

MITSUI & CO LTD  
Form 6-K  
December 10, 2003

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**FORM 6-K**

**SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**Report of Foreign Private Issuer**

**Interim Business Report Covering the First Half of the 85th Fiscal Year**

**Pursuant to Rule 13a-16 or 15d-16  
of the Securities Exchange Act of 1934**

For the month of December 8, 2003

Commission File Number 09929

**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 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

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

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**INTERIM BUSINESS REPORT**

Enclosed Herewith Is Our Interim Business  
Report Covering the First Half of the 85th  
Fiscal Year.

**MITSUI & CO., LTD.**

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**To Our Shareholders**

We are pleased to present this report on the business activities of Mitsui & Co., Ltd. (Mitsui), to our shareholders, covering the period from April 1 through September 30, 2003 (the interim period of the Company's 85th fiscal year).

During the interim period under review, net income on a non-consolidated basis amounted to ¥6.4 billion, below the level for the same period of the previous fiscal year. However, on a consolidated basis, net income was ¥25.8 billion, representing an increase year on year. We plan to pay a dividend of ¥4 per common share for the interim period, the same as for the interim period of the previous year.

As during the first half of the current fiscal year, the entire management and staff intend to continue to unite their efforts to enhance profitability. Accordingly, we look forward to your continuing support and assistance.

December 2003

Shoei Utsuda  
President and Chief Executive Officer

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**Business Report**

(For the interim period April 1, 2003, to September 30, 2003)

**RESULTS OF OPERATIONS**

**OPERATING ENVIRONMENT**

The interim period under review began with a high level of uncertainty about future trends because of concerns about the outbreak of war in Iraq and the SARS epidemic. However, by summer, both of these two concerns had largely receded in importance without having a major impact on the world economy. During the latter half of the period, the global economy began to move toward recovery, and, in Japan as well, there was a sense of slight improvement in economic conditions. In addition, stock prices worldwide began to rise, and, boosted by strong demand in China, international commodity prices including those of crude oil, non-ferrous metals, and grains exceeded the levels of the previous year.

The war in Iraq and the SARS epidemic forced Japanese companies to pay more attention to the issue of security at their overseas offices and during business trips outside Japan. Other significant developments related to management included active discussions about corporate governance structures, and some companies adopted a Committee System under the revised Commercial Code of Japan. Along with these trends, issues of corporate social responsibility (CSR) and establishing better compliance systems also attracted attention.

In the Japanese economy, the unemployment rate remained at a high level by historical standards and economic conditions were still challenging. But growth in exports to other countries in Asia, especially China, remained strong, and the markets for digital appliances, including LCD TV sets and digital cameras, continued to expand. Moreover, the recovery in stock prices provided support for the economy and contributed to an improvement in business confidence. Although concerns have been expressed again about the sharp appreciation of the yen since August, there are growing hopes that recovery led by domestic demands will begin in the near future as corporations continue to restructure their core businesses and develop new markets and financial institutions continue to take effective measures against non-performing loan problems.

**MANAGEMENT POLICIES AND BUSINESS OPERATIONS**

Mitsui's Medium-Term Strategic & Financial Plan, issued in May 2001, sets the objective of becoming the world's strongest Comprehensive Business Engineering Enterprise. To attain this goal, Mitsui is implementing policies to allocate its resources strategically, increase profitability, and create new value. Specific initiatives include the following:

**1. Enhancing Systems to Earn the Trust and Confidence of Society**

Mitsui is working to maximize shareholder value by fulfilling its responsibilities as a corporate citizen and meeting high standards of excellence for its work that will make it an indispensable business partner in Japan and the rest of the world. To attain these objectives, Mitsui is conducting its activities with the utmost commitment to achieving harmony between corporate profitability and social responsibility. Through continuing disclosure regarding its activities, Mitsui endeavors to respond to the trust of its shareholders, customers, and society. Each and every staff member shares this objective and is committed to contributing to Mitsui's business position and performance as it moves into the 21st century.

**2. Creating New Management Frameworks**

While maintaining the delegation of authority to the operating level, which was achieved under the group president system introduced in the previous fiscal year, Mitsui has made the organizational changes described below, to support agile and strategic decision making, enhance transparency, and strengthen its business development and implementation capabilities.

Specific measures adopted include the elimination of the group president system, resulting in a flatter organization that permits direct interfacing between the CEO and unit chief operating officers (unit COOs), and the expansion of the authority delegated to unit COOs to a level comparable with that of the former group presidents. Similarly, within the corporate administrative organization, Mitsui has eliminated certain bundlings of staff groups while also aiming for a more professional, smaller corporate organization.





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**3. Allocating Resources Strategically**

Some of Mitsui's key initiatives to allocate its resources strategically have included the following:

In the areas of natural resources and energy, Mitsui has invested in Valepar S. A., the controlling shareholder of Brazil's Companhia Vale do Rio Doce, which is one of the world's largest owners of iron ore resources and operates in various other mineral resources, and made the decision to proceed with the second phase of development of the Sakhalin LNG project.

Establishment of the Financial Markets Business Unit, which combines the financial expertise formerly dispersed throughout the Company into a single unit

Strengthening of food product distribution/logistics activities through an injection of capital into Sanyu Koami Co., Ltd.

In the field of emerging technologies, Mitsui has succeeded in bringing a biomass ethanol plant into operation in Brazil and established Nanotech Park in Tsukuba.

**OPERATING PERFORMANCE**

As a result of conditions in the operating environment and Mitsui's own initiatives, the Company reported sales on a non-consolidated basis of ¥4,908.8 billion for the interim period under review, representing an increase year on year of ¥475.5 billion. This increase was supported by the expansion in transactions of the Machinery, Electronics & Information; Energy; Chemical; and other segments across the board.

Gross profit expanded ¥2.9 billion year on year, to ¥106.7 billion, due primarily to growth in the Chemical; Energy; and Machinery, Electronics & Information segments.

Although selling, general and administrative (SG&A) expenses rose, principally because of an increase in employee severance costs, the increase in SG&A expenses was offset by an increase in dividends received and other factors. As a result, ordinary profit for the interim period under review rose ¥8.0 billion, to ¥37.5 billion.

During the interim period, Mitsui continued its review of loans and investments in affiliated companies. While continuing to report gains from the sale of investment securities, Mitsui also worked to maintain the soundness of its assets by recognizing evaluation losses on certain investment securities and making provisions for doubtful receivables. In addition, Mitsui recognized losses on the devaluation of tangible assets, related to certain real estate assets, including Company housing and dormitories earmarked for future sale. As a consequence, net extraordinary gains and losses amounted to a loss of ¥27.5 billion.

As a result of the above factors, after the subtraction of current income taxes as well as adjustments for deferred income taxes, interim net income amounted to ¥6.4 billion, ¥2.1 billion lower than for the interim period of the previous fiscal year.

For further information on consolidated financial performance, please see the table Trends in Company Performance (Consolidated) on the following page and Condensed Consolidated Financial Statements in the final section of this report.

**Table of Contents****Trends in Company Performance (Non-Consolidated)**

(Millions of Yen, except Net Income per Share)

	82nd Semiannual Year	83rd Semiannual Year	84th Semiannual Year	85th Semiannual Year
Sales	¥5,117,338	¥4,647,381	¥4,433,304	¥4,908,778
Net Income	8,055	7,106	8,506	6,397
Net Income per Share	¥5.08	¥4.48	¥5.37	¥4.04

Notes: 1. Net income per share was computed based on the average number of shares outstanding for the period. Beginning with the 84th semiannual year, the average number of shares for the period was calculated based on the number of shares issued minus treasury stock.

2. Figures less than ¥1 million and figures less than ¥1/100 (in the case of net income per share) are truncated.

**Trends in Company Performance (Consolidated)****(Unaudited)**

(Millions of Yen)

	82nd Semiannual Year	83rd Semiannual Year	84th Semiannual Year	85th Semiannual Year
Total Trading Transactions	¥5,470,951	¥5,597,859	¥5,459,070	¥5,949,940
Operating Income	18,474	45,017	47,650	50,207
Net Income	24,063	23,418	24,789	25,822

Notes: 1. These financial data have been prepared on the basis of accounting principles generally accepted in the United States of America ( U.S. GAAP ).

Total trading transactions and operating income for the interim period under review have been presented according to Japanese accounting practices for the convenience of Japanese investors. Total trading transactions represents the gross transaction volume or the nominal aggregate value of the sales contracts in which the Company and its subsidiaries act as principal and transactions in which the Company and its subsidiaries serve as agent.

Condensed consolidated financial statements can be found at the end of this report.

2. In accordance with Statement of Financial Accounting Standards ( SFAS ) No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets, the figures for the last three corresponding periods relating to discontinued operations have been reclassified.

3. In consideration of a consensus relating to the presentation of gains and losses on derivative instruments held for trading purposes by the Emerging Issues Task Force under U.S. GAAP, all gains and losses on forward contracts held by certain foreign subsidiaries for trading purposes for crude oil and oil products, which are also derivatives, are shown net in total trading transactions effective April 1, 2003. In relation to this change, the figures for the last three corresponding periods have been restated.

**Operating Income and Net Income (Consolidated)**

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**Major Activities**

To realize its objective of becoming the world's strongest Comprehensive Business Engineering Enterprise, Mitsui will continue to implement the following business policies:

**1. Strengthen Core Businesses**

Mitsui is continuing to implement a policy of selectivity and concentration in the allocation of its corporate resources. As part of this policy, Mitsui is endeavoring to substantially strengthen its core businesses, which are its core sources of earnings. These comprise, in particular, resource development, including energy and metals, as well as chemicals, machinery and project engineering, steel, and foods.

**2. Developing New Businesses**

Mitsui is allocating its corporate resources to create next-generation sources of earnings with the aim of sustaining growth into the future. These activities include strengthening Mitsui's capabilities for applying strategic business development methods, including the formation of alliances and M&A with partner companies in Japan and overseas, newly entering into a comprehensive range of outsourcing service businesses, carving out new business niches through applying cutting-edge biotechnology and nanotechnology, and making investments in venture businesses and ongoing concerns.

**3. Increasing Consolidated Enterprise Value**

Mitsui is strengthening its consolidated capabilities through optimal Group management by working closely with its associated companies.

Specifically, beginning in spring 2003, Mitsui has been making a thorough review of the concentrated initiatives to evaluate associated companies now in progress and, while taking steps to strengthen its corporate grip, proceeding with a selective examination of its associated companies to focus on assets and businesses that will yield higher profitability.

**4. Executing a Global Strategy**

With the entry of China into the WTO, the presence of the Greater China Sphere comprising mainland China, Hong Kong, and Taiwan has been strengthened. Moreover, other countries in Asia, broadly defined, including AFTA (the ASEAN Free Trade Area), are aiming to further expand their markets by promoting free trade with Japan and the Greater China Sphere. Mitsui is aiming for global expansion in earnings through the concentrated allocation of human resources under the greater China representative system it instituted in April 2003, through the formation of alliances to create a broad range of business opportunities with the partner in these areas, and draw fully on its extensive network, which is the strongest in the region.

**5. Implementing Management Reforms**

Mitsui is moving forward on a Companywide basis with its Business Re-Engineering Project, which aims to review its business processes and achieve a balance between efficiency and internal controls. Through the implementation of this project, Mitsui aims to create new value by standardizing best practices throughout the Company, realizing greater productivity through the introduction of a common information infrastructure that will contribute to faster decision making and the sharing of synergies (knowledge).

As part of this project, to strengthen business development capabilities and improve efficiency, Mitsui is planning a transition from the current management system in Japan where its subsidiaries and branches operate as independent profit centers to a profit center system organized by product along the lines of the operating units.

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**Corporate Data**

(As of September 30, 2003)

**MAJOR OFFICES**

**Head Office:** Chiyoda-ku, Tokyo  
**Domestic Offices:** Sapporo, Tohoku, Nagoya, Osaka, Hiroshima, Fukuoka  
**Domestic Branches:** Niigata, Nagano, Shizuoka, Hokuriku, Takamatsu  
**Overseas Branches:** Singapore, Kuala Lumpur, Manila

Note: *The Company has local overseas subsidiaries in various parts of the world (Mitsui & Co. (U.S.A.), Inc.; Mitsui & Co. Europe PLC; Mitsui & Co. (Middle East) E.C.; and Mitsui & Co., (Australia) Ltd.).*

**NUMBER OF EMPLOYEES**

**Number of employees:** 6,070

*Note: The above figure for the number of employees includes 1,148 people seconded to other companies. In addition to this staff, Mitsui employs 991 foreign nationals at its overseas offices and 2,279 foreign nationals at its overseas subsidiaries.*

**SHARES**

(1) Total number of shares authorized	2,500,000,000
(2) Number of shares issued	1,583,674,837
(3) Number of shareholders	113,201

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**Information on Directors and Corporate Auditors of the Company**  
(As of November 2003)

<b>Title</b>	<b>Name</b>	<b>Principal Position and Areas of Operation</b>
<b>Chairman and Executive Director</b>	Nobuo Ohashi*	
<b>President and Chief Executive Officer</b>	Shoei Utsuda*	
<b>Directors</b>	Hiroshi Nagata*	
	Kazumi Nakagawa*	Chief Compliance Officer
	Norio Shoji	Managing Director of Mitsui & Co. Europe PLC
	Tasuku Kondo*	Chief Financial Officer
	Katsuto Momii*	
	Tetsuya Matsuoka*	
	Yasuo Hayashi*	
	Masataka Suzuki*	
	Akishige Okada	Chairman of the Board, Sumitomo Mitsui Financial Group, Inc., and Chairman of the Board, Sumitomo Mitsui Banking Corporation
<b>Corporate Auditors</b>	Makoto Ejima	
	Ko Matsukata	Advisor to Mitsui Sumitomo Insurance Company, Limited
	Minoru Suzuki	
	Yasutaka Okamura	Member of the Japan Federation of Bar Associations
	Hiroshi Matsuura	

Notes: 1. Akishige Okada is the external Director, as provided for in Item 7-2, Clause 2, Article 188 of the Commercial Code of Japan. Ko Matsukata, Minoru Suzuki and Yasutaka Okamura are the external Corporate Auditors, as provided for in Clause 1, Article 18, of the Law Concerning Special Measures under the Commercial Code with Respect to Audit, etc. of Corporations. Makoto Ejima and Hiroshi Matsuura are the Corporate Auditors as provided for in Clause 2, Article 18, of the aforementioned law.

2. Representative directors are indicated with an asterisk.

**Table of Contents****Managing Officers**

<b>Title</b>	<b>Name</b>	<b>Principal Position and Areas of Operation</b>
<b><i>President and Chief Executive Officer</i></b>	Shoei Utsuda*	Chief Executive Officer
<b><i>Executive Vice Presidents</i></b>	Hiroshi Nagata*	Responsible for Inorganic Chemicals Unit, Performance Chemicals Unit, Petrochemicals Unit, and Plastics Unit
	Kazumi Nakagawa*	Chief Compliance Officer, Responsible for Personnel Division, Legal Division, General Affairs Division, Secretariat, Internal Auditing Division, International Security Trade Control Division, Global Environment Division
	Norio Shoji*	Managing Director of Mitsui & Co. Europe PLC
<b><i>Senior Executive Managing Officers</i></b>	Tasuku Kondo*	Chief Financial Officer, Responsible for Business Re-Engineering
	Katsuto Momii*	Responsible for Iron & Steel Products Unit, Iron & Steel Raw Materials Unit, Non-Ferrous Metals Unit, Energy Business Unit
	Tetsuya Matsuoka*	Responsible for Corporate Planning & Strategy Division, Corporate Communications Division, Corporate Administrative Division, eBusiness Development Department, Transportation Logistics Unit, Business Process Re-Engineering Division, Overall Administrative Divisions of Business Units, Financial Markets Business Unit, Chief Operating Officer, Business Re-Engineering
	Yasuo Hayashi*	Responsible for Electric Machinery, Plant & Project Business Unit, Telecommunications, Transportation & Industrial Systems Business Unit, Motor Vehicles, Marine & Aerospace Business Unit, Information Business Unit, and Electronics Business Unit
	Masataka Suzuki*	Responsible for Retail Unit, Foods Unit, Textile & Fashion Unit, General Merchandise Unit, Service Business Unit
<b><i>Executive Managing Officers</i></b>	Toshihiko Sasahira	General Manager, Osaka Office
	Gempachiro Aihara	Chief Representative of Mitsui & Co., Ltd., in China
	Yushi Nagata	Chief Operating Officer, Electric Machinery, Plant & Project Business Unit
	Jun Moriyama	General Manager, Nagoya Office
	Hiroshi Tada	Chairman for the Americas
<b><i>Senior Managing Officers</i></b>	Motokazu Yoshida	Chief Operating Officer, Motor Vehicles, Marine & Aerospace Business Unit
	Yoshiyuki Kagawa	Chief Operating Officer, Energy Business Unit
	Yasunori Yokote	General Representative of Mitsui & Co., Ltd., in Indonesia
	Yoshiyuki Izawa	Chief Operating Officer, Information Business Unit
	Osamu Mori	Chief Operating Officer, Financial Markets Business Unit
	Motohiro Yano	Chief Operating Officer, Inorganic Chemicals Unit
	Kazuya Imai	Responsible for Corporate Risk Management and Business Re-Engineering
	Toshihiro Soejima	General Manager, Corporate Planning & Strategy Division
	Satoru Miura	Chief Operating Officer, Iron & Steel Products Unit

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<b>Title</b>	<b>Name</b>	<b>Principal Position and Areas of Operation</b>
<b><i>Managing Officers</i></b>	Junichi Masuda	Chief Operating Officer, Transportation Logistics Unit, Business Re-Engineering
	Masayoshi Sato	Chief Operating Officer, Foods Unit
	Kenji Dewa	Chief Operating Officer, Petrochemicals Unit
	Michio Matsuda	Chief Operating Officer, Telecommunications, Transportation & Industrial Systems Business Unit
	Takeshi Ohyama	General Manager, Personnel Division
	Takao Sunami	General Manager, Fukuoka Office
	Hirokazu Mizukami	Chief Operating Officer, Retail Unit
	Ken Abe	General Manager, Iron & Steel Raw Materials Unit
	Junichi Matsumoto	Deputy General Representative of Mitsui & Co., Ltd., in China
	Kazuo Tasaka	Chief Operating Officer, Non-Ferrous Metals Unit
	Shunichi Miyazaki	General Manager, Consumer Products & Services Administrative Division
	Shinjiro Ogawa	General Manager, Machinery, Electronics & Information Administrative Division
	Toshimasa Furukawa	Chairman, Mitsui & Co., (Taiwan) Ltd.
	Akio Ikeda	Chief Operating Officer, General Merchandise Unit
	Hiroshi Ito	Chief Operating Officer, Service Business Unit
	Jitsuro Terashima	President, Mitsui Global Strategic Studies Institute
	Motonori Murakami	General Manager, General Accounting Division

*Note: \*Concurrently serving as a director.*



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**Balance Sheets**  
(March 31 and September 30, 2003)

	(Millions of Yen)	
	September 30, 2003	March 31, 2003
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and Time Deposits	¥ 367,536	¥ 494,905
Notes Receivable	231,094	237,983
Accounts Receivable, Trade	1,186,819	1,210,189
Securities	127,411	38,194
Inventories	175,655	182,281
Advances to Suppliers	31,385	37,733
Deferred Tax Assets - Current	14,300	18,358
Other	393,398	342,692
Allowance for Doubtful Receivables	(13,860)	(14,450)
	2,513,741	2,547,889
<b>NON-CURRENT ASSETS:</b>		
Tangible Assets (Net)	126,935	133,586
Intangible Assets	18,521	16,768
Investments and Other Assets:	1,484,380	1,449,354
Investments in Securities	1,054,617	943,808
Long-Term Loans Receivable	151,419	209,994
Deferred Tax Assets - Non-Current	75,027	95,610
Other	349,994	348,113
Allowance for Doubtful Receivables	(146,677)	(148,171)
	1,629,837	1,599,708
<b>Total Assets</b>	<b>¥4,143,579</b>	<b>¥4,147,598</b>

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	(Millions of Yen)	
	September 30, 2003	March 31, 2003
<b>LIABILITIES AND SHAREHOLDERS EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Notes Payable	¥ 78,057	¥ 86,036
Accounts Payable, Trade	888,075	941,226
Short-Term Borrowings	361,806	344,999
Commercial Paper	50,000	90,000
Accounts Payable, Other	144,072	161,021
Advances Received from Customers	42,224	41,738
Other	75,290	91,670
	<u>1,639,526</u>	<u>1,756,693</u>
<b>LONG-TERM LIABILITIES:</b>		
Debentures and Bonds	570,086	504,086
Long-Term Borrowings	1,175,641	1,174,380
Liability for Retirement Benefits	5,790	5,900
Other	66,052	60,557
	<u>1,817,570</u>	<u>1,744,924</u>
	<u>3,457,097</u>	<u>3,501,617</u>
<b>SHAREHOLDERS EQUITY:</b>		
Capital Stock	192,487	192,487
Capital Surplus	218,710	218,708
Retained Earnings	224,950	224,914
Net Unrealized Gain on		
Available-for-Sale Securities	51,652	11,087
Treasury Stock	(1,318)	(1,216)
	<u>686,482</u>	<u>645,980</u>
<b>Total Liabilities and Shareholders Equity</b>	<u><u>¥4,143,579</u></u>	<u><u>¥4,147,598</u></u>

Notes: 1. Figures are rounded down to the nearest million yen.

2. For the interim period under review, the amounts of the items listed below were as follows:

- 1) Accumulated depreciation of tangible assets: ¥105,423 million
- 2) Assets pledged as security: ¥75,127 million
- 3) Guarantees and contingent liabilities:
  - (1) Guarantees: ¥1,039,818 million  
(including ¥153,112 million of commitments and other letters similar to guarantees)
  - (2) Notes receivable discounted: ¥53,697 million

**Table of Contents****Statements of Income**

(Six-month periods ended September 30, 2003 and 2002)

	(Millions of Yen)	
	Six-Month Period Ended September 30, 2003	Six-Month Period Ended September 30, 2002
<b>ORDINARY INCOME AND EXPENSES:</b>		
<b>Operating Income and Expenses:</b>		
Sales	¥4,908,778	¥4,433,304
Cost of Sales	4,802,089	4,329,467
Gross Profit	106,689	103,836
Selling, General and Administrative Expenses	97,933	94,156
<b>Operating Profit</b>	<b>8,755</b>	<b>9,679</b>
<b>Non-Operating Income and Expenses:</b>		
<b>Non-Operating Income:</b>		
Interest Received	7,721	11,579
Dividends Received	29,191	24,734
Other	3,229	2,371
Total Non-Operating Income	40,142	38,684
<b>Non-Operating Expenses:</b>		
Interest Paid	7,068	11,778
Other	4,313	7,033
Total Non-Operating Expenses	11,381	18,812
<b>Ordinary Profit</b>	<b>37,516</b>	<b>29,552</b>
<b>EXTRAORDINARY GAINS AND LOSSES:</b>		
<b>Extraordinary Gains:</b>		
Gain on Sales of Tangible Assets	478	63
Gain on Sales of Investments in Securities	13,422	9,724
Total Extraordinary Gains	13,901	9,787
<b>Extraordinary Losses:</b>		
Loss on Disposal of Tangible Assets	620	304
Loss on Devaluation of Tangible Assets	3,426	
Loss on Sales of Investments in Securities	242	136
Loss on Devaluation of Investments in Securities	20,399	26,052
Provision for Doubtful Receivables from Subsidiaries and Associated Companies	16,749	12,992
Total Extraordinary Losses	41,437	39,485
<b>Income before Income Taxes</b>		
<b>Loss before Income Taxes</b>	<b>9,980</b>	<b>145</b>
Income Taxes-Current	6,404	6,408
Income Taxes-Deferred	2,821	15,061
<b>Net Income</b>	<b>6,397</b>	<b>8,506</b>
<b>Unappropriated Retained Earnings at Beginning of Period</b>	<b>136</b>	<b>2,730</b>

<b>Unappropriated Retained Earnings at End of Period</b>	<b>¥ 6,534</b>	<b>¥ 11,237</b>
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Notes: 1. Figures are rounded down to the nearest million yen.  
2. Net income per share for the interim period under review: ¥4.04

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**Results of Operations (Consolidated Basis)**

**Total Trading Transactions**

The Company's consolidated total trading transactions rose ¥490.9 billion, or 9.0% year on year, to ¥5,949.9 billion, for the interim period under review. This increase was due to higher levels of transactions in the Machinery, Electronics & Information segment, where industrial plant exports and shipping reported strong performances; the Energy segment, where the volume of LNG handled expanded; the Chemical segment, where markets for petrochemicals were firm; and other areas.

**Profits**

Revenue gross trading profit increased ¥18.9 billion year on year, to ¥293.6 billion, supported principally by higher transactions in the Chemical and Machinery, Electronics & Information segments. Operating income rose ¥2.6 billion year on year, to ¥50.2 billion, as the Company reported lower provisions for doubtful receivables to provide for country risk and aircraft-related assets but also recorded higher SG&A expenses, owing to higher employee severance costs and other expenses related to newly consolidated subsidiaries.

Among other income and expense items, miscellaneous expenses rose due to payments for the settlement of antitrust lawsuits in the United States and other costs. However, net financial income and expenses showed improvement, net gains on the sale of securities increased, and net valuation losses on securities declined. As a result of these factors, other loss net showed an improvement of ¥1.8 billion, to ¥11.5 billion.

Equity in earnings of associated companies net (after income tax effect) expanded ¥4.3 billion, to ¥16.1 billion. Although contributions to equity in earnings of overseas food product related companies declined, equity in earnings of associated companies in the energy and metal resources fields remained strong. In addition, write-downs of goodwill accompanying the decline in stock prices that were reported as a temporary factor in the same interim period of the previous year related to investments in associated domestic companies were absent from the results for the interim period under review, thus also contributing to improvement in profitability.

As a result of these factors, and after deducting a loss from discontinued operations amounting to ¥1.0 billion and the loss resulting from the cumulative effect of applying SFAS No. 143, Accounting for Asset Retirement Obligations of ¥2.3 billion, net income for the interim period under review rose ¥1.0 billion year on year, to ¥25.8 billion.

**Table of Contents****Condensed Consolidated Financial Statements**Condensed Consolidated Balance Sheets  
(March 31 and September 30, 2003)

	(Millions of Yen)	
	September 30, 2003 (Unaudited)	March 31, 2003
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and Cash Equivalents	¥ 662,963	¥ 694,813
Time Deposits and Marketable Securities	99,605	102,189
Trade Receivables, Less Allowance for Doubtful Receivables	2,162,599	2,231,374
Inventories	480,038	488,672
Other Current Assets	323,066	314,696
	<hr/>	<hr/>
Total Current Assets	3,728,271	3,831,744
<b>Investments and Non-Current Receivables</b>	<b>1,881,900</b>	1,884,766
<b>Property and Equipment at Cost, Less Accumulated Depreciation</b>	<b>582,071</b>	570,927
<b>Other Assets</b>	<b>278,751</b>	253,083
	<hr/>	<hr/>
<b>Total</b>	<b>¥6,470,993</b>	¥6,540,520
	<hr/>	<hr/>

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	(Millions of Yen)	
	September 30, 2003 (Unaudited)	March 31, 2003
<b>LIABILITIES AND SHAREHOLDERS EQUITY</b>		
<b>Current Liabilities:</b>		
Short-Term Debt and Current Maturities of Long-Term Debt	¥1,002,193	¥1,107,944
Trade Payables	1,561,506	1,618,781
Other Current Liabilities	302,669	298,605
	<hr/>	<hr/>
Total Current Liabilities	2,866,368	3,025,330
<b>Long-Term Debt, Less Current Maturities</b>	<b>2,516,513</b>	<b>2,500,470</b>
<b>Other Liabilities and Minority Interests</b>	<b>172,894</b>	<b>152,573</b>
<b>Shareholders Equity:</b>		
Common Stock	192,487	192,487
Capital Surplus	287,758	287,756
Retained Earnings	549,915	530,420
Accumulated Other Comprehensive Income (Loss)	(113,439)	(147,138)
Treasury Common Stock, at Cost	(1,503)	(1,378)
	<hr/>	<hr/>
Total Shareholders Equity	915,218	862,147
	<hr/>	<hr/>
<b>Total</b>	<b>¥6,470,993</b>	<b>¥6,540,520</b>
	<hr/>	<hr/>

*Note: The Company and its subsidiaries changed their policy concerning which items are treated as cash equivalents on April 1, 2003. In relation to this change, the figures as of March 31, 2003 have been restated.*

**Table of Contents**Condensed Consolidated Statements of Income (Unaudited)  
(Six-month periods ended September 30, 2003 and 2002)

	(Millions of Yen)	
	Six-Month Period Ended September 30, 2003	Six-Month Period Ended September 30, 2002
Total Trading Transactions	¥5,949,940	¥ 5,459,070
Revenue	¥ 293,592	¥ 274,674
Gross Trading Profit		
Expenses	(243,385)	(227,024)
Operating Income	50,207	47,650
Other Loss	(11,456)	(13,221)
Net		
Income from Continuing Operations before Income Taxes, Minority Interests and Equity in Earnings	38,751	34,429
Income Taxes	(22,163)	(15,290)
Income from Continuing Operations before Minority Interests and Equity in Earnings	16,588	19,139
Minority Interests in Earnings of Subsidiaries	(3,576)	(2,327)
Equity in Earnings of Associated Companies	16,096	11,812
Net (After Income Tax Effect)		
Income from Continuing Operations	29,108	28,624
Loss from Discontinued Operations	(1,001)	(3,835)
Net (After Income Tax Effect)		
Cumulative Effect of Change in Accounting Principle (After Income Tax Effect)	(2,285)	
Net Income	¥ 25,822	¥ 24,789

- Notes: 1. Total trading transactions and operating income have been presented according to Japanese accounting practices for the convenience of Japanese investors.  
Total trading transactions represents the gross transaction volume or the nominal aggregate value of the sales contracts in which the Company and its subsidiaries act as principal and transactions in which the Company and its subsidiaries serve as agent.
2. In accordance with Statement of Financial Accounting Standards ( SFAS ) No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets, the figures for the six-month period ended September 30, 2002 relating to discontinued operations have been reclassified.
3. In consideration of a consensus relating to the presentation of gains and losses on derivative instruments held for trading purposes by the Emerging Issues Task Force under U.S. GAAP, all gains and losses on forward contracts held by certain foreign subsidiaries for trading purposes for crude oil and oil products, which are also derivatives, are shown net in total trading transactions effective April 1, 2003. In relation to this change, the figures for the six-month period ended September 30, 2002 have been restated.
4. On April 1, 2003, the Company and its subsidiaries adopted SFAS No. 143, Accounting for Asset Retirement Obligations. The Company and its subsidiaries recognized the cumulative effect of initially applying SFAS No. 143 as a separate line item in the Statements of Consolidated Income under Cumulative Effect of Change in Accounting Principle (After Income Tax Effect), which represents the difference between the amounts recognized in the Consolidated Balance Sheets prior to the application of SFAS No. 143 and the net amount that is recognized in the Consolidated Balance Sheets pursuant to the provisions of SFAS No. 143 for the asset retirement obligations and related costs as of April 1, 2003.



**Table of Contents**Condensed Consolidated Statements of Cash Flows (Unaudited)  
(Six-month periods ended September 30, 2003 and 2002)

	(Millions of Yen)	
	Six-Month Period Ended September 30, 2003	Six-Month Period Ended September 30, 2002
<b>Operating Activities:</b>		
Net Income	¥ 25,822	¥ 24,789
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities		
Loss from Discontinued Operations Net (After Income Tax Effect)	1,001	3,835
Cumulative Effect of Change in Accounting Principle (After Income Tax Effect)	2,285	
Depreciation and Amortization	27,259	27,425
Provision for Doubtful Receivables	3,608	6,263
Equity in Earnings of Associated Companies, Less Dividends Received	(9,291)	(5,888)
Deferred Income Taxes	3,263	(7,178)
Net (Gain) Loss on Securities	(4,502)	2,114
Net Loss on Fixed Assets	13,550	14,224
Changes in Operating Assets and Liabilities	39,290	8,058
Net Cash Provided by Operating Activities	<u>102,285</u>	<u>73,642</u>
<b>Investing Activities:</b>		
Net Decrease in Time Deposits	1,603	43,842
Investments in and Advances to Associated Companies	(81,843)	(25,904)
Net Decrease in Other Investments	7,072	27,065
Net Decrease in Long-Term Loan Receivables	19,027	8,293
Changes in Property Leased to Others and Property and Equipment, Net	(36,186)	(7,928)
Net Cash (Used in) Provided by Investing Activities	<u>(90,327)</u>	<u>45,368</u>
<b>Financing Activities:</b>		
Net Decrease in Short-Term Debt	(142,602)	(9,304)
Net Proceeds from Long-Term Debt	112,456	1,127
Net Purchases of Treasury Stock	(99)	(291)
Payment of Cash Dividends	(6,327)	(6,334)
Net Cash Used in Financing Activities	<u>(36,572)</u>	<u>(14,802)</u>
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(7,236)	(7,266)
Net (Decrease) Increase in Cash and Cash Equivalents	(31,850)	96,942
Cash and Cash Equivalents at Beginning of Period	694,813	633,583
Cash and Cash Equivalents at End of Period	<u>¥ 662,963</u>	<u>¥ 730,525</u>

Notes: 1. In accordance with SFAS No. 144, the figures for the six-month period ended September 30, 2002 relating to discontinued operations have been reclassified.

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2. *The Company and its subsidiaries changed their policy concerning which items are treated as cash equivalents on April 1, 2003. In relation to this change, the figures for the six-month period ended September 30, 2002 have been restated.*

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**Table of Contents****Operating Segment Information (Unaudited)**

The Company allocates its resources and evaluated performance by operating group, defined based on the nature of products and services transacted by the Head Office and other considerations, with domestic and overseas branches and offices and overseas trading subsidiaries as management units. These management units are then classified into five product segments (classification units) and four geographical segments (classification units).

Six-month period ended September 30, 2003

(Millions of Yen)						
	<b>Metal Products &amp; Minerals</b>	<b>Machinery, Electronics &amp; Information</b>	<b>Chemical</b>	<b>Energy</b>	<b>Consumer Products &amp; Services</b>	
<b>Total Trading Transactions</b>						
External Customers	¥ 856,920	¥ 1,199,853	¥ 610,307	¥ 598,397	¥ 1,041,747	
Intersegment	147,506	78,987	192,119	54,172	59,385	
<b>Total</b>	<b>¥ 1,004,426</b>	<b>¥ 1,278,840</b>	<b>¥ 802,426</b>	<b>¥ 652,569</b>	<b>¥ 1,101,132</b>	
Revenue Gross Trading Profit	¥ 37,186	¥ 63,297	¥ 39,275	¥ 24,848	¥ 54,708	
Operating Income (Loss)	13,952	10,741	14,093	9,005	9,200	
Net Income (Loss)	9,888	9,063	5,608	10,201	5,227	
Total Assets as of September 30, 2003	¥ 976,425	¥ 1,207,147	¥ 504,838	¥ 493,116	¥ 893,033	
	<b>Domestic Branches and Offices</b>	<b>Americas</b>	<b>Europe</b>	<b>Other Overseas Areas</b>	<b>Corporate and Eliminations</b>	<b>Consolidated Total</b>
<b>Total Trading Transactions</b>						
External Customers	¥ 729,126	¥ 422,614	¥ 170,808	¥ 301,027	¥ 19,141	¥ 5,949,940
Intersegment	120,151	229,268	155,341	384,978	(1,421,907)	
<b>Total</b>	<b>¥ 849,277</b>	<b>¥ 651,882</b>	<b>¥ 326,149</b>	<b>¥ 686,005</b>	<b>¥ (1,402,766)</b>	<b>¥ 5,949,940</b>
Revenue Gross Trading Profit	¥ 19,757	¥ 20,905	¥ 9,121	¥ 11,594	¥ 12,901	¥ 293,592
Operating Income (Loss)	4,285	4,465	979	(777)	(15,736)	50,207
Net Income (Loss)	6,369	(112)	444	3,993	(24,859)	25,822
Total Assets as of September 30, 2003	¥ 454,063	¥ 388,981	¥ 213,527	¥ 215,278	¥ 1,124,585	¥ 6,470,993

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Six-month period ended September 30, 2002

(Millions of Yen)						
	<b>Metal Products &amp; Minerals</b>	<b>Machinery, Electronics &amp; Information</b>	<b>Chemical</b>	<b>Energy</b>	<b>Consumer Products &amp; Services</b>	
<b>Total Trading Transactions</b>						
External Customers	¥805,633	¥1,027,679	¥523,214	¥481,415	¥1,021,135	
Intersegment	127,526	89,459	152,891	32,625	63,507	
<b>Total</b>	<b>¥933,159</b>	<b>¥1,117,138</b>	<b>¥676,105</b>	<b>¥514,040</b>	<b>¥1,084,642</b>	
Revenue	¥ 34,458	¥ 54,404	¥ 27,933	¥ 27,364	¥ 50,439	
Gross Trading Profit	12,451	518	6,003	13,809	9,799	
Operating Income (Loss)	7,239	(8,723)	(1,590)	13,144	4,222	
Net Income (Loss)	¥904,886	¥1,308,144	¥451,808	¥455,210	¥ 821,667	
Total Assets as of September 30, 2002						
	<b>Domestic Branches and Offices</b>	<b>Americas</b>	<b>Europe</b>	<b>Other Overseas Areas</b>	<b>Corporate and Eliminations</b>	<b>Consolidated Total</b>
<b>Total Trading Transactions</b>						
External Customers	¥738,730	¥370,294	¥179,101	¥292,482	¥ 19,387	¥5,459,070
Intersegment	117,942	233,522	101,824	389,248	(1,308,544)	
<b>Total</b>	<b>¥856,672</b>	<b>¥603,816</b>	<b>¥280,925</b>	<b>¥681,730</b>	<b>¥(1,289,157)</b>	<b>¥5,459,070</b>
Revenue	¥ 20,849	¥ 22,342	¥ 11,235	¥ 11,605	¥ 14,045	¥ 274,674
Gross Trading Profit	2,095	5,562	2,309	(1,116)	(3,780)	47,650
Operating Income (Loss)	3,510	2,351	1,371	3,123	142	24,789
Net Income (Loss)	¥485,830	¥417,393	¥260,422	¥233,592	¥ 1,058,760	¥6,397,712
Total Assets as of September 30, 2002						

- Notes: 1. In accordance with SFAS No. 144, the figures for the six-month period ended September 30, 2002 relating to discontinued operations have been reclassified. The reclassifications to Loss from Discontinued Operations Net (After Income Tax Effect) are included in Corporate and Eliminations.
2. Corporate and Eliminations includes items pertaining to the Headquarters and companies affiliated with the Headquarters and items not allocated to the segments. Net loss of Corporate and Eliminations for the six-month period ended September 30, 2003 includes ¥6,049 million in pension-related costs and ¥7,761 million in impairment losses of long-lived assets (all amounts are after income tax effects).
3. Total assets of Corporate and Eliminations at September 30, 2003 and 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.
4. Transfers between operating segments are made at cost plus a markup.
5. All gains and losses on forward contracts held by certain foreign subsidiaries for trading purposes for crude oil and oil products, which are also derivatives, are shown net in total trading transactions effective April 1, 2003. In relation to this change, the figures for six-month period ended September 30, 2002 have been restated.

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**Shareholder Information**

<b>MITSUI &amp; CO., LTD.:</b>	2-1, Ohtemachi 1-chome, Chiyoda-ku, Tokyo 100-0004, Japan Tel.: (03) 3285-1111 Web site: <a href="http://www.mitsui.co.jp">http://www.mitsui.co.jp</a>
<b>Fiscal Year-End Date:</b>	March 31
<b>Record Date for Voting Rights:</b>	March 31
<b>Record Date for Cash Dividends (Interim Period):</b>	September 30
<b>Annual General Meeting of Shareholders:</b>	June
<b>Transfer Agent:</b>	The Chuo Mitsui Trust & Banking Co., Ltd. 33-1, Shiba 3-chome, Minato-ku, Tokyo 105-0014, Japan
<b>Transfer Office:</b>	The Chuo Mitsui Trust & Banking Co., Ltd. Stock Transfer Agency Division 8-4, Izumi 2-chome, Suginami-ku, Tokyo 168-0063, Japan Tel.: (03) 3323-7111
<b>Secondary Transfer Office:</b>	The Chuo Mitsui Trust & Banking Co., Ltd. Branch offices nationwide
<b>Stock Exchanges:</b>	Japan Securities Agents, Ltd., headquarters and branch offices Tokyo, Osaka, Nagoya, Sapporo, Fukuoka