



**Summary of the First Quarter Consolidated Financial Statements for the Term Ending
May 2005**

October 7, 2004

Name of Listed Company: CREED Corporation (Code: 8888 Second Section of Tokyo Stock Exchange and Osaka Securities Exchange (Hercules))

(U R L <http://www.creed.co.jp>)

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1. Matters Related to the Calculation of the Quarterly Results Summary

- (1) Adoption of a summary method in the accounting treatment: Nil
 (2) Differences in accounting methods compared with those used in the most recent consolidated fiscal year: Yes
 (3) Change in scope of consolidation or application of the equity method: Yes (Fifteen companies were excluded from the scope of consolidation.)

2. Consolidated Results in the First Quarter of the Term Ending May 2005

(from June 1, 2004 to August 31, 2004)

(1) Development of consolidated managerial results

* Amounts are rounded to the nearest million

	Sales		Operating profit		Ordinary profit		Quarterly net profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Q1 of the term ending May 2005	2,885	26.7	781	76.8	717	80.9	353	52.6
Q1 of the term ending May 2004	2,278	72.0	442	56.2	396	61.9	231	75.7
The accounting term ending May 2004 (for reference)	10,310		2,193		1,803		1,041	

	Net profit per share		Fully diluted net profit per share	
	yen	sen	yen	sen
Q1 of the term ending May 2005	4,846	38	4,804	75
Q1 of the term ending May 2004	3,205	17	3,173	16
The accounting term ending May 2004 (for reference)	14,371	40	14,209	26

- (注) 1. The amounts above are rounded down to the nearest one million yen.
 2. The percentages for sales, operating profit and other figures show the rates of year-on-year increase/decrease.

[Qualitative Information on the Progress of Business Results (consolidated), etc.]

In the first quarter under review (from June 1, 2004 to August 31, 2004), the Japanese economy was generally recovering, with an accelerating improvement in corporate revenue, growing capital investments, and a brighter employment environment. Still, the overall global economy remained highly uncertain, with a number of causes for concern, such as skyrocketing crude oil prices and geopolitical risks.

In the real estate investment market, the sector in which the Creed Group operates, with major financial institutions stepping up bad-debt write-offs and with the accelerating disposal and liquidation of real estate, a massive volume of investment funds are flowing into the market, primarily driven by domestic institutional investors. This has produced growing business opportunities for the Group.

In this environment, the Group has deployed its functions, namely real estate related investment (principal investment business),

management (fund business), and problem solving (due-diligence business, and solution business), to aggressively expand its business. Consequently, consolidated results in the first quarter under review showed sales of 2,885 million yen (up 26.7% from the year-ago level), operating profit of 781 million yen (rising 76.8%), ordinary profit of 717 million yen (up 80.9%) and net profit of 353 million yen (an increase of 52.6%).

The segment result by each business category is as follows:

(Principal Investment Business)

During the quarter, given such factors as the disposal of real estate owned by the Company at prices that outstripped expectations and growth in income from rents accompanying the increase in the number of properties owned by the Company, in the Principal Investment Business, sales were 2,002 million yen (up 90.0% from the year-ago level) and operating profit was 606 million yen (rising 192.6%).

(Fund Business)

In the first quarter, steady increases in the acquisition of properties by funds along with the smooth disposal of properties, asset management fees increased. Notwithstanding this, an absence of the bridge projects that had been recorded in the first quarter of the preceding term, which had been transferred to the funds, meant that sales were 370 million yen (down 62.7% from the year-ago level), and operating profit was 135 million yen (down 53.7%). The latter figure reflected factors as the increase in costs as the Company bolstered its personnel lineup to prepare for the launch of new funds.

(Due Diligence Business)

During the quarter, a decline in orders for due diligence accompanying the write-off of bad loans resulted in sales in our Due Diligence Business declining to 127 million yen (slipping 13.2% from the year-ago level). Operating profit was 62 million yen (down 21.7%).

(Solution Business)

In the first quarter under review, the the conclusion of a contract involving a large-scale brokerage business for an incorporated school with which the Company had been engaged, sales in the Solution Business reached 385 million yen (a climb of 355.3% from the level of the previous year) and operating profit stood at 167 million yen (up 170 million yen from the year-ago level).

Looking ahead, Creed has been preparing to launch several new real estate funds. The Company's goal is for the balance of assets under management to attain 100 billion yen. Moreover, the Company has also been expanding the development of a business, which will be a new core business. While maintaining a sound financial situation, Creed aims to bolster its earnings capabilities, continuously improving the liquidity of real estate.

(2) Changes in consolidated financial situation

	Total assets	Net worth	Net worth ratio	Net worth per share	
	Million yen	Million yen	%	yen sen	
Q1 of the term ending May 2005	26,658	8,310	31.2	113,585	83
Q1 of the term ending May 2004	18,492	6,821	36.9	94,169	94
The accounting term ending May 2004 (for reference)	23,064	8,181	35.5	112,218	97

(Note) Number of issued shares at the end of term (consolidated); First Quarter for the term ending May 2005: 73,166 shares, First Quarter for the term ended May 2004: 72,439 shares

[Qualitative information concerning changes in the financial condition (consolidated), etc.]

In the first quarter, gross assets were up 3,593 million yen from the end of previous consolidated accounting year, reaching 26,658 million yen. This growth was primarily attributable to an increase in current assets of 4,059 million yen, thanks to the increased acquisition of real estate for sale and the acquisition of real estate in advance for the purpose of transfer to funds.

Total liabilities at the end of first quarter rose 3,466 million yen from the end of the previous consolidated term, reaching

18,347 million yen. This increase primarily owed to an increase in long-term loans payable of 4,289 million yen, reflecting financing through borrowings from banks to acquire real estate for sale and to acquire real estate in advance.

(3) Consolidated cash flow

	Cash flow from operating activities	Cash flow from investment activities	Cash flow from financial activities	Closing balance of cash and cash equivalents
	Million yen	Million yen	Million yen	Million yen
Q1 of the term ending May 2005	3,849	211	3,841	2,249
Q1 of the term ending May 2004	908	32	193	4,077
The accounting term ending May 2004 (for reference)	3,033	236	2,452	2,513

[Qualitative information concerning consolidated cash flow, etc.]

During the quarter, consolidated cash and cash equivalents (hereinafter referred to as “cash”) declined 219 million yen from the end of the previous year, reaching 2,249 million yen. This decrease was primarily attributable to a fall in cash resulting from increased inventory assets and increased real estate purchases in advance, etc., which more than offset quarterly net profit prior to taxes, etc. and the increase in cash registered through borrowing. Another factor was a 43 million yen subtraction from cash following an exclusion from the scope of consolidation.

In the first quarter under review, cash flows and their factors were as follows:

(Cash flow from operating activities)

As a result of operating activities, cash used was 3,849 million yen, and this was primarily due to an increase in inventory assets of 2,613 million yen and an increase in properties purchased in advance of 1,341 million yen.

(Cash flow from investment activities)

As a result of investment activities, cash used was 211 million yen, reflecting expenditures on the acquisition of investment securities and tangible fixed assets.

(Cash flow from financial activities)

As a result of cash flow from financial activities, cash used was 3,841 million yen, due mainly to an increase in funds through borrowing.

3. Forecast consolidated results for the term ending May 2005 (From June 1, 2004 to May 31, 2005)

	Sales	Ordinary profit	Current net profit
	Million yen	Million yen	Million yen
Interim	5,500	1,300	725
Full year	13,500	2,400	1,379

(Reference) Expected current net profit per share (for the full year) 18,847.55 yen

[Qualitative information concerning business forecasts, etc.]

Creed has revised the figures in the forecast results for both the interim term and the full year. Factors prompting the revision include the results in the first quarter, plans to establish a new fund equivalent to 12 billion yen by the end of the interim period in this business year, and favorable investment results for funds currently in the investment phase, all of which are expected to serve as positive factors in the business forecast.

(Reference) Quarterly business results and financial situation in the first quarter for the term ending May 2005 (from June 1, 2004 to August 31, 2004)

* Amounts are rounded to the nearest million

	Sales	Operating profit	Ordinary profit	Quarterly net profit
	Million yen %	Million yen %	Million yen %	Million yen %

Q1 of the term ending May 2005	1,982	1.8	606	56.5	647	16.3	369	8.6
Q1 of the term ending May 2004	2,018	-	387	-	556	-	403	-
The accounting term ending May 2004	7,709		1,541		1,390		827	

(Note) For the first quarter of the term ended May 2003, no quarterly financial statements were disclosed, so there is no percentage increase/decrease in comparison with the first quarter of the term ended May 2004.

	Total assets	Net worth	Net worth ratio	Net worth per share	
	Million	Million	%	yen	sen
Q1 of the term ending May 2005	25,509	7,778	30.5	106,319	53
Q1 of the term ending May 2004	15,722	6,592	41.9	91,008	82
The accounting term ending May 2004	21,341	7,566	35.5	103,781	00