

April 7, 2003

Summary of Consolidated Financial Statement for Third Quarter of Term Ending May 2003

Name of Listed Company: CREED Corporation

(Code: 8888)

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1. Consolidated financial results

(1) Consolidated financial results for the third quarter of the term ending May 2003 (June 1, 2002 to February 28, 2003)

	Cumulative total at 3Q of term ending May 2003 (current quarter)	Y/Y	Cumulative total at 3Q of term ending May 2002 (same quarter in previous term)	(Reference) Result for whole previous term
	million yen	%	million yen	million yen
Sales	5,549	+ 54.9	3,583	4,691
Gross margin	1,878	+ 23.5	1,520	1,933
Operating profit	921	+ 30.5	706	828
Ordinary profit	780	+ 23.5	632	713

Note: The figures in the current quarter have not been audited by any certified accountant or by any auditing firm.

(2) Divisional sales breakdown

	Cumulative total at 3Q of term ending May 2003 (current quarter)		Y/Y	Cumulative total at 3Q of term ending May 2002 (same quarter in previous term)		(Reference) Result for entire previous term	
	Amount	Distribution		Amount	Distribution	Amount	Distribution
Principal investment business	million yen 3,087	% 55.6	%	million yen 1,722	% 48.1	million yen 2,601	% 55.4
Fund business	1,897	34.2	39.7	1,358	37.9	1,505	32.1
Due diligence business	357	6.5	11.4	321	9.0	361	7.7
Solution business	206	3.7	14.1	181	5.0	223	4.8
Total sales	5,549	100.0	54.9	3,583	100.0	4,691	100.0

Notes 1. The figures in the current quarter have not been audited by a certified accountant or auditing firm.

2. Starting in the current accounting term, the Company has four business divisions: principal investment, fund, due diligence and solution. Previously, the Company's business sectors were: investment, real estate solution business and due diligence and asset management.

Reference: Financial results in different quarters

	First quarter in term ending May 2003	Second quarter in term ending May 2003	Third quarter in term ending May 2003
	million yen	million yen	million yen
Principal investment business	872	1,767	447
Fund business	205	232	1,460
Due diligence business	139	91	126
Solution business	107	73	25
Total sales	1,324	2,165	2,059
Gross margin	599	699	579
Operating profit	283	399	238
Ordinary profit	245	354	181

(3) Changes in major assets and liabilities

Item	End of 3Q in term ending May 2003	Y/Y	End of previous term
(Assets)	million yen	million yen	million yen
Cash and bank balances	2,014	- 1,350	3,365
Inventories	9,798	+ 3,849	5,949
Investment securities	522	+ 391	130
Anonymous association investment	3,414	+ 998	2,415
(Liabilities)			
Short-term borrowing	4,395	+ 2,139	2,255
Long-term borrowing	4,626	+ 1,692	2,934
Deposit received for guarantee	1,150	+ 595	555

Notes 1. The figures in the current quarter have not been audited by a certified accountant or auditing firm.

2. The above table only covers items the range of fluctuations of which exceeds two percent of total assets.

2. Summary of performance of the corporate group

For the first three quarters of the current term, specifically the period from June 1, 2002 to February 28, 2003, the Japanese economy continued to show no signs of a turnaround in capital investment or consumer spending, in light serious uncertainty about the future market situation. Conditions remain difficult, with sluggish stock prices reflecting concern over the international political situation.

Despite this situation, the businesses of our group remained active and dynamic, with increasing corporate sales of real property driven by progress in bad loan disposal in the financial sector and the writing down of real assets, along with rising needs for companies to take real estate of the balance sheet.

We have recognized these trends as representing an excellent opportunity to our business, our group has sought synergy between our due diligence business and our solution business and has emphasized principal investment and fund business to increase profitability.

Consequently, our business performance in the third quarter was as follows.

(1) Sales

Our group recorded sales of 2,059 million yen in the third quarter, up 142.2 percent from the same quarter of the previous term. This resulted in a cumulative total at the time of the third quarter of 5,549 million yen, with a 54.9-percent year-on-year increase. The performance of each business sector is described below.

(i) Principal investment business

We make investment in real estate and related assets based on our own decisions.

In the third quarter, our progress in the acquisition of assets led to an increase in rent revenues but fewer owned assets were sold than in the same quarter of the previous term. The sales in this sector consequently showed a year-on-year decrease of 12.4 percent, to 447 million yen. In terms of the 3Q cumulative total, sales amounted to 3,087 million yen, up 79.3 percent from the previous third quarter in response to an increase in both the number and value of assets sold.

(ii) Fund business

We undertake asset management under contract for real estate funds, which involves regular management as well as the preparation and execution of strategies for profit maximization, and investment in real estate funds that undertake contract property management and asset management, including building management services.

In this third quarter, the transfer of assets to funds for new fund composition resulted in a sharp growth in sales, to 1,460 million yen, up 834.7 percent from the same period of the previous term. The 3Q cumulative sales totaled 1,897 million yen, with a 39.7-percent year-on-year rise thanks to a steady increase in assets committed to our asset management.

(iii) Due diligence business

Our due diligence business accumulates our unique know-how based on our principle of making scientific and rational analysis of real assets, to evaluate real estate and loans and work out sales strategies from diverse perspectives according to our customers needs.

With growth in orders not only from our existing customers but from new customers as well in an environment experiencing accelerated circulation of real assets and bad loans, 3Q sales were 126 million yen, up 25.4 percent from the third quarter in the previous fiscal year, and 3Q cumulative total sales were 357 million yen, up 11.4 percent.

(iv) Solution business

In our solutions business sector, we run a real estate brokerage service, real estate advisory service that advises individual investors on the acquisition and sale of real assets and a corporate consulting service to provide recommendations on real property strategies and managerial/financial strategies to maximize corporate values.

In this third quarter, we handled fewer cases of real estate brokerage in our real estate advisory service than in the same period a year earlier. Consequently, we had sales of 25 million yen, down 69.5 percent from a year earlier. However, the 3Q cumulative total enjoyed a 14.1 percent year-on-year rise to 206 million yen, the result of increased orders in our corporate consulting service along with growing demand for revision of corporate asset standing and corporate reorganization.

(2) Operating cost

(i) Cost of sales and gross margin

The cost of sales was 1,479 million yen in the third quarter alone, up 231.2 percent from the same period in the previous term, and 3,671 million yen on a 3Q cumulative total basis, up 78.0 percent year on year. A large proportion of this is the cost of purchases for the sale of owned real assets in the principal investment business and in the fund business.

The gross margin was confirmed at 579 million yen in the third quarter, 43.6 percent higher than in the same quarter in the previous term, and at 1,878 million yen in terms of the 3Q cumulative total, up 23.5 percent from a year earlier. The gross profit rate in the third-quarter cumulative total was 33.8 percent.

(ii) Selling and general administrative costs

Selling and general administrative costs amounted to 340 million yen in the third quarter, up 17.6 percent from the 3Q in the previous year, and the 3Q cumulative total was 956 million yen with a year-on-year rise of 17.4 percent. These costs consist mainly of personnel cost, land and house rental and advertising expenditure.

Personnel costs accounted for 61.0 percent of the 3Q cumulative total selling and general administrative cost. The ratio of the selling and general administrative cost to sales was 17.2 percent.

(3) Operating profit, Ordinary profit

(i) Operating profit

The Company posted operating profit of 238 million yen in the third quarter, up 109.7 percent from the same period of the previous year, and a 3Q cumulative total operating profit of 921 million yen with a 30.5 percent year-on-year increase. The ratio of operating income to sales was 16.6 percent on the basis of the 3Q cumulative total.

(ii) Ordinary profit

The ordinary profit in this third quarter was 181 million yen, up 68.5 percent from the previous third quarter, and the third-quarter cumulative total ordinary profit showed 23.5 percent year-on-year growth, to 780 million yen. The ratio of ordinary profit to sales was 14.1 percent in terms of the 3Q cumulative total.

3. Outlook for full-year results

In response to the development in performance up to this third quarter, the business result projections for the term ending May 2003, from June 1, 2002 to May 31, 2003, reported when we announced the interim business results on January 29, 2003, have been revised as follows.

Consolidated full-year business result forecast

	Sales	Ordinary profit	Current net profit
	million yen	million yen	million yen
Previous forecast (A)	5,400	1,200	700
Current forecast (B)	7,800	1,200	700
Change (B-A)	+ 2,400	-	-
Rate of change	+ 44.4%	-	-

Individual full-year business result forecast

	Sales	Ordinary profit	Current net profit
	million yen	million yen	million yen
Previous forecast (A)	3,000	610	350
Current forecast (B)	5,200	780	500
Change (B-A)	+ 2,200	+ 170	+ 150
Rate of change	+ 73.3%	+ 27.9%	+ 42.9%

4. Other

Revision of business divisions

Until the previous accounting term, Creed had four business sections: investment, real estate solution, due diligence and asset management. Starting this accounting term, the company has introduced a new structure with four new business segments: principal investment, funds, solutions and due diligence. Accompanying our reorganization to achieve clearly defined roles and business responsibilities of the sectors, we made this revision so that we can disclose more accurately information that reflects the situation of each business.

5. Financial statements in the third quarter

(1) Consolidated balance sheet in the third quarter

(million yen)

	End of third quarter of term ending May 2003 (as of Feb. 28, 2003)	End of previous consolidated accounting term (as of May 31, 2002)	End of third quarter of term ending May 2002 (as of Feb. 28, 2002)
Cash and bank balances	2,014	3,365	2,555
Accounts receivable	232	64	136
Inventories	9,798	5,949	4,022
Other current assets	670	215	146
Total current assets	12,716	9,594	6,861
Total tangible fixed assets	73	75	75
Total intangible fixed assets	14	15	12
Total investment and other assets	4,520	2,840	1,276
Total fixed assets	4,609	2,932	1,365
Total deferred assets	7	11	13
Total assets	17,333	12,538	8,240
Accounts payable	81	56	40
Short-term borrowing	4,395	2,255	1,325
Other current liabilities	382	483	397
Total current liabilities	4,858	2,795	1,761
Total fixed liabilities	6,258	4,054	3,075
Total liabilities	11,117	6,850	4,837
Minority shareholders' equity	0	0	0
Capital	-	1,362	1,362
New paid-up share capital	-	2,220	-
Capital reserve	-	1,424	1,424
Consolidated surplus	-	665	603
Securities revaluation difference, etc.	-	15	12
Capital	2,472	-	-
Capital surplus	2,534	-	-
Earned surplus	1,153	-	-
Securities revaluation difference, etc.	55	-	-
Total capital	6,215	5,688	3,402
Total of liabilities, minority shareholders' equity and capital	17,333	12,538	8,240

(2) Profit-and-loss statement in the third quarter

(million yen)

	Third quarter of term ending May 2003 (From June 1, 2002 to February 28, 2003)	Third quarter of term ending May 2002 (From June 1, 2001 to February 28, 2002)
Sales	5,549	3,583
Cost of sales	3,671	2,062
Gross margin	1,878	1,520
Selling and general administrative costs	956	814
Operating profit	921	706
Non-operating revenue	45	13
Non-operating expense	185	87
Ordinary profit	780	632