

Summary of Consolidated Financial Statements for the Interim Period Ended September 30, 2003

These financial statements have been prepared for reference only in accordance with accounting principles and practices generally accepted in Japan.

November 7, 2003

Nissin Food Products Co., Ltd.

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Stock exchange listings: Tokyo, Osaka, Nagoya

Code number: 2897

Board of Directors meeting: November 7, 2003

Use of U.S. accounting standards: No

1. Results for the Interim Period Ended September 30, 2003 (April 1, 2003-September 30, 2003)

(1) Sales and Income

Note: All amounts are rounded down to the nearest million yen.

	Net sales (¥ million)	Year-on-year change (%)	Operating income (¥ million)	Year-on-year change (%)	Ordinary income (¥ million)	Year-on-year change (%)
Interim period ended Sept. 30, 2003	155,041	4.1	10,201	(12.0)	12,219	(3.3)
Interim period ended Sept. 30, 2002	149,002	2.9	11,586	10.9	12,634	(6.2)
Year ended March 31, 2003	315,279		26,400		28,676	

	Net income (¥ million)	Year-on-year change (%)	Earnings per share (¥)	Earnings per share (diluted) (¥)
Interim period ended Sept. 30, 2003	6,928	0.3	56.13	—
Interim period ended Sept. 30, 2002	6,908	0.8	55.30	—
Year ended March 31, 2003	14,422		115.65	—

Notes:

1. Equity in earnings of affiliates:

Interim period ended Sept. 30, 2003: ¥220 million

Interim period ended Sept. 30, 2002: ¥316 million

Year ended March 31, 2003: ¥290 million

2. Average number of shares outstanding (consolidated):

Interim period ended Sept. 30, 2003: 123,433,226 shares

Interim period ended Sept. 30, 2002: 124,917,285 shares

Year ended March 31, 2003: 124,176,048 shares

3. Changes in accounting methods: None

4. Year-on-year change for net sales, operating income, ordinary income and net income is based on the previous interim period.

(2) Financial Position

	Total assets (¥ million)	Shareholders' equity (¥ million)	Shareholders' equity ratio (%)	Shareholders' equity per share (¥)
September 30, 2003	336,176	237,744	70.7	1,926.11
September 30, 2002	322,341	228,133	70.8	1,840.20
March 31, 2003	331,994	233,707	70.4	1,892.89

Note: Number of shares outstanding at end of period (consolidated):

Interim period ended Sept. 30, 2003: 123,432,825 shares

Interim period ended Sept. 30, 2002: 123,971,946 shares

Year ended March 31, 2003: 123,433,868 shares

(3) Cash Flows

	Cash flows from operating activities (¥ million)	Cash flows from investing activities (¥ million)	Cash flows from financing activities (¥ million)	Cash and cash equivalents at end of period (¥ million)
Interim period ended Sept. 30, 2003	4,585	(25,597)	(3,867)	50,735
Interim period ended Sept. 30, 2002	4,235	(19,128)	(9,322)	65,908
Year ended March 31, 2003	23,027	(29,030)	(10,374)	73,882

(4) Scope of consolidation and application of the equity method:

Consolidated subsidiaries: 23 companies

Unconsolidated subsidiaries accounted for by the equity method: None

Affiliated companies accounted for by the equity method: 1 company

(5) Changes in scope of consolidation and application of the equity method:

Consolidation: (New) 1 company (Eliminated) 2 companies

Equity method: (New) None (Eliminated) None

2. Projected Results for Fiscal 2004 (April 1, 2003-March 31, 2004)

	Net sales (¥ million)	Ordinary income (¥ million)	Net income (¥ million)
Year ending March 31, 2004	325,000	24,500	13,500

Reference: Estimated earnings per share (fiscal 2004): ¥108.89

Note: Projected results are forward-looking statements based on estimates made as of the day of release of these materials. Actual results may differ depending on a number of factors including but not limited to changes in exchange rates. For the assumptions and other issues related to the above projected results, please refer to page 6 of the attached materials.

1. Management Policies

(1) Basic Management Policy

Under its founding philosophy of “People Can Only Be Content When There Is Enough Food,” Nissin has established a corporate philosophy of bringing enjoyment to people’s lives through the creation and development of new foods. As the company that invented instant ramen, Nissin will continue to develop products and technologies to offer satisfaction to all people in all countries and regions. The Company contributes to people’s health with its customer-focused marketing policies. Moreover, Nissin works to maximize corporate value while building a solid management base to further strengthen brand strategies in a global competitive framework.

(2) Basic Policy for Allocating Earnings

Nissin’s primary management task is to continue to provide stable dividends to shareholders by working to strengthen its sales and earnings capabilities to regularly raise shareholder profits. Nissin works to maintain its target payout ratio of 30 percent on a nonconsolidated basis. Based on this policy, for the year ending March 31, 2004 Nissin plans to pay a regular dividend of ¥30.00 per share.

In addition, Nissin strives to further expand corporate value through the priority allocation of retained earnings toward capital investment, research and development costs, and mergers and acquisitions in order to expand the Company’s operations globally from a long-term perspective, and through the effective management of surplus funds, while giving full consideration to risk factors.

(3) Views and Policy Regarding Reduction of Minimum Investment

Because Nissin manufactures and sells food products closely related to its customers’ lives, it would like to create a closer presence among individual investors, including housewives. To raise the liquidity of its stock and expand its investor base, Nissin reduced the number of shares in a unit of its stock from 1,000 to 100 in August 1999. In addition, Nissin executed a secondary market offering of 4,060,000 shares in February 2003 in order to improve stock distribution and increase liquidity.

As a result, the number of shareholders increased from 8,742 at the end of March 1999 to 18,332 at the end of September 2003.

(4) Medium- to Long-Term Management Strategies

Nissin has set the medium-term objective of raising its share of the domestic instant noodle market, its core business, to 50 percent on a sales value basis. To reach this goal during the continuing economic slowdown and deflationary economy, Nissin has introduced marketing strategies such as the “Frequent Shoppers Program,” a series of promotions and preferential offers aimed at valued customers, and “Target Marketing.” *Nissin GooTa*, a higher-priced, high-quality product that symbolizes the Company’s target strategy, was launched in October 2002, and *Nissin Shantanmen*, which targets middle-aged and older consumers, was launched in October 2003.

In addition, Nissin is investing management resources into its chilled and frozen foods businesses in order to develop these businesses as the second and third pillars of its operating base, thus expanding business while increasing synergy as a comprehensive noodle manufacturer.

Overseas, Nissin will move forward with its global strategy of bringing happiness and great taste to people in every country and region as the pioneer in the field of instant noodles, a product created in Japan that has become an international food.

(5) Establishment of a Corporate Management Organization

Nissin is committed to providing safe and reliable products, while ensuring that our operations provide the maximum benefit to all stakeholders, including our shareholders, consumers, business partners and employees as well as local communities.

To achieve this aim, Nissin has already taken the step of appointing several outside directors and outside corporate auditors, in order to revitalize management by incorporating the opinions of experts from outside the Company. At present, two of the twelve directors are outside directors and two of the four corporate auditors are outside corporate auditors.

In addition, to respond swiftly to changes in the business environment, a corporate executive officer system was established in June 1998, thus delineating the duties of the Board of Directors, who formulate basic management policies and strategies, and the corporate executive officers, who implement them. This initiative is aimed at streamlining the Board of Directors and increasing the speed of decision-making.

Moreover, food safety issues such as pesticide residue and unapproved additives are becoming major problems. In order to provide safe products that customers can rely on, in June 2002 Nissin established the Food

Safety Research Institute, a specialized facility that deals with food safety and environmental measures, and is working to strengthen its quality management system.

(6) Company Initiatives

Nissin is deeply conscious of its social responsibility as a good corporate citizen, and acts in accordance with the Nissin Code of Ethics formulated in February 2002. In addition, as a manufacturer of food products, Nissin complies strictly and thoroughly with laws and regulations, and has made it the Company's mission to provide safe and reliable products to customers.

All domestic plants as well as the Food Safety Research Institute have obtained ISO 9001 certification of their quality assurance systems, and quality management systems based on ISO 9001 are being established at overseas plants.

Nissin will consider the global environment in carrying out business activities that take into account the protection of the environment and the conservation of natural resources in co-existence with society. Nissin's four directly managed plants and the head offices in Tokyo and Osaka have obtained ISO 14001 certification of their environmental management systems. In addition, since 2001 the Company has introduced and disclosed the results of environmental accounting in order to quantitatively determine the costs of environmental protection.

2. Results of Operations and Financial Position

(1) Results of Operations

Overview of the Interim Period

In the Japanese economy, capital investment showed a modest recovery against a backdrop of improving corporate earnings, while exports to the United States, where the economy has been on a recovery track, and Asia, where economies had been stagnating due to the effects of SARS, trended toward recovery. Consequently, a few bright spots began appearing in the second half of the period.

However, due to negative factors including the persistence of the deflationary economy, the strengthening of the yen, and weak employment conditions, the economy remained well short of a strong recovery.

In the domestic food industry, the retail environment was extremely difficult, with sluggish sales of soft drinks, beer and summer products due to a cool summer. On the other hand, there were indications of a shift to new directions even in the deflationary economy, including solid conditions in the stock market and an increase in capital investment, pointing to noticeable signs of change.

In the domestic instant noodle market, the cool summer supported higher demand, resulting in solid sales growth. With the deflationary economy continuing, competition for sales remained severe, but an increasing number of consumers were willing to spend money for products they truly want, and the downward trend of product prices eased temporarily through the deployment of various customer-focused sales strategies.

Amid these conditions, Nissin is responding to diversifying consumer needs by introducing new varieties each month for *Nissin GooTa*, which was launched in fall 2002. Since its market debut, *Nissin GooTa* has maintained steady sales as Nissin's core product in the higher price range, and has become established as a new brand in the cup-type instant noodle segment. In addition, sales channels have expanded from convenience stores to mass retailers.

Sales of *Chicken Ramen*, which has reached its 45th anniversary, expanded due to a renewal with an "Egg Pocket" and a promotional campaign to thank customers for their many years of loyalty.

The *Cup Noodle* series, a core product, contributed to sales growth, with new product *Cup Noodle Sio* becoming a hit, while sales of regular products were also stable.

Stronger consumer demand for product safety benefited long-selling, trusted brands such as *Chicken Ramen* and *Cup Noodle*.

In overseas markets, total worldwide demand is 54.7 billion servings (according to the 2002 survey by the International Ramen Manufacturers Association) and the market for instant noodles is expanding, primarily in Asia and the Americas. Nissin is increasing production capacity and conducting aggressive sales activities to broaden its market areas in these regions. However, as in the domestic market, sales competition is intensifying.

Looking at sales by region, demand is expanding strongly in the People's Republic of China (P.R.C.), where Nissin is working to increase sales by developing low-priced products in order to strengthen marketing in interior regions, following its sales strategy to date that has focused on the coastal area.

Although sales increased in North America, profits declined because of fiercer competition and higher production costs due to factors including a sharp rise in the cost of ingredients.

(Consolidated basis; ¥ million)

	Net sales	Operating income	Ordinary income	Net income
Interim period ended September 30, 2003	155,041	10,201	12,219	6,928
Interim period ended September 30, 2002	149,002	11,586	12,634	6,908
Year-on-year change (%)	4.1	(12.0)	(3.3)	0.3

As a result, net sales for the interim period rose in all business areas, increasing 4.1 percent compared to the same period of the previous year to ¥155,041 million.

Despite the increase in net sales, operating income declined 12.0 percent to ¥10,201 million because the Company recorded an expense of ¥2,683 million related to retirement benefits that are expensed on a one-time basis in the year after they occur.

Ordinary income decreased 3.3 percent to ¥12,219 million. Net non-operating income improved ¥970 million over the same period of the previous year due to increases in gain on sales of securities and dividends received.

Although operating income and ordinary income declined due to the effect of the retirement benefits-related expense, net income increased 0.3 percent to ¥6,928 million as a result of the decrease of evaluation loss on investment securities.

Information by Business Category

Because parent company sales account for more than 80 percent of consolidated sales, the following discussion of net sales by business category concentrates on nonconsolidated (domestic) sales.

Business category	Consolidated net sales (¥ million)	Year-on-year change (%)	Nonconsolidated net sales (¥ million)	Year-on-year change (%)
Pillow-type instant noodles	22,327	6.2	14,805	5.1
Cup-type instant noodles	96,620	3.6	88,287	3.8
Chilled and frozen foods	20,355	5.6	14,842	2.7
Others	15,737	2.1	7,930	9.6
Total	155,041	4.1	125,866	4.2

Pillow-type Instant Noodles

The domestic market for pillow-type instant noodles has been contracting for the past several years, but for *Chicken Ramen*, a long-selling product that has reached its 45th anniversary, new serving suggestions using the “Egg Pocket” and powerful advertising contributed to sales growth, particularly in eastern Japan.

In overseas markets, sales expanded substantially in the P.R.C., where demand is rising. Sales also increased in North America.

As a result, net sales of pillow-type instant noodles increased 6.2 percent compared to the same period of the previous year to ¥22,327 million.

Cup-type Instant Noodles

In the mainstay *Cup Noodle* line, sales of regular products increased, while *Cup Noodle Sio* was a hit product and is expected to become established as the “fourth brand” in the *Cup Noodle* series. In addition, *Nissin GooTa* posted solid sales growth, establishing itself as a mainstay product among higher-priced cup-type instant noodles.

Nissin Menshokunin, a Chinese-style bowl-type dish that offers delicious noodles, also contributed to sales growth. However, sales of the *Nissin no Donbei* series of Japanese-style bowl-type dishes, which posted strong growth in the previous year, declined slightly.

The market for long-life fresh noodle products such as *Nissin Rao* and *Nissin Spa-O* has been contracting for the past several years. However, the conversion to a “turbo” feature for rapid drainage of water after preparation has won the support of loyal customers and helped halt the downward trend of the market.

In overseas markets, sales of *U.F.O.* and other cup-type yakisoba products increased in the P.R.C., where the Japanese brand is sold. In North America, where competition is intensifying, Nissin implemented an aggressive marketing strategy and maintained sales at the level of the previous year.

As a result, net sales of cup-type instant noodles increased 3.6 percent compared to the same period of the previous year to ¥96,620 million.

Chilled and Frozen Foods

In chilled foods, with the aim of shifting away from low-priced sales, Nissin is focusing on the development of high-quality, high-value-added products and brand extension strategies using instant noodle brands, and has gained market recognition for its superiority. Product lines such as *Nissin no Ramenyanasan*, which offers the high quality of authentic soup, *Gyoretsu-no-Dekiru-Mise-no-Ramen* and *Nissin Yakisoba* continued to post steady sales, while sales of *Nissin GooTa*, a product complete with additional ingredients, also increased. However, sales of *Hiyashi Chuka* failed to increase due to the cool summer, and sales of the chilled foods segment remained at the same level as the previous interim period.

In frozen foods, in addition to strong sales of the *Reito Nissin Spa-O* and *Reito Nissin Spa no Tatsujin* lines, which offer flavor available only in a frozen noodle, *Reito Nissin GooTa*, a frozen noodle product with high-value-added additional ingredients, also contributed to sales growth.

As a result, net sales of chilled and frozen foods increased 5.6 percent compared to the same period of the previous year to ¥20,355 million.

Others

Nissin's lineup of cereals, which are positioned as summer seasonal products at the retail level, posted higher sales in spite of the cool summer, as Nissin implemented a strategy of offering more volume at the same price for *Ciscorn Big*. Sales of biscuits also increased, backed by favorable sales of the *Coconut Sable* variety.

In the beverages sector, *Tokachi Nomu Yogurt* and other products posted stable sales, particularly *Pilkul*, which received approval from Japan's Ministry of Health, Labour and Welfare as a Food for Specified Health Use.

As a result, net sales for this segment increased 2.1 percent compared to the same period of the previous year to ¥15,737 million.

Outlook for the Fiscal Year Ending March 31, 2004

In the Japanese economy, exports to Europe, the United States and Asia are increasing, and domestic demand centered on capital investment is also gradually picking up. However, destabilizing factors such as the sharp rise in the value of the yen since September and the unemployment problem are expected to weigh heavily on the pace of economic recovery.

In the domestic market, with an uncertain outlook amid a continuing deflationary economy, cautious consumer behavior is expected. In addition, consumers are becoming increasingly discerning about food safety, and even more thorough quality management is required.

Under these circumstances, Nissin will work to expand sales by stimulating existing brands that are posting sales growth, while aggressively launching new products in the second half of the fiscal year, which is the period of highest demand for instant ramen. Among existing brands, Nissin expects to achieve record annual sales for *Chicken Ramen*, a long-selling product that has reached its 45th anniversary. Among new products, Nissin will work to create new demand for higher-priced products by following *Nissin GooTa* with the launch of *Nissin Shantanmen*, which offers the highest quality noodles, soup and ingredients, and targets middle-aged and older consumers.

In addition, the Food Safety Research Institute will perform regular safety analyses of all products manufactured at Nissin's four directly managed plants and other cooperating plants to ensure thorough quality management.

In overseas markets, Nissin will carry out business strategies that make use of its holding company in the P.R.C. market, which continues to grow, and conduct other sales activities in each region. In the expanding worldwide market for instant noodles, the competitive environment is expected to become increasingly fierce, but Nissin will cultivate new markets by accelerating development of its international operations, including entry into new regions in the future.

Sales and income for the interim period were higher than projected at the beginning of the fiscal year. However, an increase in selling expenses is expected, mainly due to the continuation of a difficult market environment both in Japan and overseas and the introduction of new products in Japan during the second half. For the full fiscal year, Nissin projects net sales of ¥325.0 billion (a year-on-year increase of 3.1 percent), operating income of ¥22.0 billion (a year-on-year decrease of 16.7 percent), ordinary income of ¥24.5 billion (a year-on-year decrease of 14.6 percent), and net income of ¥13.5 billion (a year-on-year decrease of 6.4 percent), as forecast at the beginning of the fiscal year.

Projected exchange rates for major currencies relevant to the results of overseas subsidiaries are ¥120.00 to US\$1.00, ¥15.50 to HK\$1.00, and ¥14.50 to 1 yuan.

(2) Financial Position

Cash and cash equivalents (hereinafter referred to as “net cash”) as of September 30, 2003 amounted to ¥50,735 million, a decrease of ¥23,147 million from the end of the previous fiscal year. This was mainly due to the purchase of bonds, despite income before income taxes and minority interests of ¥12,385 million.

Cash Flows from Operating Activities

Net cash provided by operating activities was ¥4,585 million. Net income before income taxes and minority interests (¥12,385 million) and depreciation and amortization (¥3,510 million) were among positive factors contributing to net cash. Negative factors included cash paid for income taxes (¥6,685 million) and an increase in notes and accounts receivable.

Cash Flows from Investing Activities

Net cash used in investing activities was ¥25,597 million. For more efficient management of funds, the Company shifted from deposits to investments in securities, resulting in a decrease in net cash.

Cash Flows from Financing Activities

Net cash used in financing activities was ¥3,867 million. The primary use of cash was cash dividends paid (¥3,702 million).

Trends in the Company’s cash flow indicators are as follows:

		Interim period ended Sept. 30, 2001	Year ended March 31, 2002	Interim period ended Sept. 30, 2002	Year ended March 31, 2003	Interim period ended Sept. 30, 2003
Shareholders’ equity ratio	%	71.8	70.5	70.8	70.4	70.7
Shareholders’ equity ratio on a market value basis	%	99.7	92.4	94.6	91.5	97.3
Debt repayment period	Years	—	0.3	—	0.2	—
Interest coverage ratio		74.0	178.9	139.0	471.5	164.8

Notes:

Shareholders’ equity ratio = Shareholders’ equity/Total assets

Shareholders’ equity ratio on a market value basis = Total market value of stock/Total assets

Debt repayment period = Interest-bearing liabilities/Net cash provided by operating activities (not stated for interim periods)

Interest coverage ratio = Net cash provided by operating activities/Interest expenses

- * All indicators are calculated on a consolidated basis.
- * Total market value of stock is calculated by multiplying the total number of shares outstanding at the end of the period (excluding treasury stock) by the closing share price at the end of the period.
- * Net cash provided by operating activities is as reported on the consolidated statements of cash flows.
- * Interest-bearing liabilities are all liabilities stated on the consolidated balance sheets on which interest is paid.

3. Interim Consolidated Financial Statements

(1) Interim Consolidated Balance Sheets

(Millions of yen)

	As of September 30, 2003		As of September 30, 2002		As of March 31, 2003	
ASSETS						
I Current assets	121,501	36.1%	125,355	38.9%	139,733	42.1%
Cash and deposits	37,984		58,788		64,264	
Notes and accounts receivable - trade	40,698		37,042		37,209	
Marketable securities	24,162		11,776		20,697	
Inventories	13,438		13,046		11,895	
Deferred tax assets	3,997		3,422		3,428	
Other current assets	1,545		1,549		2,577	
Allowance for doubtful receivables	(325)		(269)		(339)	
II Fixed assets	214,674	63.9	196,985	61.1	192,260	57.9
Tangible fixed assets:	88,501	26.3	89,008	27.6	87,536	26.4
Buildings and structures	33,069		34,875		33,730	
Machinery, equipment and carriers	18,039		19,771		18,858	
Tools and fixtures	1,244		1,164		1,243	
Land	30,795		30,351		30,783	
Construction in progress	3,353		853		927	
Other tangible fixed assets	1,999		1,991		1,991	
Intangible fixed assets	911	0.3	988	0.3	984	0.3
Investments and other assets:	125,261	37.3	106,988	33.2	103,740	31.2
Investment securities	105,289		86,345		81,581	
Investment in capital	6,130		6,946		7,820	
Long-term loans	271		271		271	
Deferred tax assets	6,626		6,582		7,332	
Deferred tax assets related to revaluation of land	4,516		4,683		4,516	
Other investments and other assets	2,429		2,180		2,238	
Allowance for doubtful receivables	(2)		(21)		(21)	
Total assets	336,176	100.0%	322,341	100.0%	331,994	100.0%

(Millions of yen)

	As of September 30, 2003		As of September 30, 2002		As of March 31, 2003	
LIABILITIES						
I Current liabilities	77,500	23.1%	76,150	23.6%	79,689	24.0%
Notes and accounts payable - trade	34,815		32,549		35,563	
Short-term borrowings	5,094		5,195		5,246	
Accrued payables	19,077		19,071		20,708	
Accrued income taxes	5,676		4,152		6,476	
Other current liabilities	12,837		15,183		11,694	
II Long-term liabilities	13,940	4.1	11,490	3.6	11,739	3.5
Reserve for employees' retirement benefits	12,027		9,472		9,768	
Reserve for directors' retirement bonuses	1,576		1,558		1,602	
Other long-term liabilities	337		458		368	
Total liabilities	91,441	27.2	87,640	27.2	91,428	27.5
MINORITY INTERESTS						
Minority interests	6,990	2.1	6,566	2.0	6,857	2.1
SHAREHOLDERS' EQUITY						
I Common stock	25,122	7.5	25,122	7.8	25,122	7.6
II Capital surplus	48,370	14.4	48,370	15.0	48,370	14.5
III Retained earnings	178,259	53.0	167,845	52.1	175,365	52.8
IV Adjustment due to revaluation of land	(6,699)	(2.0)	(6,558)	(2.0)	(6,699)	(2.0)
V Unrealized gain on securities	2,568	0.8	1,925	0.6	1,406	0.4
VI Translation adjustment account	(131)	(0.1)	(164)	(0.1)	(115)	(0.0)
VII Treasury stock	(9,745)	(2.9)	(8,406)	(2.6)	(9,742)	(2.9)
Total shareholders' equity	237,744	70.7	228,133	70.8	233,707	70.4
Total liabilities, minority interests and shareholders' equity	336,176	100.0%	322,341	100.0%	331,994	100.0%

(2) Interim Consolidated Statements of Income

(Millions of yen)

	Interim Period Ended September 30, 2003		Interim Period Ended September 30, 2002		Year Ended March 31, 2003	
I Net sales	155,041	100.0%	149,002	100.0%	315,279	100.0%
II Cost of sales	80,006	51.6	76,253	51.2	160,258	50.8
Gross profit	75,035	48.4	72,748	48.8	155,021	49.2
III Selling, general and administrative expenses	64,833	41.8	61,161	41.0	128,620	40.8
Operating income	10,201	6.6	11,586	7.8	26,400	8.4
IV Non-operating income:	2,278	1.5	1,828	1.2	3,427	1.1
Interest income	543		520		1,192	
Dividends received	576		288		490	
Gain on sales of securities	740		3		393	
Equity in earnings of affiliates	220		316		290	
Other non-operating income	197		699		1,058	
V Non-operating expenses:	261	0.2	781	0.5	1,150	0.4
Interest expenses	27		30		48	
Non-operating taxes	80		4		21	
Foreign exchange loss	61		646		728	
Other non-operating expenses	91		99		351	
Ordinary income	12,219	7.9	12,634	8.5	28,676	9.1
VI Extraordinary gains:	254	0.2	1	0.0	29	0.0
Gain on sales of fixed assets	0		1		29	
Gain on sales of stock of affiliates	112		—		—	
Bad debts recovered	122		—		—	
Other extraordinary gains	18		—		0	
VII Extraordinary losses:	88	0.1	932	0.6	3,185	1.0
Loss on sales of fixed assets	1		1		2	
Loss on disposal of fixed assets	44		38		155	
Evaluation loss on investment securities	0		642		2,649	
Evaluation loss on investment in affiliates	—		200		201	
Evaluation loss on golf club membership rights	6		14		84	
Other extraordinary losses	35		34		92	
Income before income taxes and minority interests	12,385	8.0	11,703	7.9	25,520	8.1
Corporate, inhabitant's and enterprise taxes	5,951	3.8	4,453	3.0	10,929	3.5
Adjustment to corporate taxes, etc.	(653)	(0.4)	250	0.2	(28)	(0.0)
Minority interests	158	0.1	91	0.1	196	0.0
Net income	6,928	4.5	6,908	4.6	14,422	4.6

(3) Interim Consolidated Statements of Retained Earnings

(Millions of yen)

	Interim Period Ended September 30, 2003	Interim Period Ended September 30, 2002	Year Ended March 31, 2003
CAPITAL SURPLUS			
I Capital surplus at beginning of period	48,370	—	—
Additional paid-in capital at beginning of period	—	48,370	48,370
II Increase in capital surplus	0	—	—
Gain on retirement of treasury stock	0	—	—
III Capital surplus at end of period	48,370	48,370	48,370
RETAINED EARNINGS			
I Retained earnings at beginning of period	173,365	—	—
Consolidated retained earnings at beginning of period	—	164,451	164,451
II Increase in retained earnings	6,928	7,225	14,760
Net income	6,928	6,908	14,422
Increase due to increase in consolidated subsidiaries	—	316	338
III Decrease in retained earnings	4,034	3,831	3,846
Cash dividends paid	3,702	3,769	3,769
Bonuses to directors	60	61	61
Decrease due to increase in consolidated subsidiaries	271	—	—
Reversal of adjustment due to revaluation of land	—	—	15
IV Retained earnings at end of period	178,259	167,845	175,365

(4) Interim Consolidated Statements of Cash Flows

(Millions of yen)

	Interim Period Ended September 30, 2003	Interim Period Ended September 30, 2002	Year Ended March 31, 2003
I Cash flows from operating activities			
Income before income taxes and minority interests	12,385	11,703	25,520
Depreciation and amortization	3,510	3,531	7,459
Increase (decrease) in reserve for doubtful accounts	(34)	22	91
Increase (decrease) in reserve for employees' retirement benefits	2,258	344	640
Interest and dividend income	(1,120)	(809)	(1,683)
Interest expenses	27	30	48
Foreign currency exchange (gain) loss	(212)	407	264
Equity in earnings of affiliates	(220)	(316)	(290)
Loss (gain) on disposal and sales of property, plant and equipment	45	38	128
Loss (gain) on sales of investment securities	(846)	(3)	(203)
Evaluation loss on marketable and investment securities and others	24	862	2,867
Evaluation loss on golf club membership rights	6	14	84
Gain on bad debt recovered	(122)	—	—
(Increase) decrease in notes and accounts receivable	(3,418)	(25)	(208)
(Increase) decrease in inventories	(1,556)	(1,701)	(722)
Increase (decrease) in notes and accounts payable	(812)	(1,976)	1,089
Increase (decrease) in accrued consumption tax	(200)	(233)	80
Bonuses to directors	(60)	(64)	(61)
Others	381	(1,399)	(2,610)
Subtotal	10,033	10,425	32,495
Cash received from interest and dividend income	1,264	973	1,919
Cash paid for interest expenses	(27)	(30)	(48)
Cash refund (paid) for income taxes	(6,685)	(7,132)	(11,338)
Net cash provided by operating activities	4,585	4,235	23,027
II Cash flows from investing activities			
Payment of funds into time deposits	(172)	—	(61)
Proceeds from redemption of time deposits	—	414	475
Payment for purchases of marketable securities	(6,000)	(1,000)	(7,000)
Proceeds from sales and redemption of marketable securities	6,356	2,433	8,468
Payment for purchases of property, plant and equipment and others	(4,592)	(2,532)	(6,831)
Proceeds from sales of property, plant and equipment and others	73	239	332
Payment for purchases of investment securities	(50,218)	(20,308)	(38,313)
Proceeds from sales and redemption of investment securities	28,956	1,550	13,865
Payment for loans	(0)	—	(2)
Proceeds from loans	1	1	2
Others	—	74	33
Net cash used in investing activities	(25,597)	(19,128)	(29,030)
III Cash flows from financing activities			
Proceeds from short-term borrowings	217	—	328
Repayment of short-term borrowings	(372)	(1,729)	(2,010)
Proceeds from minority shareholdings	—	249	496
Share repurchase expenses	(4)	(4,066)	(5,404)
Cash dividends paid	(3,702)	(3,769)	(3,769)
Dividends paid to minority shareholders	(6)	(6)	(14)
Net cash used in financing activities	(3,867)	(9,322)	(10,374)
IV Effect of exchange rate changes on cash and cash equivalents	46	(1,211)	(1,075)
V Increase (decrease) in cash and cash equivalents	(24,833)	(25,426)	(17,452)
VI Cash and cash equivalents at the beginning of the period	73,882	91,122	91,122
VII Increase in cash and cash equivalents due to consolidation of additional subsidiaries	1,686	213	213
VIII Cash and cash equivalents at the end of the period	50,735	65,908	73,882