

Summary of Consolidated Financial Statements for the Interim Period Ended September 30, 2004

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

November 12, 2004

Nissin Food Products Co., Ltd.

Code number: 2897

http://www.nissinfoods.co.jp/

Representative: Koki Ando, President

Contact: Takahisa Yanagida, Corporate Executive Officer,

General Manager of Financial Division

Board of Directors meeting: November 12, 2004

Use of U.S. accounting standards: No

Stock exchange listings: Tokyo, Osaka

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1. Operating Results for the Interim Period Ended September 30, 2004 (April 1, 2004-September 30, 2004)

(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, 2004	148,769	(4.0)	12,550	23.0	15,646	28.0
Interim period ended Sept. 30, 2003	155,041	4.1	10,201	(12.0)	12,219	(3.3)
Year ended March 31, 2004	320,032		23,203		25,620	

	Net income (¥ million)	Year-on-year change (%)	Earnings per share (¥)	Earnings per share (diluted) (¥)
Interim period ended Sept. 30, 2004	6,952	0.4	56.33	—
Interim period ended Sept. 30, 2003	6,928	0.3	56.13	—
Year ended March 31, 2004	14,050		113.61	—

Notes:

1. Equity in earnings of affiliates:

Interim period ended Sept. 30, 2004: ¥273 million

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

Year ended March 31, 2004: ¥317 million

2. Average number of shares outstanding (consolidated):

Interim period ended Sept. 30, 2004: 123,431,131 shares

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

Year ended March 31, 2004: 123,432,833 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, 2004	346,195	247,622	71.5	2,006.17
September 30, 2003	336,176	237,744	70.7	1,926.11
March 31, 2004	343,644	244,439	71.1	1,980.14

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

Interim period ended Sept. 30, 2004: 123,430,568 shares

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

Year ended March 31, 2004: 123,432,039 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, 2004	9,710	(18,349)	(4,685)	58,916
Interim period ended Sept. 30, 2003	4,585	(25,597)	(3,867)	50,735
Year ended March 31, 2004	22,213	(20,453)	(3,813)	72,140

(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) None (Eliminated) None

Equity method: (New) None (Eliminated) None

2. Projected Results for the Year Ending March 31, 2005 (April 1, 2004-March 31, 2005)

	Net sales (¥ million)	Ordinary income (¥ million)	Net income (¥ million)
Year ending March 31, 2005	330,000	30,000	14,500

Reference: Estimated earnings per share (year ending March 31, 2005): ¥117.27

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 5 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 noodles, Nissin will continue to develop products and technologies to offer satisfaction to all people in all countries and regions. Nissin 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. Under its dividend policy, Nissin works to achieve a payout ratio of 30 percent on a non-consolidated basis. Based on this policy, for the year ending March 31, 2005 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 its operations globally from a long-term perspective, while effectively managing surplus funds in consideration of risks.

(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 many individual investors. To raise the liquidity of its stock and expand its base among individual investors, 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 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 17,697 at the end of September 2004.

(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. With the aim of strengthening responsiveness to customers amid the coming changes in the operating environment, 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,” and is working to raise brand value through highly efficient, high-value-added marketing.

In addition, Nissin is investing management resources in 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. At the same time, Nissin will promote international procurement of materials that makes the most of its overseas network to increase cost competitiveness by purchasing higher-quality ingredients at lower prices.

(5) Company Initiatives

As a good corporate citizen, we are fully aware of our corporate social responsibility, and conduct activities based on the Nissin Code of Ethics formulated in February 2002. Moreover, as a manufacturer of food products, Nissin complies strictly and thoroughly with laws and regulations, and has made providing safe and reliable products to customers its mission.

Regarding quality control systems, 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 company plants and the head offices in Tokyo and Osaka have obtained ISO 14001 certification of their

environmental management systems. In addition, Nissin introduces and discloses the results of environmental accounting in order to quantitatively determine the costs of environmental protection.

(6) Basic Policy Regarding Corporate Governance and Status of Implementation of Measures

Nissin is committed to providing safe and reliable products, while ensuring that its operations provide the maximum benefit to all stakeholders, including its 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 outside experts. At present, two of the fifteen directors are outside directors and two of the four corporate auditors are outside corporate auditors.

Moreover, to respond swiftly to changes in the operating environment, Nissin has adopted a corporate executive officer system to separate the duties of Board of Directors, which decides basic management policies and strategies, from the duties of the corporate executive officers, who implement them. By doing so, Nissin aims to streamline the Board of Directors and accelerate management decision-making.

The Board of Auditors supervises the Board of Directors in the performance of its duties by methods such as attending meetings of the Board of Directors and other important meetings. In addition, to further enhance auditing operations, Nissin's auditing standards were revised in June, based on the Code of Auditing Standards announced by the Japan Corporate Auditors Association in February 2004.

For internal control, Nissin has established an Internal Auditing Office as an organization within the company to conduct internal audits from a standpoint independent of operating divisions and to provide advice and propose measures to improve and correct major issues.

In addition, while working to disclose information swiftly and accurately to its shareholders and investors, Nissin will increase the transparency of its management through wide-ranging information disclosure.

2. Results of Operations and Financial Position

(1) Results of Operations

Overview of the Interim Period

Amid gradually increasing raw material prices caused by rising crude oil prices, a high level of capital investment and continued robust exports to the People's Republic of China (P.R.C.) and the United States have supported a moderate recovery in the Japanese economy. Personal consumption was brisk, with strong sales of summer products due to the unusually hot weather and increased demand for digital home appliances as a result of the Athens Olympics. Under these conditions, corporate earnings maintained a solid recovery and the employment situation continued a gradual upswing.

In the food industry, the unusually hot weather gave a slight boost to overall consumption. Sales of summer products such as beer and frozen desserts grew substantially, while sales of fresh seafood fell sharply.

The domestic instant noodle market got off to a favorable start in the first quarter, but the pace of sales slowed from July. Sales conditions at Nissin were also impacted by the unusually hot weather, with interim net sales slowing in the summer, resulting in a decrease compared with the same period of the previous year, when a cool summer spurred strong sales. In addition, intensifying competition with contiguous industry sectors such as home-meal replacement has made Nissin's operating environment increasingly severe.

Despite these conditions, Nissin continued to aggressively conduct sales promotions and marketing measures from the consumer's point of view. From April 2004, Nissin began a new campaign for mainstay brand *Cup Noodle* with the catchphrase "NO BORDER". In addition, for long-selling brand *Chicken Ramen*, marketing activities aiming for further market penetration, including a limited edition of *Donburi with Chicken Ramen* that received an enthusiastic response, resulted in maintaining sales approaching those of the same period of the previous year, when it set a record for sales volume.

In overseas markets, total worldwide demand has reached 65.3 billion servings (according to a survey by the International Ramen Manufacturers Association) and the market for instant noodles continues to expand, primarily in Asia, led by the P.R.C., and the Americas. Sales competition with other companies in these regions is severe, but Nissin is working to open new markets and expand its share by developing products tailored to the tastes of consumers in each region.

In particular, forceful promotion of product development and sales expansion in interior regions contributed to a sales increase in the P.R.C. instant noodle market, which has a high annual growth rate of 20 percent.

In the North American instant noodle market, Nissin showed signs of a return to profitability. The opening of new sales routes and other efforts increased net sales on a local currency basis, while other factors included a slowdown in the rise of raw material costs and the effect of the introduction of high-speed production lines.

(Consolidated basis; ¥ million)

	Net sales	Operating income	Ordinary income	Net income
Interim period ended September 30, 2004	148,769	12,550	15,646	6,952
Interim period ended September 30, 2003	155,041	10,201	12,219	6,928
Year-on-year change (%)	(4.0)	23.0	28.0	0.4

As a result of the above, net sales for the interim period decreased 4.0 percent compared with the same period of the previous year to ¥148,769 million due to the influence of the weather and a stronger yen than in the previous interim period.

Operating income increased 23.0 percent to ¥12,550 million and ordinary income increased 28.0 percent to ¥15,646 million because of a decrease compared with the same period of the previous year in expenses related to retirement benefits that are expensed on a one-time basis in the fiscal year following the fiscal year in which they occur.

Net income increased 0.4 percent to ¥6,952 million as a result of an extraordinary loss due to revision of regulations for directors' retirement benefits.

Information by Business Category

Business category	Consolidated net sales (¥ million)	Year-on-year change (%)
Pillow-type instant noodles	21,107	(5.5)
Cup-type instant noodles	92,960	(3.8)
Chilled and frozen foods	20,111	(1.2)
Others	14,589	(7.3)
Total	148,769	(4.0)

Pillow-type Instant Noodles

Because of a shift in new product demand to cup-type noodles, the domestic market for pillow-type instant noodles has remained essentially flat over the past few years. During the interim period, *Nissin no Ramenyan*, one of Nissin's mainstay brands, received an extremely positive response to a renewal using 100 percent wheat grown in Hokkaido, but overall sales decreased due to the influence of the weather.

In overseas markets, sales declined due to the stronger yen compared with the same period of the previous year, and net sales of pillow-type instant noodles decreased 5.5 percent to ¥21,107 million.

Cup-type Instant Noodles

For the mainstay *Cup Noodle* series, Nissin conducted a new campaign with the catchphrase "NO BORDER". In addition, consumers responded to a renewal of *Nissin Rao* that increased the volume of noodles and enhanced ingredients. However, as with pillow-type instant noodles, the effect of the unusually hot weather decreased domestic sales in this category.

In overseas markets, sales volume grew in North America and Hong Kong, but the effects of the sales decrease in the domestic market reduced total net sales of cup-type instant noodles by 3.8 percent compared with the same period of the previous year to ¥92,960 million.

Chilled and Frozen Foods

In chilled foods, although sales of *Hiyashi Chuka* and *Nissin Ryanmen* were strong, sales of *Gyoretsu-no-Dekiru-Mise-no-Ramen*, *Nissin Yakisoba* and other products were affected by the weather, and sales failed to grow. As a result, net sales of chilled foods decreased 1.6 percent compared with the same period of the previous year to ¥8,065 million.

In frozen foods, although *Reito Nissin Spa-O* and *Reito Nissin GooTa* drove sales in Japan, overseas sales declined due to factors including foreign currency exchange, and net sales of frozen foods decreased 0.9 percent to ¥12,045 million.

As a result, total net sales of chilled and frozen foods decreased 1.2 percent to ¥20,111 million.

Others

In the confectionery sector, *Coconut Sable* and other snacks continued to sell well, with *Ciscorn Big* from the cereal line-up heading the list.

In the beverages sector, *Pilkul*, which has received approval from Japan's Ministry of Health, Labour and Welfare as a Food for Specified Health Use, and other products posted steady sales amid rising health consciousness.

However, because sales of raw materials and ingredients declined, net sales for this category decreased 7.3 percent compared to the same period of the previous year to ¥14,589 million.

Outlook for the Fiscal Year Ending March 31, 2005

The Japanese economy has displayed a moderate recovery trend against a background of robust exports to the P.R.C. and the United States and increased capital investment. In addition, solid personal consumption shows signs of continuing improvement.

However, amid a slowdown scenario that includes gradually rising crude oil costs and financial constraints on exports to the P.R.C. and the U.S., a guarded outlook is on the rise for the domestic economy in the second half of the fiscal year.

In the domestic market, some deflationary conditions remain, and personal consumption is forecast to be cautious for some time.

Under these circumstances, Nissin will be diligent in food safety and will continue to develop and market products tailored to the needs of consumers in order to keep earning their trust. Nissin will use aggressive launches of new products in the second half, which is the period of full-scale demand for instant noodles, to stimulate the market and increase sales volume. Moreover, for existing long-selling brands such as *Chicken Ramen* and *Cup Noodle*, Nissin will work to further expand sales by stressing their reliability and safety.

In overseas markets, Nissin will aim to expand its share of the P.R.C. market, which accounts for more than 40 percent of the global market, while developing untapped markets.

Although net sales for the interim period were less than the performance projection at the beginning of the fiscal year, Nissin secured increases in operating income, ordinary income and net income. Although there are uncertain second-half elements, such as exchange rate trends, Nissin projects net sales of ¥330.0 billion (a year-on-year increase of 3.1 percent), operating income of ¥28.5 billion (a year-on-year increase of 22.8 percent), ordinary income of ¥30.0 billion (a year-on-year increase of 17.1 percent), and net income of ¥14.5 billion (a year-on-year increase of 3.2 percent).

Projected exchange rates for major currencies relevant to the results of overseas subsidiaries are ¥107.00 to US\$1.00, ¥14.00 to HK\$1.00, and ¥13.00 to 1 yuan.

(2) Financial Position

Cash and cash equivalents (hereinafter referred to as “net cash”) as of September 30, 2004 amounted to ¥58,916 million, a decrease of ¥13,223 million from the end of the previous fiscal year. Although income before income taxes and minority interests was ¥11,955 million, purchases of bonds and other factors reduced net cash.

Cash Flows from Operating Activities

Net cash provided by operating activities was ¥9,710 million. Net income before income taxes and minority interests (¥11,955 million) and depreciation and amortization (¥3,223 million) were among the positive factors contributing to net cash. Negative factors included cash paid for income taxes (¥3,153 million) and payment of notes and accounts payable.

Cash Flows from Investing Activities

Net cash used in investing activities totaled ¥18,349 million. For more efficient management of funds, Nissin 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 ¥4,685 million. The primary use of net cash was cash dividends paid (¥3,702 million).

Trends in Nissin’s cash flow indicators are as follows:

		Interim period ended Sept. 30, 2002	Year ended March 31, 2003	Interim period ended Sept. 30, 2003	Year ended March 31, 2004	Interim period ended Sept. 30, 2004
Shareholders’ equity ratio	%	70.8	70.4	70.7	71.1	71.5
Shareholders’ equity ratio on a market value basis	%	94.6	91.5	97.3	95.4	96.4
Debt repayment period	Years	—	0.2	—	0.2	—
Interest coverage ratio		139.0	471.5	164.8	412.6	441.8

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, 2004		As of September 30, 2003		As of March 31, 2004	
ASSETS						
I Current assets	123,320	35.6%	121,501	36.1%	138,368	40.3%
Cash and deposits	57,875		37,984		72,024	
Notes and accounts receivable - trade	38,359		40,698		39,774	
Marketable securities	6,971		24,162		6,496	
Inventories	12,787		13,438		11,922	
Deferred tax assets	5,767		3,997		5,763	
Other current assets	1,873		1,545		2,766	
Allowance for doubtful receivables	(314)		(325)		(379)	
II Fixed assets	222,874	64.4	214,674	63.9	205,276	59.7
Tangible fixed assets:	79,347	22.9	88,501	26.3	81,243	23.6
Buildings and structures	29,077		33,069		29,850	
Machinery, equipment and carriers	18,090		18,039		18,762	
Tools and fixtures	1,253		1,244		1,248	
Land	28,696		30,795		29,010	
Construction in progress	236		3,353		377	
Other tangible fixed assets	1,993		1,999		1,993	
Intangible fixed assets	837	0.2	911	0.3	813	0.2
Investments and other assets:	142,689	41.3	125,261	37.3	123,219	35.9
Investment securities	118,471		105,289		109,945	
Investment in capital	13,574		6,130		6,075	
Long-term loans	242		271		246	
Deferred tax assets	5,687		6,626		4,315	
Deferred tax assets related to revaluation of land	1,594		4,516		1,481	
Other investments and other assets	3,200		2,429		1,156	
Allowance for doubtful receivables	(80)		(2)		(2)	
Total assets	346,195	100.0%	336,176	100.0%	343,644	100.0%

(Millions of yen)

	As of September 30, 2004		As of September 30, 2003		As of March 31, 2004	
LIABILITIES						
I Current liabilities	71,936	20.8%	77,500	23.1%	76,349	22.2%
Notes and accounts payable - trade	30,610		34,815		34,299	
Short-term borrowings	4,139		5,094		5,117	
Accrued payables	19,266		19,077		21,210	
Accrued income taxes	6,464		5,676		3,398	
Other current liabilities	11,456		12,837		12,324	
II Long-term liabilities	19,832	5.7	13,940	4.1	16,175	4.7
Reserve for employees' retirement benefits	13,990		12,027		14,223	
Reserve for directors' retirement benefits	5,348		1,576		1,640	
Other long-term liabilities	493		337		311	
Total liabilities	91,768	26.5	91,441	27.2	92,525	26.9
MINORITY INTERESTS						
Minority interests	6,804	2.0	6,990	2.1	6,680	2.0
SHAREHOLDERS' EQUITY						
I Common stock	25,122	7.3	25,122	7.5	25,122	7.3
II Capital surplus	48,370	14.0	48,370	14.4	48,370	14.1
III Retained earnings	184,267	53.2	178,259	53.0	180,876	52.6
IV Adjustment due to revaluation of land	(2,359)	(0.7)	(6,699)	(2.0)	(2,192)	(0.6)
V Unrealized gain on securities	4,347	1.2	2,568	0.8	4,631	1.3
VI Translation adjustment account	(2,375)	(0.7)	(131)	(0.1)	(2,622)	(0.8)
VII Treasury stock	(9,751)	(2.8)	(9,745)	(2.9)	(9,747)	(2.8)
Total shareholders' equity	247,622	71.5	237,744	70.7	244,439	71.1
Total liabilities, minority interests and shareholders' equity	346,195	100.0%	336,176	100.0%	343,644	100.0%

(2) Interim Consolidated Statements of Income

(Millions of yen)

	Interim period ended September 30, 2004		Interim period ended September 30, 2003		Year ended March 31, 2004	
I Net sales	148,769	100.0%	155,041	100.0%	320,032	100.0%
II Cost of sales	73,643	49.5	80,006	51.6	161,978	50.6
Gross profit	75,126	50.5	75,035	48.4	158,053	49.4
III Selling, general and administrative expenses	62,575	42.1	64,833	41.8	134,850	42.1
Operating income	12,550	8.4	10,201	6.6	23,203	7.3
IV Non-operating income:	3,186	2.2	2,278	1.5	3,668	1.1
Interest income	602		543		1,081	
Dividends received	833		576		764	
Gain on sales of securities	320		740		980	
Equity in earnings of affiliates	273		220		317	
Foreign exchange gain	887		—		—	
Other non-operating income	268		197		524	
V Non-operating expenses:	91	0.1	261	0.2	1,250	0.4
Interest expenses	21		27		53	
Non-operating taxes	59		80		115	
Foreign exchange loss	—		61		768	
Other non-operating expenses	9		91		312	
Ordinary income	15,646	10.5	12,219	7.9	25,620	8.0
VI Extraordinary gains:	263	0.2	254	0.2	256	0.1
Gain on sales of fixed assets	73		0		2	
Gain on sales of stock of affiliates	—		112		112	
Gain from collection of written-off receivables	0		122		122	
Reimbursement of allowance for doubtful receivables	42		18		18	
Reimbursement of previous-term special retirement benefits	146		—		—	
VII Extraordinary losses:	3,954	2.7	88	0.1	1,171	0.4
Loss on sales of fixed assets	1		1		187	
Loss on disposal of fixed assets	30		44		423	
Evaluation loss on investment securities	9		0		14	
Provision for directors' retirement benefits	3,569		—		—	
Evaluation loss on golf club membership rights	—		6		7	
Other extraordinary losses	343		35		539	
Income before income taxes and minority interests	11,955	8.0	12,385	8.0	24,705	7.7
Corporate, inhabitant's and enterprise taxes	6,217	4.2	5,951	3.8	8,901	2.8
Adjustment to corporate taxes, etc.	(1,298)	(0.9)	(653)	(0.4)	1,535	0.5
Minority interests	83	0.0	158	0.1	217	0.0
Net income	6,952	4.7	6,928	4.5	14,050	4.4

(3) Interim Consolidated Statements of Retained Earnings

(Millions of yen)

	Interim period ended September 30, 2004	Interim period ended September 30, 2003	Year ended March 31, 2004
CAPITAL SURPLUS			
I Capital surplus at the beginning of the period	48,370	48,370	48,370
II Increase in capital surplus	0	0	0
Gain on retirement of treasury stock	0	0	0
III Capital surplus at the end of the period	48,370	48,370	48,370
RETAINED EARNINGS			
I Retained earnings at the beginning of the period	180,876	175,365	175,365
II Increase in retained earnings	7,119	6,928	14,050
Net income	6,952	6,928	14,050
Reversal of adjustment due to revaluation of land	166	—	—
III Decrease in retained earnings	3,729	4,034	8,539
Cash dividends paid	3,702	3,702	3,702
Bonuses to directors	27	60	60
Decrease due to increase in consolidated subsidiaries	—	271	271
Reversal of adjustment due to revaluation of land	—	—	4,505
IV Retained earnings at the end of the period	184,267	178,259	180,876

(4) Interim Consolidated Statements of Cash Flows

(Millions of yen)

	Interim period ended September 30, 2004	Interim period ended September 30, 2003	Year ended March 31, 2004
I Cash flows from operating activities			
Income before income taxes and minority interests	11,955	12,385	24,705
Depreciation and amortization	3,223	3,510	7,078
Increase (decrease) in allowance for doubtful receivables	13	(34)	36
Increase (decrease) in reserve for employees' retirement benefits	(233)	2,258	4,455
Increase (decrease) in reserve for directors' retirement benefits	3,708	(26)	37
Interest and dividend income	(1,436)	(1,120)	(1,846)
Interest expenses	21	27	53
Foreign currency exchange loss (gain)	(28)	(212)	156
Equity in earnings of affiliates	(273)	(220)	(317)
Loss (gain) on disposal and sales of property, plant and equipment	(41)	45	608
Loss (gain) on sales of marketable and investment securities	(320)	(846)	(1,087)
Evaluation loss (gain) on marketable and investment securities and others	(6)	24	47
Evaluation loss on golf club membership rights	—	6	7
Gain from collection of written-off receivables	(0)	(122)	(122)
(Increase) decrease in notes and accounts receivable	1,446	(3,418)	(2,982)
(Increase) decrease in inventories	(843)	(1,556)	(366)
Increase (decrease) in notes and accounts payable	(3,716)	(812)	(994)
Increase (decrease) in accrued consumption tax	(732)	(200)	478
Bonuses to directors	(27)	(60)	(60)
Others	(1,507)	407	2,192
Subtotal	11,201	10,033	32,078
Cash received from interest and dividend income	1,683	1,264	2,092
Cash paid for interest expenses	(21)	(27)	(53)
Collection of written-off receivables	0	—	—
Cash paid for income taxes	(3,153)	(6,685)	(11,903)
Net cash provided by operating activities	9,710	4,585	22,213
II Cash flows from investing activities			
Payment of funds into time deposits	(2,060)	(172)	(2,498)
Proceeds from redemption of time deposits	—	—	190
Payment for purchases of marketable securities	(0)	(6,000)	(6,000)
Proceeds from sales and redemption of marketable securities	1,509	6,356	16,803
Payment for purchases of property, plant and equipment and others	(1,281)	(4,592)	(7,364)
Proceeds from sales of property, plant and equipment and others	401	73	4,190
Payment for purchases of investment securities	(17,697)	(50,218)	(57,345)
Proceeds from sales and redemption of investment securities	774	28,956	31,546
Payment for loans	—	(0)	(2)
Proceeds from loans	4	1	27
Net cash used in investing activities	(18,349)	(25,597)	(20,453)
III Cash flows from financing activities			
Proceeds from short-term borrowings	50	217	433
Repayment of short-term borrowings	(1,032)	(372)	(533)
Proceeds from long-term borrowings	17	—	10
Repurchase of common stocks, net	(5)	(4)	(7)
Cash dividends paid	(3,702)	(3,702)	(3,702)
Dividends paid to minority shareholders	(13)	(6)	(13)
Net cash used in financing activities	(4,685)	(3,867)	(3,813)
IV Effect of exchange rate changes on cash and cash equivalents	100	46	(1,375)
V Increase (decrease) in cash and cash equivalents	(13,223)	(24,833)	(3,428)
VI Cash and cash equivalents at the beginning of the period	72,140	73,882	73,882
VII Increase in cash and cash equivalents due to consolidation of additional subsidiaries	—	1,686	1,686
VIII Cash and cash equivalents at the end of the period	58,916	50,735	72,140