | 43,842 |
| Investments in and advances to associated companies | (28,817) |
| Collection of advances to associated companies | 2,913 |
| Acquisition of other investments | (110,908) |
| Proceeds from sale of other investments | 130,571 |
| Increase in long-term loan receivables | (31,512) |
| Collection of long-term loan receivables | 39,805 |
| Additions to property leased to others and property and equipment | (58,001) |
| Proceeds from sale of property leased to others and property and equipment | 50,073 |
| | ----- |
| Net cash provided by (used in) investing activities | 37,966 |
| | ----- |
| FINANCING ACTIVITIES: | |
| Net decrease in short-term borrowings | (9,595) |

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| | |
|--|-----------|
| Proceeds from long-term debt | 290,147 |
| Repayment of long-term debt | (289,020) |
| Payment of cash dividends | (6,334) |
| | ----- |
| Net cash used in financing activities | (14,802) |
| | ----- |
| EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS | (7,266) |
| | ----- |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 89,540 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | 607,987 |
| | ----- |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | 697,527 |
| | ----- |

Effective April 1, 2002, the companies adopted SFAS No.144. The above-mentioned figures for the Six-month period ended September 30, 2001 have been reclassified to conform to the current period presentation of the statement of consolidated cash flows.

-8-

Supplemental Information:
(Millions of Yen)

| | SIX-MONTH PERIOD ENDING SEPTEMBER 30, 2001 |
|---|---|
| | ----- |
| CASH PAID DURING THE PERIOD FOR: | |
| Interest | 27,442 |
| Income taxes | 20,038 |
| NON-CASH INVESTING AND FINANCING ACTIVITIES: | |
| Exchange of shares in connection with a business combination of investees (EITF91-5): | |
| Fair market value of shares received | 3,371 |
| Cost of shares surrendered | 1,210 |
| | ----- |

-9-

BASIS OF FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

I. BASIS OF FINANCIAL STATEMENTS

The accompanying consolidated financial statements of Mitsui & Co., Ltd. (the "Company") and its subsidiaries (collectively, the "companies") have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S.GAAP"). The presentation of certain prior year information has been reclassified to conform to the current period presentation.

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II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Inventories

Inventories, consisting mainly of commodities and materials for resale, are stated at the lower of cost, principally on the specific-identification basis, or market.

(2) Marketable securities and investments

The companies classify debt and marketable equity securities, at acquisition, into one of three categories: held-to-maturity, available-for-sale or trading under provisions of Statement of Financial Accounting Standards ("SFAS") No. 115.

Trading securities are carried at fair value and unrealized holding gains and losses are included in net income.

Debt securities are classified as held-to-maturity and measured at amortized cost in the Consolidated Balance Sheets only if the companies have the positive intent and ability to hold those securities to maturity. Premium and discount amortized in the period are included in interest income.

Debt and marketable equity securities other than those classified as trading or held-to-maturity securities are classified as available-for-sale securities and carried at fair value with such unrealized holding gains and losses reported as "Unrealized holding gains and losses on available-for-sale securities" in the Shareholders' Equity after income tax effects.

(3) Depreciation

Depreciation of property and equipment (including property leased to others) is computed principally under the declining-balance method for assets located in Japan and under the straight-line method for assets located outside Japan, using rates based upon the estimated useful lives of the related property.

(4) Pension and severance indemnities plans

The companies have pension plans and/or severance indemnities plans covering substantially all employees other than directors. The costs of the pension plans and severance indemnities plans are accrued based on amounts determined using actuarial methods.

(5) Derivative instruments and hedging activities

All derivative instruments are recognized and measured at fair value as either assets or liabilities and changes in the fair value are currently recognized in earnings or reported as "Net unrealized gains and losses on delivatives" in the Shareholders' Equity after income tax effects, depending on the intended use of the derivative instruments and its resulting hedge designation.

III. NEW ACCOUNTING STANDARDS

(1) Business combinations

Effective April 1, 2002, the companies fully adopted SFAS No. 141, "Business Combinations." The cumulative effect of a change in accounting principle on the write-off of any unamortized deferred credit related to an excess of fair value of acquired net assets over cost arising from business combinations for which the acquisition date was before July 1, 2001 and investments accounted for by the equity method acquired before July 1, 2001 was immaterial.

-10-

(2) Goodwill and Other Intangible Assets

Effective April 1, 2002, the companies adopted SFAS No. 142, "Goodwill and Other Intangible Assets." SFAS No. 142 requires that goodwill no longer be amortized but instead tested for impairment at least annually and that identifiable intangible assets with a finite useful life be amortized over their respective estimated useful lives and reviewed for impairment in accordance with SFAS No. 144. Any identifiable intangible asset determined to have an indefinite useful life is not amortized but, instead is tested for impairment in accordance with SFAS No. 142 until its useful life is determined to be no longer indefinite. The companies completed the transitional impairment test for goodwill and identifiable intangible assets determined to have an indefinite useful life at April 1, 2002 and determined that the fair value of these assets was in excess of the carrying amount.

(3) Impairment or disposal of long-lived assets

Effective April 1, 2002, the companies adopted SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." SFAS No. 144 superseded SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of," and the accounting and reporting provisions of APB Opinion No. 30, "Reporting the Results of Operations - Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions," related to the disposal of segments of a business. This statement creates one accounting model, based on the framework established in SFAS No. 121, to be applied to all long-lived assets, including discontinued operations and, at the same time, broadens the presentation of discontinued operations in the income statement to include a component of an entity (rather than a segment of a business). The effect of the adoption of this statement on the companies' financial position and results of operations was immaterial. However, upon the adoption of SFAS No. 144, the companies now report the results of the discontinued operations (including gain or loss related to subsidiaries that either has been disposed of or is classified as held for sale), less applicable income taxes (benefit), as a separate line item in the Statements of Consolidated Income under "Loss from Discontinued Operations - Net." The figures of the Statements of Consolidated Income and the Statements of Consolidated Cash Flows in the previous year have been reclassified to conform to the current period presentation.

-11-

NET INCOME PER SHARE

The following is a reconciliation of basic net income per share to diluted net income per share for the six-month periods ended September 30, 2002 and 2001:

Six-month period ended September 30, 2002 (from April 1, 2002 to September 30, 2002)

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| | NET INCOME (NUMERATOR) | SHARES (DENOMINATOR) |
|--|-----------------------------------|--------------------------------|
| | ----- MILLIONS OF YEN ----- | ----- IN THOUSANDS ----- |
| BASIC NET INCOME PER SHARE: | | |
| Net income available to common shareholders | 24,789 | 1,582,9 |
| EFFECT OF DILUTIVE SECURITIES: | | |
| 1.5% convertible bonds due 2003 | 75 | 19,2 |
| 1.05% convertible bonds due 2009 | 291 | 105,3 |
| | ----- | ----- |
| DILUTED NET INCOME PER SHARE: | | |
| Net income available to common shareholders after effect of dilutive securities | 25,155 | 1,707,5 |
| | ----- | ----- |
| Six-month period ended September 30, 2001 (from April 1, 2001 to September 30, 2001) | | |

| | NET INCOME (NUMERATOR) | SHARES (DENOMINATOR) |
|--|-----------------------------------|--------------------------------|
| | ----- MILLIONS OF YEN ----- | ----- IN THOUSANDS ----- |
| BASIC NET INCOME PER SHARE: | | |
| Net income available to common shareholders | 23,418 | 1,582,9 |
| EFFECT OF DILUTIVE SECURITIES: | | |
| 1.5% convertible bonds due 2003 | 75 | 19,2 |
| 1.05% convertible bonds due 2009 | 291 | 105,3 |
| | ----- | ----- |
| DILUTED NET INCOME PER SHARE: | | |
| Net income available to common shareholders after effect of dilutive securities | 23,784 | 1,707,5 |
| | ----- | ----- |

-12-

SEGMENT INFORMATION

1. Operating Segment Information

Six-month period ended September 30, 2002 (from April 1, 2002 to September 30, 2002) (Millions of Yen)

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| | METAL PRODUCTS & MINERALS | MACHINERY, ELECTRONICS & INFORMATION | CHEMICAL | EN |
|------------------------------------|------------------------------|--|----------|-------|
| | ----- | ----- | ----- | ----- |
| Total Trading Transactions: | | | | |
| External customers | 805,633 | 1,027,679 | 523,214 | 1,26 |
| Intersegment | 127,526 | 89,459 | 152,891 | 3 |
| Total | 933,159 | 1,117,138 | 676,105 | 1,29 |
| Revenue-Gross Trading Profit | 34,458 | 54,404 | 27,933 | 2 |
| Operating Income (Loss) | 12,451 | 518 | 6,003 | 1 |
| Net Income (Loss) | 7,239 | (8,723) | (1,590) | 1 |
| Total Assets at September 30, 2002 | 904,886 | 1,308,144 | 451,808 | 45 |

| | AMERICAS | EUROPE | OTHER OVERSEAS AREAS | CORP ELI |
|------------------------------------|----------|---------|-------------------------|-------------|
| | ----- | ----- | ----- | ----- |
| Total Trading Transactions: | | | | |
| External customers | 370,294 | 179,101 | 292,482 | |
| Intersegment | 233,522 | 101,824 | 389,248 | (|
| Total | 603,816 | 280,925 | 681,730 | (|
| Revenue-Gross Trading Profit | 22,342 | 11,235 | 11,605 | |
| Operating Income (Loss) | 5,562 | 2,309 | (1,116) | |
| Net Income (Loss) | 2,351 | 1,371 | 3,123 | |
| Total Assets at September 30, 2002 | 417,393 | 260,422 | 233,592 | |

Six-month period ended September 30, 2001 (from April 1, 2001 to September 30, 2001) (Millions of Yen)

| | METAL PRODUCTS & MINERALS | MACHINERY, ELECTRONICS & INFORMATION | CHEMICAL | ENER |
|-----------------------------|------------------------------|--|----------|---------|
| | ----- | ----- | ----- | ----- |
| Total Trading Transactions: | | | | |
| External customers | 747,623 | 1,164,029 | 522,778 | 1,241,5 |
| Intersegment | 125,287 | 75,647 | 134,336 | 46,1 |
| Total | 872,910 | 1,239,676 | 657,114 | 1,287,6 |

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| | | | | |
|--------------------------------|---------|-----------|---------|-------|
| Revenue-Gross Trading Profit | 33,784 | 54,015 | 27,974 | 28,0 |
| Operating Income (Loss) | 10,147 | 6,310 | 6,696 | 10,8 |
| Net Income (Loss) | 3,473 | 2,441 | (535) | 16,4 |
| Total Assets at March 31, 2002 | 935,835 | 1,419,375 | 511,248 | 459,2 |

| | AMERICAS | EUROPE | OTHER OVERSEAS AREA | CORPORATE AND ELIMINATIONS |
|--------------------------------|----------|---------|---------------------|----------------------------|
| Total Trading Transactions: | | | | |
| External customers | 365,205 | 228,832 | 273,495 | 19,218 |
| Intersegment | 257,849 | 83,244 | 417,389 | (1,357,897) |
| Total | 623,054 | 312,076 | 690,884 | (1,338,679) |
| Revenue-Gross Trading Profit | 22,666 | 9,358 | 10,261 | 10,281 |
| Operating Income (Loss) | 5,501 | 1,742 | (2,502) | 3,057 |
| Net Income (Loss) | 3,005 | 1,297 | 2,385 | (6,957) |
| Total Assets at March 31, 2002 | 400,387 | 232,656 | 241,271 | 1,066,510 |

Notes: 1. Based on the change in new management organization, such as introduction of an operating group system from April 2002, "Electronics & Information" is combined with "Machinery," further "Transportation Logistics," which was included in "Consumer Products & Services" before, is included in "Corporate and Eliminations" from the six-month period ended September 30, 2002. The operating segment information for the six-month period ended September 30, 2001 has been restated to conform to the presentation for the six-month period ended September 30, 2002. "Electronics & Information" included in "Machinery, Electronics & Information" for the six-month period ended September 30, 2002 is as follows:

| | |
|------------------------------|---------|
| Total Trading Transactions | 213,894 |
| Revenue-Gross Trading Profit | 21,524 |
| Operating Income | 781 |
| Net Income | 665 |
| Total Assets | 263,295 |

2. Effective April 1, 2002, the companies adopted SFAS No.144. The figures of "Consolidated Total" for the six-month period ended September 30, 2001 have been reclassified to conform to the current period presentation. The reclassifications to "Loss from Discontinued Operations-Net (After Income Tax Effect)" are included in "Corporate and Eliminations."
3. Net loss of "Corporate and Eliminations" for the six-month period ended September 30, 2001 included Yen 11,964 million in losses (after income tax effect) on the write-down of marketable securities and Yen 9,375 million in gain (after income tax effect) arising from a nonmonetary exchange of shares in connection with a business

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combination of certain financial institutions.

4. Total assets of "Corporate and Eliminations" at September 30, 2002 and March 31, 2002 include corporate assets, consisting primarily of cash and cash equivalents and time deposits maintained with regard to corporate finance activities and assets of certain subsidiaries operating with corporate departments.
5. Transfers between operating segments are made at cost plus a markup.
6. Operating Income (Loss) reflects the companies' a) Revenue-Gross Trading Profit, b) Selling, general and administrative expenses, and c) Provision for doubtful receivables.

-13-

2.GEOGRAPHIC AREA SEGMENT INFORMATION

Six-month period ended September 30, 2002 (from April 1, 2002 to September 30, 2002) (Millions of Yen)

| | JAPAN | NORTH AMERICA | EUROPE | ASIA | OCEANIA | OT AR |
|--|-----------|------------------|---------|---------|---------|----------|
| | ----- | ----- | ----- | ----- | ----- | ----- |
| Total trading transactions: | | | | | | |
| Outside | 4,414,420 | 438,964 | 464,393 | 801,111 | 38,697 | 8 |
| Interarea | 293,943 | 169,233 | 117,002 | 164,857 | 179,520 | 13 |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| Total | 4,708,363 | 608,197 | 581,395 | 965,968 | 218,217 | 21 |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| Operating income | 11,846 | 9,529 | 4,876 | 2,732 | 12,677 | --- |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| Identifiable assets at September 30, 2002 | 5,226,476 | 911,866 | 536,663 | 368,855 | 216,157 | 24 |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| Investments in and advances to associated companies | | | | | | |
| Total assets at September 30, 2002 | | | | | | |

Six-month period ended September 30, 2001 (from April 1, 2001 to September 30, 2001) (Millions of Yen)

| | JAPAN | NORTH AMERICA | EUROPE | ASIA | OCEANIA | OT AR |
|-----------------------------|-----------|------------------|---------|---------|---------|----------|
| | ----- | ----- | ----- | ----- | ----- | ----- |
| Total trading transactions: | | | | | | |
| Outside | 4,598,715 | 408,429 | 624,640 | 602,903 | 35,493 | 6 |

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| | | | | | | |
|--|-----------|---------|---------|---------|---------|-------|
| Interarea | 290,373 | 189,489 | 86,101 | 134,305 | 195,050 | 14 |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| Total | 4,889,088 | 597,918 | 710,741 | 737,208 | 230,543 | 21 |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| Operating income | 18,179 | 7,267 | 3,503 | 3,510 | 10,831 | |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| Identifiable assets at March 31, 2002 | 5,454,683 | 903,556 | 557,072 | 382,324 | 174,495 | 26 |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| Investments in and advances to associated companies | | | | | | |
| Total assets at March 31, 2002 | | | | | | |

NOTES:

1. In addition to the disclosure based on SFAS No.131, "Disclosures about Segments of an Enterprise and Related Information," the Company discloses this segment information as supplemental information in light of the disclosure requirements of the Japanese Securities and Exchange Law.
2. Effective April 1, 2002, the companies adopted SFAS No.144. The results of discontinued operations are eliminated from Total trading transactions and Operating income in each geographic area segment. The figures in the previous period have been reclassified to conform to the current period presentation.
3. Other Areas consist principally of Latin America and the Middle East.
4. Transfers between geographic areas are made at cost plus a markup.
5. Operating income reflects the companies' a) revenue-gross trading profit, b) selling, general and administrative expenses, and c) provision for doubtful receivables.

-14-

3. TOTAL TRADING TRANSACTIONS TO EXTERNAL CUSTOMERS OUTSIDE JAPAN

Six-month period ended September 30, 2002 (from April 1, 2002 to September 30, 2002) (Millions of Yen)

| | NORTH AMERICA | EUROPE | ASIA | OCEANIA | OTH |
|---|------------------|---------|-----------|---------|-------|
| | ----- | ----- | ----- | ----- | ----- |
| Total trading transactions to external customers outside Japan | 619,975 | 502,044 | 1,210,748 | 28,678 | 3 |
| | ----- | ----- | ----- | ----- | ----- |
| Consolidated total | | | | | |
| Percentage of total trading | | | | | |

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transactions to external customers
outside Japan out of consolidated
total

9.9%

8.0%

19.4%

0.5%

Six-month period ended September 30, 2001 (from April 1, 2001 to September 30, 2001) (Millions of Yen)

| | NORTH AMERICA | EUROPE | ASIA | OCEANIA | OTH |
|--|------------------|---------|---------|---------|-----|
| Total trading transactions to external customers outside Japan | 626,452 | 700,288 | 961,123 | 34,444 | |
| Consolidated total | | | | | |
| Percentage of total trading transactions to external customers outside Japan out of consolidated total | 9.9% | 11.1% | 15.2% | 0.5% | |

NOTES:

1. In addition to the disclosure based on SFAS No. 131, the Company discloses this segment information as supplemental information in light of the disclosure requirements of the Japanese Securities and Exchange Law.
2. Classification of regions is determined based on geographic proximity.
3. Each part consists primarily of the following countries or areas.

| | |
|-----------------|--------------------------------|
| North America : | United States, Canada |
| Europe : | United Kingdom, Germany |
| Asia : | China, Thailand |
| Oceania : | Australia |
| Other Areas : | Latin America, the Middle East |
4. Total trading transactions to external customers outside Japan represents exports from Japan and offshore transactions of the companies.
5. Effective April 1, 2002, the companies adopted SFAS No.144. Total trading transactions from discontinued operations are eliminated from Total trading transactions to external customers outside Japan and Consolidated total. The figures in the previous period have been reclassified to conform to the current period presentation.

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DEBT AND EQUITY SECURITIES

At September 30, 2002 and at March 31, 2002, the aggregate cost, fair value and unrealized holding gains-net on available-for-sale securities and the amortized cost, fair value and unrealized holding gains-net on held-to-maturity debt securities were as follows:

September 30, 2002:

(Millions of Yen)

| | AGGREGATE COST | FAIR VAL |
|--|----------------|----------|
| | ----- | ----- |
| Available-for-sale: | | |
| Marketable equity securities | 178,290 | 239,31 |
| Foreign debentures, commercial paper and other debt securities | 129,936 | 130,20 |
| | ----- | ----- |

| | AGGREGATE COST | FAIR VAL |
|--|----------------|----------|
| | ----- | ----- |
| Held-to-maturity debt securities, consisting principally of foreign debentures | 21,007 | 20,914 |
| | ----- | ----- |

March 31, 2002:

(Millions of Yen)

| | AGGREGATE COST | FAIR VAL |
|--|----------------|----------|
| | ----- | ----- |
| Available-for-sale: | | |
| Marketable equity securities | 177,835 | 266,07 |
| Foreign debentures, commercial paper and other debt securities | 155,639 | 156,33 |
| | ----- | ----- |

| | AGGREGATE COST | FAIR VAL |
|--|----------------|----------|
| | ----- | ----- |

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Held-to-maturity debt securities, consisting principally
of foreign debentures

23,356

23,381
