

Non-Consolidated Financial Results for the Year Ended December 2003 (December 21, 2002 to December 20, 2003)

Company name:	Nissen Co., Ltd.
Stock code:	8248
Stock exchange listing:	Tokyo Stock Exchange, First section Osaka Securities Exchange, First Section
Head office:	Kyoto
URL:	http://info.nissen.co.jp/
President & Representative Director:	Toshio Katayama
Contact:	Fumikazu Morimoto, Managing Director
Telephone:	+81-75-682-2010
Board meeting for approving financial results:	February 5, 2004
Annual shareholders' meeting:	March 18, 2004
Interim dividend payment system:	Yes
Number of shares constituting one trading unit:	Yes (One trading unit: 100 shares)
Accounting principle:	Japanese GAAP

1. Financial Results (December 21, 2002 – December 20, 2003)

(1) Results of Operations

(Amounts rounded down to million yen)

	Net sales		Operating income		Ordinary income	
	Million yen	YoY change (%)	Million yen	YoY change (%)	Million yen	YoY change (%)
Year ended Dec. 2003	136,926	6.3	11,620	19.0	10,174	17.1
Year ended Dec. 2002	128,862	2.2	9,761	147.9	8,647	100.3

	Net income		Net income per share (basic)	Net income per share (diluted)
	Million yen	%	Yen	Yen
Year ended Dec. 2003	5,810	22.2	105.87	104.96
Year ended Dec. 2002	4,755	15.6	85.12	81.31

	Return on equity	Ratio of ordinary income to total assets	Ratio of ordinary income to net sales
	%	%	%
Year ended Dec. 2003	22.7	13.2	7.4
Year ended Dec. 2002	22.6	11.4	6.7

Notes: 1. Average number of shares outstanding

Year ended December 2003: 53,113,416 shares

Year ended December 2002: 53,880,901 shares

2. Changes in accounting principles applied: None

3. Each "YoY change" represents its relevant change in percentage compared to the same period of the previous year.

(2) Dividends

	Dividend per share		
	Total	Interim	Year-end
	Yen	Yen	Yen
Year ended Dec. 2003	20.00	7.50	12.50
Year ended Dec. 2002	11.25	3.75	7.50

	Total annual dividends paid	Dividend payout ratio	Dividend rate on Shareholders' equity
	Million yen	%	%
Year ended Dec. 2003	1,059	18.9	3.7
Year ended Dec. 2002	601	12.6	2.7

Note: The ¥12.50 year-end dividend per share includes a ¥7.50 regular dividend and a ¥5.0 commemorative dividend (to commemorate the listing of the company's shares on the Tokyo and Osaka stock exchanges).

(3) Financial Position

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	Million yen	Million yen	%	Yen
As of Dec. 20, 2003	81,034	28,517	35.2	535.08
As of Dec. 20, 2002	73,291	22,606	30.8	420.92

Notes: 1. Number of shares outstanding

As of December 20, 2003: 54,306,332 shares As of December 20, 2002: 54,306,332 shares

2. Number of treasury stock

As of December 20, 2003: 1,360,644 shares As of December 20, 2002: 1,002,477 shares

2. Forecast for the Year Ending December 2004 (December 21, 2003 to December 20, 2004)

	Net sales	Ordinary income	Net income
	Million yen	Million yen	Million yen
Interim	78,000	6,100	3,500
Full year	149,000	11,100	6,400

	Dividend per share		
	Interim	Year-end	Annual
	Yen	Yen	Yen
Interim	10.00	-	-
Full year	-	10.00	20.00

Reference: Estimated net income per common share for the full year: ¥120.88

Forecasts regarding future performance and plans in these materials are based on judgments made in accordance with information available to management at the time this report was prepared. Forecasts therefore embody risks and uncertainties. Actual results may differ significantly from these forecasts for a number of factors, including but not limited to the operating environment. Please refer to pages 11, 12 and 15 of the supplementary materials for further information concerning these projections.

6. Non-Consolidated Financial Statements

(1) Non-Consolidated Balance Sheets

(Thousands of yen)

Item	FY 2002 (As of Dec.20, 2002)		FY 2003 (As of Dec.20, 2003)		Differences	
	Amount	%	Amount	%	Amount	
Assets						
I Current assets						
1. Cash and deposits	7,790,308		8,282,305		491,996	
2. Trade notes receivable	3,298,605		2,760,329		(538,275)	
3. Trade accounts receivable	8,500,392		9,279,256		778,864	
4. Merchandise	9,029,760		11,317,351		2,287,591	
5. Prepaid expenses	3,709,962		3,936,483		226,521	
6. Short-term loans receivable from an affiliate	163,200		123,000		(40,200)	
7. Other accounts receivable	3,636,971		4,079,359		442,388	
8. Accounts receivable from an affiliate	4,570,338		4,776,274		205,936	
9. Advance money for an affiliate	1,627,014		2,375,381		748,366	
10. Deferred income taxes	670,561		742,296		71,735	
11. Deferred loss on derivatives	184,826		924,200		739,374	
12. Other current assets	94,117		60,779		(33,337)	
Allowance for doubtful receivables	(233,140)		(307,638)		(74,497)	
Total current assets	43,042,918	58.7	48,349,382	59.7	5,306,463	
II Fixed assets						
1. Property, plant and equipment						
(1) Buildings	*1 24,658,449		24,619,892			
Accumulated depreciation	9,331,846	15,326,603	10,043,578	14,576,313	(750,289)	
(2) Structures	*1 902,222		909,833			
Accumulated depreciation	584,043	318,179	614,202	295,630	(22,549)	
(3) Machinery and equipment	2,559,827		2,591,927			
Accumulated depreciation	2,145,753	414,073	2,248,215	343,711	(70,361)	
(4) Automotive equipment and vehicles	102,464		102,464			
Accumulated depreciation	89,087	13,376	92,285	10,178	(3,197)	
(5) Tools, furniture, and fixtures	635,901		1,749,023			
Accumulated depreciation	547,947	87,954	612,272	1,136,751	1,048,797	
(6) Land	*1	6,623,397		6,602,022	(21,374)	
(7) Construction in progress		-		2,423	2,423	
Total property, plant and equipment		22,783,584	31.1	22,967,032	28.3	183,448
2. Intangible assets						
(1) Leasehold rights		1,188		1,188		
(2) Software		1,049,673		364,472	(685,200)	
(3) Other intangible assets		3,140		2,592	(547)	
Total intangible assets		1,054,001	1.4	368,252	0.5	(685,748)

(Thousand of yen)

Item		FY 2002 (As of Dec.20, 2002)		FY 2003 (As of Dec.20, 2003)		Differences
		Amount	%	Amount	%	Amount
3. Investments and other assets						
(1) Investments in securities		1,564,864		5,010,560		3,445,695
(2) Affiliate stock		2,985,501		2,957,894		(27,606)
(3) Investments in affiliates		8,080		8,080		-
(4) Long-term loans receivable		4,262		2,923		(1,338)
(5) Claims in bankruptcy		731,440		736,367		4,927
(6) Long-term prepaid expenses		33,302		31,482		(1,819)
(7) Lease deposits		950,276		944,299		(5,976)
(8) Deferred income taxes		511,488		-		(511,488)
(9) Other assets		357,641		395,063		37,422
Allowance for doubtful receivables		(735,553)		(736,367)		(814)
Total investments and other assets		6,411,303	8.8	9,350,305	11.5	2,939,002
Total fixed assets		30,248,889	41.3	32,685,590	40.3	2,436,701
Total assets		73,291,807	100.0	81,034,973	100.0	7,743,165
Liabilities						
I Current liabilities						
1. Trade notes payable	*2, 6	20,021,044		19,541,251		(479,793)
2. Trade accounts payable	*2	4,664,900		4,668,316		3,415
3. Short-term bank loans	*1, 2	4,300,000		3,570,000		(730,000)
4. Corporate bonds due within one year		-		300,000		300,000
5. Current portion of long-term loans from banks and insurance companies	*1	4,845,800		2,106,800		(2,739,000)
6. Accounts payable-other		6,381,217		8,319,005		1,937,787
7. Accrued expenses		366,880		901,179		534,299
8. Income taxes payable		2,872,796		1,960,056		(912,740)
9. Consumption taxes payable		822,222		163,111		(659,110)
10. Advances received		269,579		234,211		(35,367)
11. Deposits received		422,374		541,732		119,357
12. Accounts payable, equipment		29,879		11,767		(18,111)
13. Reserve for guarantee of anticipated loss		660,676		-		(660,676)
14. Forward exchange contract		184,826		924,200		739,374
15. Other current liabilities		53,885		46,351		(7,533)
Total current liabilities		45,896,083	62.6	43,287,985	53.4	(2,608,098)
II Long-term liabilities						
1. Corporate bonds	*1	800,000		1,000,000		200,000
2. Long-term loans from banks and insurance companies	*1	3,667,000		7,726,200		4,059,200
3. Deferred tax liabilities		-		445,075		445,075
4. Accrued retirement benefits for employees		69,416		48,030		(21,386)
5. Accrued retirement benefits for directors and statutory auditors		241,788		-		(241,788)
6. Other long-term liabilities		11,311		10,631		(680)
Total long-term liabilities		4,789,515	6.6	9,229,936	11.4	4,440,420
Total liabilities		50,685,599	69.2	52,517,921	64.8	1,832,322

(Thousands of yen)

Item		FY 2002 (As of Dec. 20, 2002)		FY 2003 (As of Dec. 20, 2003)		Differences
		Amount	%	Amount	%	Amount
Shareholders' equity						
I Common stock	*3	7,665,517	10.4	7,665,517	9.5	-
II Capital surplus						
1. Additional paid-in capital		7,347,371		7,347,371		-
Total capital surplus		7,347,371	10.0	7,347,371	9.1	-
III Retained earnings						
1. Legal reserves		256,851		256,851		-
2. Voluntary reserves						
Other reserves		3,300,000		7,300,000		4,000,000
3. Unappropriated retained earnings		5,075,112		5,918,270		843,157
Total retained earnings		8,631,963	11.8	13,475,121	16.6	4,843,157
IV Net unrealized holding gain (loss) on securities		(24,856)	(0.0)	1,530,098	1.9	1,554,954
V Treasury stock, at cost	*4	(1,013,787)	(1.4)	(1,501,056)	(1.9)	(487,269)
Total shareholders' equity		22,606,208	30.8	28,517,051	35.2	5,910,843
Total liabilities and shareholders' equity		73,291,807	100.0	81,034,973	100.0	7,743,165

(2) Non-Consolidated Statements of Income

(Thousands of yen)

Item		FY 2002 (Dec.21, 2001 to Dec. 20, 2002)			FY 2003 (Dec. 21, 2002 to Dec.20, 2003)			Differences
		Amount		%	Amount		%	Amount
I Net sales								
1. Sales		121,151,647			127,296,596			
2. Other operating revenue		7,710,543	128,862,191	100.0	9,629,801	136,926,398	100.0	8,064,206
II Cost of sales								
1. Beginning inventories		13,353,628			9,029,760			
2. Purchases		57,047,511			64,586,058			
Sub-total		70,401,139			73,615,819			
3. Transfer to other accounts	*1	1,786,454			1,329,881			
4. Ending inventories		9,029,760	59,584,924	46.2	11,317,351	60,968,586	44.5	1,383,662
Gross profit			69,277,266	53.8		75,957,811	55.5	6,680,544
III Selling, general and administrative expenses								
1. Advertisement		16,916,061			20,337,060			
2. Transportation charges		8,519,282			10,132,617			
3. Sales promotion expenses		4,001,559			4,568,700			
4. Provision of allowance for doubtful receivables		531,226			596,021			
5. Salaries and allowances		8,648,472			9,616,478			
6. Bonuses		3,187,085			2,804,290			
7. Provision of reserve for retirement benefits for directors and statutory auditors		133,580			-			
8. Welfare expenses		1,262,221			1,588,736			
9. Telecommunication expenses		1,223,518			1,115,271			
10. Rents		3,140,357			2,576,849			
11. Charges for custody and storage		626,813			476,227			
12. Depreciation		1,659,975			1,383,381			
13. Commissions		5,425,414			5,516,434			
14. IT system expenses		1,332,813			860,599			
15. Other		2,907,294	59,515,677	46.2	2,764,992	64,337,661	47.0	4,821,984
Operating income			9,761,589	7.6		11,620,150	8.5	1,858,560
IV Non-operating income								
1. Interest income	*2	22,078			6,851			
2. Dividend income	*2	121,308			103,138			
3. Commission income	*2	323,689			319,197			
4. Exchange gain, net		360,100			-			
5. Commission income from an affiliate	*2	-			138,173			
6. Other non-operating income	*2	438,725	1,265,902	1.0	231,621	798,982	0.6	(466,920)
V. Non-operating expenses								
1. Interest expense		411,031			193,393			
2. Loss on write-off of merchandise	*1	1,786,454			1,329,881			
3. Exchange loss, net		-			502,299			
4. Other non-operating loss		182,648	2,380,134	1.9	218,691	2,244,267	1.7	(135,867)
Ordinary income			8,647,356	6.7		10,174,865	7.4	1,527,508

(Thousands of yen)

Item		FY 2002 (Dec 21, 2001 to Dec 20, 2002)			FY 2003 (Dec 21, 2001 to Dec 20, 2003)			Differences
		Amount		%	Amount		%	Amount
VI Extraordinary income								
1. Gain on sales of fixed assets	*3	1,083			13,589			
2. Gain on investments in securities		440			2,600			
3. Gain on reversal of accrued retirement benefits for employee		102,974			-			
4. Gain on reversal of allowance for doubtful receivables		1,030,365			-			
5. Gain on reduction of accrued retirement benefits for directors and statutory auditors		-			241,788			
6. Other		53,404	1,188,267	0.9	-	257,977	0.2	(930,289)
VII Extraordinary loss								
1. Loss on sales of fixed assets	*4	6,505			-			
2. Loss on disposal of fixed assets	*5	246,345			536,884			
3. Loss on sales of investments in securities		25,671			524			
4. Loss on write-down of investments in securities		733,508			244,796			
5. Loss on bad debt related to guarantee of anticipated loss	*6	333,698			245,206			
6. Provision of reserve for guarantee of anticipated loss		660,676			-			
7. Loss on liquidation of accrued retirement benefits for directors and statutory auditors		-			241,788			
8. Other		4,400	2,010,805	1.5	32,834	1,302,03	0.9	(708,770)
Net income before income taxes			7,824,818	6.1		9,130,808	6.7	1,305,989
Current income taxes		3,153,408			3,499,782			
Deferred income taxes		(84,315)	3,069,092	2.4	(178,995)	3,320,786	2.5	251,693
Net income			4,755,725	3.7		5,810,022	4.2	1,054,296
Retained earnings brought forward			520,895			505,983		(14,912)
Interim dividends			201,509			397,735		196,225
Unappropriated retained earnings			5,075,112			5,918,270		843,157

(3) Non-Consolidated Statement of Appropriation of Retained Earnings

(Thousands of yen)

	FY 2002 (Dec 21, 2001 to Dec 30, 2002)		FY 2003 (Dec 21, 2002 to Dec 20, 2003)	
	Amount		Amount	
I Unappropriated retained earnings		5,075,112		5,918,270
II Appropriation of retained earnings				
1. Dividends	399,778		661,821	
2. Bonuses to directors and statutory auditors [of which bonuses for statutory auditors]	169,350 [14,000]		187,050 [11,300]	
3. Voluntary reserves				
Other reserves	4,000,000	4,569,128	4,000,000	4,848,871
III Retained Earnings carried forward		505,983		1,069,398

Significant Accounting Policies in the Preparation of Non-Consolidated Financial Statements

FY 2002 December 21, 2001 – December 20, 2002	FY 2003 December 21, 2002 – December 20, 2003
<p>1. Valuation criteria and methods for securities</p> <p>Subsidiary and affiliate stock Subsidiary and affiliate stock is stated at cost, cost being determined by the moving-average method.</p> <p>Other securities Securities with market quotations Other securities that have market value are carried at fair value on the balance sheet date. (Unrealized holding gain or loss is included directly in shareholders' equity. Cost of securities sold is determined by the moving-average method.) Securities without market quotations Securities without market quotations are stated at cost, cost being determined by the moving-average method.</p> <p>2. Valuation criteria and methods for inventories (merchandise) Inventories are stated at cost, cost being determined by the first-in first-out method.</p> <p>3. Depreciation and amortization method for fixed assets</p> <p>a. Property, plant and equipment Buildings (excluding fixtures) Depreciation on buildings is computed by the straight-line method. Other Depreciation is computed by the declining-balance method. Useful life of principal assets is as follows: Buildings: 2-49 years Buildings fixtures: 2-13 years Machinery and equipment: 5-13 years</p> <p>b. Intangible assets Amortization is computed by the straight-line method. The development costs of software intended for internal use are amortized over an expected useful life of 5 years by the straight-line method.</p> <p>c. Long-term pre-paid expenses Depreciation of intangible assets is computed by the straight-line method.</p> <p>4. Recognition of allowances</p> <p>a. Allowance for doubtful receivables To prepare for credit losses on accounts receivable, allowances equal to the estimated amount of uncollectible receivables are provided for general receivables based on the historical write-off ratio, and bad receivables based on a case-by-case determination of collectibility.</p>	<p>1. Valuation criteria and methods for securities</p> <p>Subsidiary and affiliate stock Same as on the left.</p> <p>Other securities Securities with market quotations Same as on the left.</p> <p>Securities without market quotations Same as on the left.</p> <p>2. Valuation criteria and methods for inventories (merchandise) Same as on the left.</p> <p>3. Depreciation and amortization method for fixed assets</p> <p>a. Property, plant and equipment Same as on the left.</p> <p>b. Intangible assets Same as on the left.</p> <p>c. Long-term pre-paid expenses Same as on the left.</p> <p>4. Recognition of allowances</p> <p>a. Allowance for doubtful receivables Same as on the left.</p>

FY 2002 December 21, 2001 – December 20, 2002	FY 2003 December 21, 2002 – December 20, 2003
<p>b. Reserve for guarantee of anticipated loss On July 14, 2000, the Company entered into a Business Transfer Agreement with GE Nissen Credit Co., Ltd. In accordance with the agreement, the Company guaranteed a certain portion of anticipated future loss. If the sum of annual loss on bad debts and the provision for bad debts on receivables exceeds a certain amount, the Company will compensate for the excess of any such loss. The Company has provided a reserve for this guarantee of anticipated loss. This guarantee will remain in effect through the fiscal year ending December 20, 2003.</p> <p>c. Accrued retirement benefits for employees To provide for accrued employees' retirement benefits (female employees of the "Nissen Lady" division), the Company provides an allowance in the amount deemed to have accrued at the end of the current fiscal year based on future estimated retirement benefit obligations.</p> <p>d. Accrued retirement benefits for directors and statutory auditors To provide for accrued directors and statutory auditors' retirement benefits, the Company provides an allowance for the aggregate amount payable at the end of the fiscal year pursuant to the Company's rules on retirement benefits for directors and statutory auditors.</p> <p>5. Accounting for leases Finance leases other than those which are deemed to transfer the ownership of the leased assets to the lessees are accounted for by the method similar to that applicable to ordinary operating leases.</p> <p>6. Significant accounting policies for hedges</p> <p>a. Hedge accounting method With respect to forward foreign exchange contracts, a hedge is accounted for by the short-cut method since the hedging relationship meets certain criteria.</p> <p>b. Hedging instrument and the risk hedged Hedging method: Forward foreign exchange contracts Risk hedged: Foreign currency-denominated monetary liabilities</p> <p>c. Hedging policy The Company enters into forward foreign exchange futures contracts, under a risk-control environment established by the Company, to reduce exposure to risks from fluctuations in foreign currency exchange.</p> <p>d. Assessing the effectiveness of a hedge Effectiveness is assessed by rate analysis of the sum total of price fluctuation involving hedged transactions, or cash flows, and the sum total of price fluctuation involving hedge method, or cash flows. The Company considers that its hedges are effective since there was a high correlation between hedging instruments and the risk hedged at the end of the current fiscal year.</p>	<p>-</p> <p>c. Accrued retirement benefits for employees Same as on the left.</p> <p>-</p> <p>5. Accounting for leases Same as on the left.</p> <p>6. Significant accounting policies for hedges</p> <p>a. Hedge accounting method Same as on the left.</p> <p>b. Hedging instrument and the risk hedged Same as on the left.</p> <p>c. Hedging policy Same as on the left.</p> <p>d. Assessing the effectiveness of a hedge Same as on the left.</p>

FY 2002 December 21, 2001 – December 20, 2002	FY 2003 December 21, 2002 – December 20, 2003
7. Other significant accounting policies in the preparation of non-consolidated financial statements a. Accounting for consumption taxes All amounts stated are exclusive of consumption and local taxes.	7. Other significant accounting policies in the preparation of non-consolidated financial statements a. Accounting for consumption taxes Same as on the left.

Reclassification

FY 2002 December 21, 2001 – December 20, 2002	FY 2003 December 21, 2002 – December 20, 2003
-	Non-consolidated statements of income Effective the current fiscal year, “Commission income from an affiliate,” included as a component of “other non-operating income” under non-operating income in prior periods, is reclassified and presented as a separate line item, given that the amount has increased the materiality of impact in the context of non-consolidated financial statements. “Commission income from an affiliate” was ¥96,699 thousand in the previous fiscal year.

Supplementary information

FY 2002 December 21, 2001 – December 20, 2002	FY 2003 December 21, 2002 – December 20, 2003
<p>(Retirement benefit accounting) Following the enactment of the Defined-contribution Enterprise Pension Law, the Company terminated their defined-benefit pension plans (tax-qualified pension plans) on June 20, 2002 (Excluding certain employees of the so-called “Nissen Lady” division) and simultaneously introduced a defined-contribution pension plan. With respect to the termination of the defined-benefit pension plan, the Company adopted the Financial Accounting Standards Implementation Guidance No. 1; “Accounting for Transfers Among Retirement Benefit Plans” issued by the Accounting Standards Board of Japan. As a result, the Company’s retirement benefit liabilities expired as of the balance sheet date. The effect of this change was to increase extraordinary income and income before income taxes by ¥102,974 thousand respectively, compared to the amounts that would have been reported if the previous system had been used consistently.</p> <p>(Accounting for treasury stock and reduction of legal reserves) Effective the current fiscal year, the Company has adopted the new accounting standards for treasury stock and reduction of legal reserves (Financial Accounting Standard No. 1: Accounting Standards for Treasury Stock and Reduction of Legal Reserves; ASBJ). The effect of this change on profit/loss for the current fiscal year is insignificant. Effective the current fiscal year, in accordance with the Cabinet Office Ordinance No.11 (Supplementary Provision No. 2) promulgated on March 26, 2002 amending Regulations of Financial Statements, the “Shareholders’ Equity Section” in the “Balance Sheets” conform with the revised Regulations of Financial Statements.</p> <p style="text-align: center;">-</p> <p style="text-align: center;">-</p>	<p style="text-align: center;">-</p> <p>(Changes in tax rates for deferred tax accounting) Following the Partial Revision of the Local Finance Act (Law No. 9 of 2003) that became effective on March 31, 2003, the Company adopted the new accounting standards for deferred tax accounting (Practical Guidelines on Tax Effect Accounting for Pro Forma Standard Taxation System; JICPA, March 25, 2003). The statutory tax rate employed for calculating deferred tax assets and liabilities (only for items to be amortized after December 21, 2004) for the current fiscal year conforms to the revised regulations. The effect of this change was to increase deferred tax assets (net of deferred tax liabilities) as of the end of the current fiscal year by ¥15,347 thousand and increase unrealized holding gain on Other securities by ¥36,062 thousand. In addition, income tax adjustment as of the end of the current fiscal year increased by ¥20,715 thousand.</p> <p>(Retirement benefits for directors and statutory auditors) To provide for retirement benefits for directors and statutory auditors, the Company provided an allowance for the aggregate amount payable at the end of the fiscal year, pursuant to the Company’s internal rules on retirement benefits for directors and statutory auditors. However, the system of retirement benefits for directors and statutory auditors was terminated on December 20, 2002. Following the termination of the directors’ and statutory auditors’ retirement benefit system, the Company withdrew accrued retirement benefits for directors and statutory auditors (¥241,788 thousand) and accounted it as extraordinary income. An equivalent amount was accounted as extraordinary loss on liquidation of accrued retirement benefits for directors and statutory auditors.</p>

Notes

Notes to non-consolidated balance sheets

(Thousands of yen)

FY 2002 As of December 20, 2002		FY 2003 As of December 20, 2003	
*1	Assets pledged as collateral and corresponding liabilities	*1	Assets pledged as collateral and corresponding liabilities
	Assets pledged as collateral		Assets pledged as collateral
	Buildings 13,953,452		Buildings and structures 12,777,118
	Structures 269,920		Structures 249,793
	Land 4,330,102		Land 3,800,401
	Total 18,553,475		Total 16,827,312
	Liabilities corresponding to assets pledged as collateral		Liabilities corresponding to assets pledged as collateral
	Short-term bank loans 3,530,000		Short-term bank loans 85,000
	Current portion of long-term loans from banks and insurance companies 4,845,800		Current portion of long-term loans from banks and insurance companies 1,186,600
	Long-term loans from banks and insurance companies 3,667,000		Long-term loans from banks and insurance companies 6,699,900
	Corporate bonds (Unsecured corporate bonds with bank guarantees) 800,000		Corporate bonds (Unsecured corporate bonds with bank guarantees) 800,000
	Total 12,842,800		Total 8,771,500
*2	Liability for an affiliate	*2	Liability for an affiliate
	Notes and accounts payable-trade 778,544		Notes and accounts payable-trade 426,154
			Short-term bank loans 1,070,000
*3	Number of authorized shares	*3	Number of authorized shares
	Common stock 140,000,000 shares		Common stock 140,000,000 shares
	Class and number of shares outstanding		Class and number of shares outstanding
	Common stock 54,306,332 shares		Common stock 54,306,332 shares
*4	Class and number of treasury stock	*4	Class and number of treasury stock
	Common stock 1,002,477 shares		Common stock 1,360,644 shares
*5	Loan guarantees	*5	Loan guarantees
	Guarantees for loans taken out by employees from financial institutions 59,906		Guarantees for loans taken out by employees from financial institutions 54,884
*6	-	*6	Accounting treatment of notes receivable/payable on the balance sheet date: Notes receivable/payable maturing due on the balance sheet date are treated as if they were settled at the clearing date of notes. Consequently, as the balance sheet date was a bank holiday, the following notes payable due on the balance sheet date were included in the ending balance of notes payable. Notes payable 170,528

Notes to non-consolidated statements of income

(Thousands of yen)

FY 2002 December 21, 2001 – December 20, 2002		FY 2003 December 21, 2002 – December 20, 2003	
*1	Transfers from other accounts	*1	Transfers from other accounts,
	Loss on write-off of merchandise 1,786,454		Loss on write-off of merchandise 1,329,881
*2	Income applicable to affiliates 366,785	*2	Income applicable to affiliates 252,860
*3	Components of gain on sales of fixed assets	*3	Components of gain on sales of fixed assets
	Automotive equipment and vehicles 1,083		Land 13,539
			Tools, furniture and fixtures 49
			Total 13,589
*4	Components of loss on sales of fixed assets	*4	-
	Buildings and structures 3,844		
	Tools, furniture and fixtures 2,467		
	Land 194		
	Total 6,505		
*5	Components of loss on disposal of fixed assets	*5	Components of loss on disposal of fixed assets
	Software 176,291		Software 489,250
	Building fixtures 50,302		Building fixtures 46,298
	Other (property, plant and equipment) 19,457		Tools, furniture and fixtures 1,334
	Other (intangible assets) 294		Total 536,884
	Total 246,345		
*6	Reserve for guarantee of anticipated loss relates to a loss under the July 14, 2000, Business Transfer Agreement with Nissen GE Credit Co., Ltd. If the sum of annual loss on bad debts and the provision for bad debts on receivables exceeds a certain amount, as defined in the Business Transfer Agreement, the Company compensates the excess of any such loss. The guarantee will remain in effect through December 20, 2003.	*6	Reserve for guarantee of anticipated loss relates to a loss under the July 14, 2000, Business Transfer Agreement with Nissen GE Credit Co., Ltd. If the sum of annual loss on bad debts and the provision for bad debts on receivables exceeds a certain amount, as defined in the Business Transfer Agreement, the Company compensates the excess of any such loss. The guarantee expired on December 20, 2003.

(1) Lease transactions

(Thousands of yen)

FY 2002 December 21, 2001 – December 20, 2002				FY 2003 December 21, 2002 – December 20, 2003			
Finance lease transactions other than those in which the title to the leased property is transferred to the lessee.				Finance lease transactions other than those in which the title to the leased property is transferred to the lessee.			
1. Acquisition cost, accumulated depreciation and year-end balance equivalents of the leased property.				1. Acquisition cost, accumulated depreciation and year-end balance equivalents of the leased property.			
	Acquisition cost	Accumulated depreciation	Year-end balance		Acquisition cost	Accumulated depreciation	Year-end balance
Machinery and equipment	9,808,887	7,112,046	2,696,840	Machinery and equipment	9,794,887	8,186,593	1,608,293
Tools, furniture and fixtures	2,069,073	1,078,778	990,295	Tools, furniture and fixtures	2,069,965	1,011,776	1,058,188
Software	397,381	198,596	198,785	Software	356,681	187,893	168,788
Total	12,275,342	8,389,420	3,885,921	Total	12,221,533	9,386,264	2,835,269
2. Outstanding lease commitments as of the end of the fiscal year:				2. Outstanding lease commitments as of the end of the fiscal year:			
			1,671,041				1,784,184
			2,825,321				1,522,096
	Total		4,496,362		Total		3,306,280
3. Lease payments, Depreciation and interest equivalents				3. Lease payments, Depreciation and interest equivalents			
			2,517,861				1,930,770
			1,972,693				1,610,810
			259,645				182,147
4. Calculation of accumulated depreciation equivalents and interest equivalents				4. Calculation of accumulated depreciation equivalents and interest equivalents			
Calculation of depreciation equivalents				Calculation of depreciation equivalents			
Depreciation is based on the straight-line method, assuming the lease period to be the useful life and a residual value of zero.				Same as on the left.			
Calculation of interest equivalents				Calculation of interest equivalents			
Interest equivalent is the difference between the total lease payments and the acquisition cost of the leased property and is allocated to each period based on the interest method.				Same as on the left.			

(2) Securities

FY 2002 (As of December 20, 2002)

There are no stocks of subsidiaries and affiliates which have market values quoted.

FY 2003 (As of December 20, 2003)

There are no stocks of subsidiaries and affiliates which have market values quoted.

(3) Deferred tax accounting

(Thousands of yen)

FY 2002 As of December 20, 2002		FY 2003 As of December 20, 2003	
1. Significant components of deferred tax assets and liabilities (Deferred tax assets)		1. Significant components of deferred tax assets and liabilities (Deferred tax assets)	
Reserve for guarantee of anticipated loss	277,483	Loss on write-down of affiliate stock	386,065
Software amortization expense in excess of maximum allowed for inclusion in expenses	269,602	Software amortization expense in excess of maximum allowed for inclusion in expenses	355,123
Loss on write-down of affiliate stock	269,220	Accrued enterprise tax	191,445
Accrued enterprise tax	258,053	Accrued for retirement benefits for directors and statutory auditors	98,165
Loss on write-off of inventories	102,423	Loss on write-down of investments in securities	58,631
Accrued retirement benefits for directors and statutory auditors	101,551	Loss on write-off of inventories	51,648
Loss on write-down of investments in securities	81,190	Amortization of telephone rights	49,080
Prepaid expenses (Mail-order)	71,273	Accrued retirement benefits for employee	19,500
Amortization of telephone rights	50,700	Other	133,384
Accrued retirement benefits for employee	29,154	Total deferred tax assets	<u>1,343,046</u>
Other	72,506	(Deferred tax liabilities)	
Deferred tax assets (subtotal)	<u>1,583,161</u>	Net unrealized holding loss on securities	<u>(1,045,824)</u>
Valuation reserve	<u>(401,111)</u>	Total deferred tax liabilities	<u>(1,045,824)</u>
Total deferred tax assets	<u>1,182,049</u>	Deferred tax assets, net	<u>297,221</u>
2. Significant sources of difference between statutory and effective tax rates		2. Significant sources of difference between statutory and effective tax rates	
Statutory tax rate	42.0%	Statutory tax rate	42.0%
(Adjustments)		(Adjustments)	
Prior-year income taxes	(6.2)%	Prior-year income taxes	(4.4)%
Foreign tax deduction	(0.7)%	Tax deduction	(1.9)%
Per capita residential tax	1.2%	Per capita residential tax	0.9%
Additional taxes	3.0%	Pro forma standard tax	0.2%
Entertainment expenses and other items not to be included in expenses indefinitely	0.2%	Entertainment expenses and other items not to be included in expenses indefinitely	0.2%
Other	<u>(0.3)%</u>	Other	<u>(0.6)%</u>
Corporation tax rate in effect after application of deferred tax accounting	<u>39.2%</u>	Corporation tax rate in effect after application of deferred tax accounting	<u>36.4%</u>

Per-share information

FY 2002 Dec. 21, 2001 – Dec. 20, 2002		FY 2002 Dec. 21, 2002 – Dec. 20, 2003	
Shareholders' equity per share	¥420.92	Shareholders' equity per share	¥535.08
Net income per share (basic)	¥85.12	Net income per share (basic)	¥105.87
Net income per share (diluted)	¥81.31	Net income per share (diluted)	¥104.96
(Additional information)			
Effective the current fiscal year, the Company adopted the new accounting standards for earnings per share Accounting Standard No. 2: "Accounting Standards for Earnings Per Share," (ASBJ) and Accounting Standard Implementation Guidance No. 4: "Implementation Guidance on Accounting Standard for Earnings Per Share," (ASBJ)			
Restatement of per share data for the fiscal year ended December 20, 2002 to conform to the revised standards and guidance:			
Shareholders' equity per share	¥356.13		
Net income per share (basic)	¥76.85		
Net income per share (diluted)	¥70.24		
(The above amounts are calculated based on the average number of shares outstanding during the period, retroactively adjusted for stock split to beginning of the fiscal year.)			

Notes:

1. The Company implemented a two-for-one stock split effective December 5, 2002. Net income per share (basic) and net income per share (diluted) are calculated based on the average number of shares outstanding during the year, retroactively adjusted for the stock split to beginning of the fiscal year.)
2. The following is a reconciliation of basic net income per share to diluted net income per share.

FY 2002 Dec. 21, 2001 – Dec. 20, 2002		FY 2002 Dec. 21, 2002 – Dec. 20, 2003	
Basic net income per share		Basic net income per share	
Net income (thousands of yen)	4,755,725	Net income (thousands of yen)	5,810,022
Net income not available to common shareholders (thousands of yen)	169,350	Net income not available to common shareholders (thousands of yen)	187,050
Net income available to common shareholders (thousands of yen)	4,586,375	Net income available to common shareholders (thousands of yen)	5,622,972
Weighted average number of shares outstanding (shares)	53,880,901	Weighted average number of shares outstanding (shares)	53,113,416
Diluted net income per share		Diluted net income per share	
Effect of dilutive securities (thousands of yen)	72,124	Effect of dilutive securities (thousands of yen)	-
Interest on convertible bonds (thousands of yen)	56,113	Interest on convertible bonds (thousands of yen)	-
Other commissions etc.	16,011	Other commissions etc.	-
Increase in the number of common stock (shares)	3,409,278	Increase in the number of common stock (shares)	460,816
Stock subscription rights (shares)	86,426	Stock subscription rights (shares)	191,771
Stock acquisition rights (shares)	-	Stock acquisition rights (shares)	269,045
Convertible bonds (shares)	3,322,852	Convertible bonds (shares)	-
Summary of potential stock not included in the calculation of "net income per share (diluted)" since there was no dilutive effect in the current fiscal year.	-	Summary of potential stock not included in the calculation of "net income per share (diluted)" since there was no dilutive effect in the current fiscal year.	-

Subsequent events

No reportable information.

7. Management Changes

The Company plans to propose the following changes in directors to the Annual General Meeting of Shareholders and the subsequent meeting of the Board of Directors to be held on March 18, 2004.

a. Retiring directors

Present position	Name
Director	Yoshitsugu Sonoda
Director	Hideo Aomatsu
Director	Kiyoshi Hirasawa

b. Candidates for director positions

Position	Name
Director	Akio Sato

** This is a translation of Japanese Kessan Tanshin (including attachments), a summary of financial statements prepared in accordance with accounting principles generally accepted in Japan. This translation is prepared and provided for the purpose of the reader's convenience. All readers are recommended to refer to the original version in Japanese of the report for complete information.*