For immediate release

November 13, 2003

FISCAL 2003 INTERIM FINANCIAL HIGHLIGHTS

Nippon Yusen Kabushiki Kaisha(NYK Line) announces the following statement of accounts for the period ended September 30, 2003.

A. CONSOLIDATED

1. Business Results (From April 1 to September 30, 2003 and 2002)

	¥Milion		US$Thousand*
	2003/9	2002/9	2003/9
Revenues	680,029	614,610	6,112,626
Operating income	44,438	41,252	399,450
Other income(expenses)	(7,075)	(10,723)	(63,604)
Recurring profit**	37,362	30,529	335,846
Extraordinary gains(losses)	(1,491)	(9,461)	(13,402)
Net income	21,286	7,788	191,343

2. Balance Sheets (As of September 30 and March 31, 2003)

	¥Milion		US$Thousand*
	at September 30	at March 31	at September 30
Assets			
Current assets	350,074	350,228	3,146,736
Fixed assets	1,001,457	936,669	9,001,860
Deferred assets	204	272	1,835
Total assets	1,351,735	1,287,170	12,150,432
Liabilities			
Current liabilities	388,884	370,521	3,495,591
Fixed liabilities	606,067	606,117	5,447,799
Total liabilities	994,952	976,638	8,943,391
Interest-bearing debt	681,199	691,397	6,123,155
Minority interest	23,281	22,168	209,275
Stockholders' Equity			
Paid-in capital	88,531	88,531	795,784
Additional paid-in capital	94,421	94,421	848,728
Retained earnings	138,703	122,271	1,246,771
Unrealized gains on the holding of other securities	22,927	(4,180)	206,088
Foreign currency translation adjustments	(8,071)	(9,726)	(72,554)
Treasury stock	(3,009)	(2,953)	(27,052)
Total stockholders' equity	333,501	288,363	2,997,766
Total			
Liabilities,Minority interest and shareholders'equity	1,351,735	1,287,170	12,150,432

3. Cash Flow (From April 1 to September 30, 2003 and 2002)

	¥Milion		US$Thousand*
	2003/9	2002/9	2003/9
From operating activities	54,273	45,231	487,852
From investing activities	(48,564)	(11,775)	(436,536)
From financing activities	(22,448)	(21,447)	(201,786)
Cash and cash equivalents at end of the term	68,300	90,931	613,937
Depreciation and amortization	31,980	33,418	287,469
Capital expenditure	(82,377)	(52,969)	(740,472)

4. Revenues by Segment (From April 1 to September 30, 2003 and 2002)

	¥Milion		US$Thousand*
	2003/9	2002/9	2003/9
Shipping	437,559	397,181	3,933,120
Logistics	135,450	119,251	1,217,534
Cruise	11,818	15,404	106,237
Terminal and Harbor Transport	48,571	30,526	436,601
Shipping Related	20,755	20,651	186,570
Real Estate	6,501	7,537	58,436
Others	49,461	50,022	444,601
Elimination & Unallocation	(30,090)	(25,965)	(270,475)
Total Revenues	680,029	614,610	6,112,626

5. Principal Financial Index

		2003/9	2002/9	2001/9
Operating Profit Margin	(%)	6.5	6.7	7.0
Net Profit Margin	(%)	3.1	1.3	2.6
Return on Equity	(%)	6.8	2.5	5.2
Debt/Equtity Ratio	(Times)	2.04	2.26	2.48
Earning Per Share	(¥)	17.42	6.34	12.54
Equity Ratio	(%)	24.7	23.5	22.8
Shareholders' Equity Per Share	(¥)	272.97	245.73	253.28

6. Forecast of Results for Fiscal 2003 (From April 1, 2003 to March 31, 2004)

	¥Milion	US$Thousand*
Revenue	1,350,000	12,134,831
Operating income	86,000	773,033
Recurring Profit**	70,000	629,213
Net income	33,000	296,629

These forecasts are based on various assumptions made at the date of release of these materials, including the information available at the date of release of these materials and uncertain factors that may affect future earnings. Actual earnings may differ significantly from these forecasts as a consequence of various factors.
(Forecast : exchange rate ¥1110/US$1, bunker price US$160/MT)

7. Gross Operating Tonnage (As of September 30 and March 31, 2003)

	at September 30		at March 31	
	DWT(kt)	No.of vessels	DWT(kt)	No.of vessels
Vessels				
Total	30,800,015	609	30,266,556	587

8. Consumed Bunker Price (From April 1 to September 30, 2003 and 2002)

	2003/9	2002/9
Average		
	US$178.45	US$154.11

9.Exchange Rate (From April 1 to September 30, 2003 and 2002)

	2003/9	2002/9
Average	¥119.22	¥123.77
End of June	¥119.80	¥119.50
End of September	¥111.25	¥122.60

B. NON-CONSOLIDATED

1. Business Results (From April 1 to September 30, 2003 and 2002)

	¥Milion		US$Thousand*
	2003/9	2002/9	2003/9
Revenue	376,119	370,899	3,380,847
Operating income	35,969	30,223	323,324
Other income(expenses)	(4,217)	(3,705)	(37,909)
Recurring Profit**	31,752	26,517	285,415
Extraordinary gains(losses)	(194)	(13,307)	(1,749)
Net income	19,185	7,677	172,457

2. Balance Sheets (As of September 30 and March 31, 2003)

	¥Milion		US$Thousand*
	at September 30	at March 31	at September 30
Assets			
Current assets	162,814	173,365	1,463,502
Fixed assets	664,686	620,856	5,974,706
Deferred assets	201	268	1,807
Total assets	827,701	794,490	7,440,016
Liabilities			
Current liabilities	180,839	175,969	1,625,526
Fixed liabilities	352,577	365,126	3,169,235
Total liabilities	533,417	541,096	4,794,761
Interest-bearing debt	399,549	413,515	3,591,454
Stockholders' Equity			
Paid-in capital	88,531	88,531	795,784
Additional paid-in capital	93,198	93,198	837,737
Retained earnings	94,501	79,988	849,454
Unrealized gains on the holding of other securities	21,048	(5,388)	189,198
Treasury stock	(2,994)	(2,934)	(26,920)
Total stockholders' equity	294,284	253,394	2,645,255
Total			
Liabilities and shareholders' equity	827,701	794,490	7,440,016

3. Principal Financial Index

		2003/9	2002/9	2001/9
Operating Profit Margin	(%)	9.6	8.1	7.3
Net Profit Margin	(%)	5.1	2.1	4.2
Return on Equity	(%)	7.0	2.8	6.0
Debt/Equtity Ratio	(Times)	1.36	1.40	1.46
Earning Per Share	(¥)	15.70	6.25	13.26
Equity Ratio	(%)	35.6	34.6	34.6
Shareholders' Equity Per Share	(¥)	240.86	219.45	232.41

4. Forecast of Results for Fiscal 2003 (From April 1, 2003 to March 31, 2004)

	¥Milion	US$Thousand*
Revenue	730,000	6,561,798
Operating income	65,000	584,270
Recurring profit**	57,000	512,360
Net income	27,000	242,697

These forecasts are based on various assumptions made at the date of release of these materials, including the information available at the date of release of these materials and uncertain factors that may affect future earnings. Actual earnings may differ significantly from these forecasts as a consequence of various factors.
(Forecast : exchange rate ¥1110/US$1, bunker price US$160/MT)

* The U.S. dollar amounts represent the calculation of exchanging Japanese yen to U.S. dollars on a basis of ¥111.25=US$1.00 (As of September 30, 2003)

** Income before income taxes and special items.

Management Policy

1. Basic Management Policy

Our company has surmounted numerous difficulties since its founding in 1885 and has continued to achieve sound growth as a leader of the world's shipping community. Keenly conscious of the importance of wide-ranging exchanges between people and of goods as cornerstones of world economic and cultural development and, at the same time, fully aware of our social mission to provide the safe, quality services required of us as a comprehensive physical distributor and passenger ship operator, our NYK Group is making every possible effort, day in and day out, to live up to our customers' expectations by giving full play to our originality and creativity.

At the same time, we make it basic management policies to reward our stockholders by securing reasonable profits through lawful and fair corporate management, and to contribute to the development of the international community as a business group dedicated to pursuing the trinity of freedom, moral discipline and order.

2. Basic Policy on Profit Distribution

In regard to profit distribution, the basic policy of the NYK Group is to maintain stable dividend payments that are based on broad-based judgments of such factors as profitability for our stockholders and our company's business outlook, while also paying due heed not only to the future development of our business, such as the expansion of our comprehensive logistics and passenger ship businesses, not to mention cargo shipping, but also to the maintenance of sufficient internal reserves for coping with fluctuations in the shipping market.

As regards the dividend for this current fiscal year, which ends in March 2004, we intend to pay an interim dividend of ¥5 per share and a yearly dividend of ¥10, an increase of ¥2.5 from a year earlier. In line with our policy of passing profits on to our stockholders, we will make such payments while paying due heed to our current financial situation, mid-term business results and full-year forecasts.

3. Medium- to Long-Term Management Strategy of the NYK Group

Our company mapped out its first medium- to long-term group management vision NYK 21 in 1986 and formulated the fifth NYK 21 under the name of Forward 120 in May this year. Forward 120 is a two-year action plan for the NYK Group, which will mark its 120th anniversary that is designed to maintain sustained growth and support a further forward leap.

The three key strategies of Forward 120 are (1) the expansion of global logistics business, (2) the global development of bulk and energy transport business, and (3) stabilizing profitability in the container transport division.

In order to attain the numerical targets set, it is imperative to transform ourselves into a truly global enterprise and to take up new challenges.

Under the motto "Globally Dedicated, Locally Focused," we are determined to get out of the conference room, obtain our customers' views through direct on-site contact, act expeditiously and flexibly, and expand the scope of our services without being wedded to conventional ways of thinking and methodology.

As a beginning, in April this year we established the Global Logistics Headquarters to carry out the integration of three divisions: container transport, logistics and car transport. We intend to provide our customers with even more attractive services by multiplying the strengths of these divisions together, giving full play to their diverse types of logistics infrastructure, logistics technology and information technology (IT), and thereby creating the most appropriate integrated solutions for our customers.

One particular focus will be to vigorously expand our business by targeting broad-based logistics for the automotive industry. At the same time, we will reorganize the logistics companies within the NYK Group under six regional management organizations under the brand name of NYK Logistics and expand our logistics services.

In the bulk/energy resources transport headquaters, meanwhile, we will vigorously and resolutely enter new spheres of business in the China/Asia and Atlantic markets. As a start, in order to newly secure bulk and energy transport business in the Atlantic market we stationed a director in charge of sales and a CFO International in Europe in April this year, and also established the Bulk Energy Atlantic Group and the on-site subsidiary Bulk & Energy B.V. With these organizations as prime movers, we intend to support a global drive for the transport of bulk cargo and energy resources, including liquefied natural gas (LNG), demand for which is likely to increase rapidly worldwide.

Within the NYK Group, it has become evident that the supply of able staff and the practical training of personnel are lagging behind the rapid global expansion of the business of all divisions of the group. We set up the Maritime Technology Institute (MTI) in October this year so as to overcome this problem and to improve and reinforce our overall technological capabilities. The MTI is intended for the all-inclusive education and training of NYK Group employees who are becoming increasingly multinational as globalization progresses.

In tackling challenging tasks in new spheres and adopting and developing new techniques we will make the most of our existing ship operating knowhow, logistics technology and IT which have already produced tangible results.

We will also expand our organizations and systems flexibly by realizing our group's global personnel strategy, Global Human Resources (GHR), and globally promoting the recruitment and training of local staff in cooperation with our regional headquarters. Through this new project, we will promote the mutual sharing of ideas and knowledge within the NYK Group as a whole, as well as effectively using our human resources, including local staffs.

4. Measures for Improvement of Our Company's Management/Administrative Structure (Enhancement of Corporate Governance)

Fully conscious of its social mission, our company is managing its operations lawfully, properly and efficiently to avoid impairing our stockholders' interests and ensure our directors fulfill their loyalty obligations. This principle was specifically enunciated in our company's Corporate Action Charter that was formulated in December 1997. This charter appears on our company's website. In addition, in compliance with our company's principles as stated in the said charter, in March 1999 we prepared a code of conduct setting minimum standards that must be adhered to by our company's directors and personnel.

Our internal structure for ensuring full compliance with the law and social norms consists of a compliance committee, a chief compliance officer (CCO) and a compliance chamber. We have also newly set up an internal “ windows” for consultation to invite reporting from within the group so as to prevent even minor problems or portents of possible trouble from escaping our notice.

As a further measure, we conduct “general review of compliance for month” campaigns every year to keep all our directors and employees fully conscious of the need for compliance and to encourage them to take specific measures to that end.

In addition, in April last year we introduced new management system designed not only to reinforce the board of directors’ functions of mapping out strategies and overseeing the conduct of business, but also to clarify the authority and responsibility of the respective divisions under the charge of directors and to ensure expeditious decision making in these divisions. We have additionally drawn up a new management formula excecutive committee for strategic management, committee of directors, NYK Group conferences of the presidents and meetings of the board of directors and corporate auditors.

Since April this year, five directors of group companies have been accepted as outside members of the committee of directors in order to increase the value to the group of the various group members by ensuring the mutual understanding and dissemination of management plans. In January this year, we also established Group Administration Offices (GAO) in five key business centers around the world to enable overseas group companies develop their corporate functions on their own rather than under instruction from above. Under this system, we will promote the flexible and independent management of group companies trough the respective business centers.

5. Activities for Guaranteeing Safety and Protecting the Environment

In all our corporate activities, efforts to ensure safety and protect the environment are of prime importance. In 1992, we established the Safety Promotion Headquarters within our company, while in 1998 we formulated NAV9000 that laid out our company’s own standards for safe ship operation as an accumulation of our subsequent endeavors in this field. These standards, which go beyond the scope of both Japanese and foreign laws and regulations, are now applied to more than 500 NYK-operated vessels as part of our sustained campaign for guaranteeing safety.

In April 2001, the Safety Promotion Headquarters and the Earth Environment Committee, which was formed by our company in 1990, were unified into the Safety/Environment Policy Committee to strengthen their respective functions and to provide a basis for an integrated, company-wide campaign for safety and environmental protection. Subsequently, in September 2001, our company drew up the Global Environment Charter (later renamed the Environmental Plan). Later, in March 2002, our company then established an environmental management system guaranteeing safe ship operation and the protection of the global environment. This system was certified as conforming to the ISO 14001 international standard. The scope of this certification has been expanded subsequently, and today covers not only our head office and vessels but also about 40 business footholds in three major markets: Europe, North America and Asia, even including container terminals and overland and inland waterway transport with a combination of trucking, railway and barge services.

This year, NYK has been incorporated successively into the FTSE 4Good Global Index of the FTSE – an index of socially responsible investment (SRI) covering corporations worldwide – and the Dow Jones Sustainability World Indexes (DJSI World) – indexes of corporate sustainability – in recognition of NYK’s responsibility as a corporation and continued efforts to fulfill it, such as activities aimed at ensuring safety and environmental protection. In addition, NYK has been awarded the Prize for Activities to Protect the

Logistics Environment by the Japan Federation of Freight Industries in appreciation of its efforts to promote environmental protection and enhance the awareness of the environment. Every year, we also publish “The Earth Is Our Home”, a report on the social environment, to inform our stockholders how we are tackling social and environmental issues, and to strengthen our dialogue with them.

In ensuring the success of our activities for ensuring safety and environmental protection, the improvement of our day-to-day business and the promotion of on-site activity are of great importance. Efforts to remove safety and environmental risks, and plans and actions directed toward the improvement of environmental efficiency should never be considered temporary activities. They should contribute not only to sustainable global economic development, but also to economically rational corporate activity. In order to maintain NYK as an enterprise supported by people all around the world, each and every member of the NYK staff must be determined to step up their on-site activity with enthusiasm and pride, and to actively fulfill all their environmental, economic and social responsibilities.

Operating Results and Financial Position

1. Operating Results

Overview

In the six months to September 30, 2003, NYK Line posted consolidated revenues of ¥680.0 billion, operating income of ¥37.3 billion, and net income of ¥21.2 billion. Revenues and net income were record highs.

(Billions of yen)

	April 1, 2003, to September 30, 2003	April 1, 2002, to September 30, 2002	Change	Percentage change	April 1, 2002, to March 31, 2003
Revenues	680.0	614.6	65.4	10.6%	1,249.2
Costs and expenses	559.7	505.5	54.2	10.7%	1,037.3
Selling, general and administrative expenses	75.8	67.8	7.9	11.8%	142.7
Operating income	44.4	41.2	3.1	7.7%	69.1
Income before extraordinary items	37.3	30.5	6.8	22.4%	50.3
Net income	21.2	7.7	13.4	173.3%	14.2

Consolidated revenues climbed 10.6%, to ¥680.0 billion. This reflected higher volumes and freight rates in the shipping segment, as well as expansion in core logistics and terminal operations. Operating income rose 7.7%, to ¥44.4 billion on the strength of intensive cost-cutting, which offset higher costs and expenses and selling, general and administrative expenses. Income before extraordinary items soared 22.4%, to ¥37.3 billion, on lower other expenses, including foreign exchange losses. The Company boosted extraordinary gains through the sale of fixed assets while greatly reducing extraordinary losses from fixed assets writeoffs. After ¥13.6 billion in income taxes and ¥900 million in minority interests, net income rocketed 173.3%, to ¥21.2 billion.

The NYK Group harnesses diverse hedging techniques that minimize the impacts of fluctuations in foreign exchange rates and bunker oil prices, thus stabilizing growth.

Foreign exchange

Around 80% of consolidated revenues are denominated in U.S. dollar, reflecting the globalization of Group operations. A ¥1 movement against the dollar alters income before extraordinary items about ¥1 billion on an annualized basis. The average exchange rate in the period under review was ¥119.22 to the dollar, from ¥123.77 to the dollar a year earlier. The ¥4.55 appreciation against the dollar lowered income before extraordinary items around ¥2.3 billion.

Bunker oil prices

During the term, changes in the dollar price of fuel lowered income before extraordinary items roughly ¥300 million on an annualized basis. The average price of fuel was $178.45 per ton, up $24.34 from the average of $154.11 a year earlier, lowering income before extraordinary items about ¥3.6 billion.

Segment Information

The largest segment in the Group is shipping, which accounted for about 62% of consolidated revenues in the period under review. Based on Forward 120, our medium- to long-term group management vision, we are gradually increasing revenues from our logistics, terminal and harbor transport operations, and other core businesses.

(Billions of yen)

	Revenue				Operating income (loss)			Income (loss) before Extraordinary items		
	April 1, 2003, to September 30, 2003	April 1, 2002, to September 30, 2002	Percentage change	April 1, 2002, to March 31, 2003	April 1, 2003, to September 30, 2003	April 1, 2002, to September 30, 2002	April 1, 2002, to March 31, 2003	April 1, 2003, to September 30, 2003	April 1, 2002, to September 30, 2002	April 1, 2002, to March 31, 2003
Shipping	437.5	397.1	10.2%	789.7	46.6	37.5	60.8	39.9	28.1	42.8
Logistics	135.4	119.2	13.6%	261.2	1.0	1.9	6.1	1.0	1.9	6.1
Cruise	11.8	15.4	-23.3%	30.5	(4.3)	(0.5)	(0.5)	(4.8)	(1.2)	(1.9)
Terminal and harbor transport	48.5	30.5	59.1%	66.0	0.3	1.5	1.0	(0.2)	1.5	0.8
Shipping-related services	20.7	20.6	0.5%	42.4	-	-	0.2	0.1	0.1	0.5
Real estate	6.5	7.5	-13.7%	13.8	1.5	1.7	3.4	1.8	1.5	3.5
Others	49.4	50.0	-1.1%	99.9	(0.8)	(1.0)	(2.0)	-	1.6	1.2

Shipping

The shipping segment comprises three areas. The first is the liner trade, which includes container operations. The second is the tramper and specialized carrier, which covers bulk ore and coal carrier and car carrier operations. The third is the tanker business, which encompasses petroleum, LNG, petroleum products and chemical carrier operations.

Segment Revenues

(Billions of yen)

	April 1, 2003, to September 30, 2003	April 1, 2002, to September 30, 2002	Percentage change	April 1, 2002, to March 31, 2003
Liner trade	192.1	164.5	16.8%	323.4
Tramper and specialized carrier	195.6	183.1	6.8%	364.0
Tanker business	49.7	49.4	0.6%	102.2

Liner Trade: Group container traffic was brisk, reflecting soaring demand on all routes, including from Asia to North America and Europe. Tighter supply allowed us to restore freight rates on trips to European and North American routes, though increasing costs because of higher fuel prices and others, revenues still rose significantly.

Tramper and Specialized Carrier: Both revenues and earnings expanded steadily in the long-term contracts business, which included car carrier and other transport business, accounting for 70% of revenues. In the spot business, ship leasing charges increased amid historically high freight rates for all vessels and regions, which depressed earnings on some contracts, but we were able to reach our overall revenue targets.

Tanker Business: We renewed existing contracts and concluded new agreements while continuing to shift toward double-hulled vessels in an effort to boost efficiency and enhance safety. During the term the LNG carrier fleet completed its 2,000th voyage without accidents or safety problem. This record spans two decades since our first LNG carrier, Echigo Maru, went into service,in 1983.

Revenues from the tanker business were flat, although earnings increased, reflecting the successful absorption of slacker conditions in the long-term contract business in the second quarter.

Logistics

In keeping with the Forward 120 initiative, we made full-fledged efforts to respond to fast growth for car carrier transport in the Chinese and other Asian regions. In the Americas, we reinforced our warehousing and land transportation capabilities. We established a company to oversee European logistics operations and took steps to expand our business throughout Europe. Our endeavors to build an infrastructure to broaden our revenues and earnings in all regions and build new businesses helped improve revenues, although earnings were down owing to heavier costs associated with operational launches.

Cruise

Both revenues and earnings plunged in the period under review. This was because the aftermath of the 9/11 terrorist attacks, war in Iraq and the spread of SARS adversely affected passenger numbers, overshadowing concerted marketing and cost-cutting initiatives. During the period, U.S. subsidiary Crystal Cruises, Inc., completed Crystal Serenity, its third vessel.

Terminal and Harbor Transport Services

Container handling volume in North America rose 20% from a year earlier, reflecting the acquisition of Ceres Terminals, Incorporated, in October 2002, and brisk activity. We are working to expand our bases and install state-of-the-art machinery for future growth. We are establishing new operations in the expanding Chinese market, such as through our participation in terminals for finished cars in Shanghai and Dalian. Revenues during the period under review increased on higher volumes, but earnings were down owing to the impact of depreciation on new investments and strike in North America.

Other Services

Revenues and earnings were up slightly on steadily rising gains from the wholesaling of shipping machinery and equipment and the contribution of tugboat operations. The real estate business faced sluggish market conditions because of oversupply, but minimized falls in revenues and operating income by minimizing vacancies and declines in rents. Revenues and earnings were down slightly in information processing services, oil wholesaling and travel agency services.

Outlook

(Billions of yen)

	April 1, 2003, to March 31, 2004	April 1, 2002, to March 31, 2003	Change	Percentage change
Revenues	1,350.0	1,249.2	100.7	8.1%
Operating income	86.0	69.1	16.8	24.4%
Income before extraordinary items	70.0	50.3	19.6	39.0%
Net income	33.0	14.2	18.7	130.9%

For the full term, revenues should reach ¥1,350.0 billion. Operating income should be ¥86.0 billion, with income before extraordinary items of ¥70.0 billion and net income of ¥33.0 billion. Revenues will be the highest and other figures will be the second-highest in the Company’s history.

Results should continue to improve in the shipping business in the second half, reflecting favorable liner trade demand, particularly on North American and European container routes, as well as a solid contributions from tramper and specialized carrier and long-term tanker contracts. Revenues, operating income and income before extraordinary items from the shipping business should all be dramatically higher than in the previous fiscal year. This is despite pressures on revenues and earnings on parts of the spot tramper business because of market conditions and concerns about the high yen and oil prices.

We do not anticipate earnings growth in the logistics business. This is because we expect to incur higher costs on startups to cultivate new opportunities worldwide, particularly in the fast-expanding Asian and Chinese markets.

In the cruiser segment, we will continue striving to minimize declines in revenues and earnings. Nonetheless, full-year results will likely be weaker because of the difficulties of overcoming the impact of the 9/11 attacks, war in Iraq and SARS.

Financial Position

(1) Assets, Liabilities and Shareholders' Equity

Total current assets were almost unchanged from a year earlier. Total investments and long-term receivables rose owing to higher stock prices, which boosted investments in securities. Total assets thus increased ¥64.5 billion, to ¥1,351.7 billion.

Total liabilities increased ¥18.3 billion, to ¥994.9 billion. This was despite a decline in interest-bearing debt, and reflected a rise in income taxes payable as a result of earnings growth and an increase in deferred income tax liabilities stemming from a reduced loss of revaluation of securities.

Minority interests were up slightly, at ¥23.2 billion.

Total shareholders' equity increased ¥45.1 billion, to ¥333.5 billion. This was due primarily to rises in consolidated retained earnings and a higher net unrealized holding gain on other securities.

Interest-bearing debt was down ¥10.1 billion, to ¥681.1 billion.

(2) Cash Flows

(Billions of yen)

	April 1, 2003, to September 30, 2003	April 1, 2002, to September 30, 2002	Change
Net cash provided by operating activities	54.2	45.2	9.0
Net cash provided by (used in) investing activities	(48.5)	(11.7)	36.7
Net cash provided by (used in) financing activities	(22.4)	(21.4)	1.0
Effect of exchange rate changes on cash and cash equivalents	0.7	(6.4)	7.1
Net (decrease) increase in cash and cash equivalents	(16.0)	5.6	21.6
Cash and cash equivalents at end period	68.2	90.9	22.6

At the close of the period under review, net cash provided by operating activities was up ¥9.0 billion, to ¥54.2 billion, mainly reflecting a rise in income before income taxes and minority interests. Net cash used in investing activities was ¥48.5 billion, from ¥11.7 billion a year earlier, owing to increased expenditures for tangible and intangible fixed assets and lending of loans receivable. Net cash used in financing activities was ¥22.4 billion, from ¥21.4 billion a year earlier. This was due to reduced gap between proceeds from and repayments of short- and long-term loans and bonds.

As a result of these factors, there was a net decrease of ¥16.0 billion in cash and cash equivalents. This factor and changes in cash and cash equivalents due to a change in consolidation scope lowered cash and cash equivalents at the end of the period ¥11.5 billion, to ¥68.2 billion.

Cash flow trends are indicated below:

	2000/3	2001/3	2002/3	2003/3	2002/9	2003/9
1 Capital adequacy ratio	18.2%	20.2%	23.9%	22.4%	23.5%	24.7%
2 Capital adequacy ratio at market price	37.2%	43.9%	38.3%	38.9%	38.3%	39.9%
3 Debt redemption	9.7years	7.9years	8.5years	7.8years	-	-
4 Interest coverage ratio	2.7	3.1	2.8	4.1	4.0	5.5

1. Capital adequacy ratio: stockholders equity/total assets
2. Capital adequacy ration at market price: total stock value at market price/total assets
3. Debt redemption: interest-bearing debt/cash flow from operating activities (Not disclose in interim report)
4. Interest coverage ratio: cash flow from operating activities/interest payment

* All indexes are calculated using consolidated figures.
* Cash flow indexes represent cash flow from operating activities.
Interest-bearing debt consists of all interest-bearing liabilities included in liabilities listed in the balance sheet. Payments are based on the interest payments in the consolidated statements of cash flows.